

# Working towards a better future



Sustainability Report 2023  
Phoenix Group Holdings plc



# Our purpose is helping people secure a life of possibilities

We want to help people journey to and through retirement while investing in a better future.

Our approach focuses on two key areas:



**People**

→ See pages **9 to 15**



**Planet**

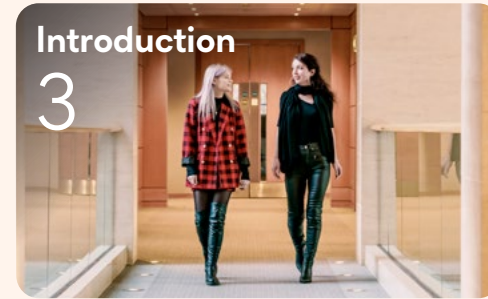
→ See pages **16 to 22**

We're on a journey to becoming a net zero business by 2050 and we have started taking actions to achieve this. While we currently invest in high emitting companies and sectors, we have developed a climate action model to transition to net zero across our business, full details of which can be found in our Net Zero Transition Plan.



# In this report

This is Phoenix Group's 2023 Sustainability Report. It provides an overview of our progress on our sustainability strategy and future aims.



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## Our assurance

The Group has appointed Ernst & Young LLP ('EY') to provide limited independent assurance over selected disclosures within this report marked with\*. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements ('ISAE') 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. A limited assurance opinion was issued and is available on page 47 of this report.

## Our reporting

You can find out more about our activities, financial performance, sustainability strategy and our progress towards becoming a net zero business by 2050 by visiting our website [www.thephoenixgroup.com](http://www.thephoenixgroup.com)

Look out for these icons throughout the report:

→ Reference to another page in the report

📖 Reference to reading in supplementary report

🌐 Reference to further reading online



Annual Report



Online Review



Climate Report



ESG Data Appendix

## Our approvals

The Sustainability Report was approved by the Board of Directors on 21 March 2024 and signed on its behalf by

**Andy Briggs**  
Group CEO

# 2023 highlights

## People

### > 4m

people reached by our 'Let's Start Talking' brand campaign<sup>^</sup> which inspired conversations about how we live, work and save for our longer lives.

### > 1.5m

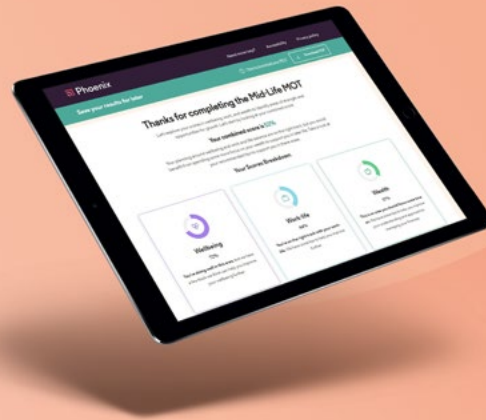
customers provided with access to digital financial wellness tracking app Money Mindset<sup>^</sup>.

## Careers can change

campaign launched with leading careers and skills organisations.

## Midlife MOT

delivered at scale to UK colleagues.



## Preparing for later life

We extended our Midlife MOT to help colleagues prepare for later life, regardless of age. It encompasses a digital self-assessment across the topics of work, wealth and wellbeing, workshops for colleagues closer to retirement and tailored recommended actions. Our supporting report was promoted through an open event with Phoenix Group CEO, Andy Briggs, and the UK Minister for Employment.

## Planet

### c.£12.5bn

shareholder liquid credit portfolio with decarbonising strategies in place<sup>1</sup>.

### 83%

reduction in operational emissions intensity since 2019

## We are a founding signatory of the Mansion House Compact

an expression of intent by pension funds to secure better returns for savers by investing more in private assets. This supports our objective of investment in sustainable, transition and productive assets such as climate solutions<sup>2</sup>.

## Taskforce on Nature-related Financial Disclosures ('TNFD') pilot delivered



## Together to net zero

In 2023, we published our first Net Zero Transition Plan setting out our journey to net zero by 2050. Successful collaboration to drive policy change is fundamental to us reaching this goal. We worked on a report<sup>3</sup> that explores unlocking investment in climate solutions, which uncovered that, with the right reforms on the right terms for pension savers, UK pension funds could quadruple their investment in UK climate solutions to up to £1.2 trillion by 2035.

 For more information view our [Net Zero Transition Plan](#)

 For more information view our [Targets and commitments](#)

<sup>1</sup> AUA as at YE2021.

<sup>2</sup> Whilst ensuring the delivery of good customer outcomes.

<sup>3</sup> Unlocking Investment in Climate Solutions Report.

# Group at a glance

Phoenix Group is the UK's largest long-term savings and retirement business. We offer a broad range of savings and retirement income products to support people across all stages of the savings life cycle from 18 to 80+, through our family of brands.

## Our business

c.£283bn

total assets under administration

c.7,800

colleagues as at 31 December 2023

c.12m

customers

c.£530m

annual dividend paid to shareholders

FTSE 100

and FTSE All World

## Our family of brands

**Standard Life**

Part of Phoenix Group

Standard Life has been trusted to look after people's life savings and retirement needs for nearly 200 years.

**SunLife**

Part of Phoenix Group

SunLife's straightforward and affordable financial products and services are designed to meet the needs of the over-50s.

**PHOENIX LIFE**

Part of Phoenix Group

Phoenix Life is a closed book consolidator that has grown from a series of acquisitions and policy transfers throughout their 200-year history.

**ReAssure**

Part of Phoenix Group

ReAssure is a major life and pensions consolidator in the UK market.

## ESG ratings and award recognition

### Ratings



A-

leadership position on climate



AA

rated as a leader by MSCI



90th percentile

of our peers in S&P Global Ratings

### Awards



Company of the Year  
– Global Good Awards



Impact Company of the Year  
– Better Society Awards



Ethical Financial Services  
Provider of The Year  
– MoneyAge Awards

# Delivering on our strategy



I'm proud to lead a business that is playing a major role in improving financial readiness and closing the pension savings gap.

We're living longer<sup>1</sup>, but unfortunately many of us are not on track for the retirement income we expect. We all need to think differently about our futures, and I'm proud to lead a business that is playing a major role in improving financial readiness and closing the pension savings gap.

Our think tank, Phoenix Insights, is helping us shine a light on under saving for retirement in the UK, and we continue to use our voice to encourage people to think and talk about their retirement.

 For more information view our **Annual Report**

We want to help our customers feel empowered to take charge of their finances, and we have taken steps to provide tools that enable them to do so. I'm looking forward to seeing our work on financial wellbeing evolve alongside our innovative product offering, as we take further steps to help customers make the most of their money and plan for their futures.

Alongside this, we recognise our responsibility as a large asset owner in addressing the climate and nature emergencies. We are playing our part in supporting the transition to net zero, with a target of achieving net zero across our entire business by 2050, while keeping good outcomes for customers at the heart of our approach.

In 2023, we published our Net Zero Transition Plan, outlining the tangible actions we will take to meet our ambitious targets. One important element is engaging with our investee companies to drive change. I am delighted that our approach to stewardship has been recognised by Phoenix becoming a signatory to the UK Stewardship Code<sup>2</sup>.

We're also using our scale to drive wider system change. We were a founding signatory<sup>3</sup> of the Mansion House Compact, which seeks to address some of the barriers to investing in alternative asset classes, which aligns with our objective to scale investment in climate solutions. We also published our report, Unlocking Investment in Climate Solutions<sup>4</sup>, that highlights the reforms that could enable pension funds to play a much bigger role in funding the transition to net zero by 2050.

Looking ahead, I'm truly excited by our plans for the next stage of our journey to net zero by 2050, from accelerating the roll-out of actions to decarbonise our investment portfolio and delivering further thought leadership to drive wider system change, to continuing to decarbonise our operations and supply chain.

Our colleagues are fundamental to our success as a sustainable business, and I'd like to take this opportunity to thank them all for their contributions this year.

**Andy Briggs**  
Group CEO

During 2023, my fellow Board members and I continued to oversee the Group sustainability ambition and progress on the issues most material to us.

The sustainability landscape and our stakeholder expectations continue to evolve, and we refreshed our materiality review this year to ensure our strategy responds. This highlighted that our priority topics within People and Planet are still the right areas of focus, as well as the importance of robust governance to underpin this.

Our activities this year included reviewing the Group's sustainability KPIs, ensuring tangible, measurable progress against the Group's sustainability strategy and continuing to monitor developments in sustainability emerging practice. A key highlight was reviewing the Group's Net Zero Transition Plan prior to publication, and overseeing completion of our Taskforce on Nature-related Financial Disclosures ('TNFD') pilot.

Looking ahead, we will continue to monitor the Company's culture, how customers can be further supported using wider social and environmental initiatives, and the ways in which wider macro-economic factors will impact customers and colleagues.

**Karen Green**  
Board Sustainability Committee Chair

**The sustainability landscape and our stakeholder expectations continue to evolve, and we refreshed our materiality review this year to ensure our strategy responds.**

<sup>1</sup> The Longer Lives Index: A crisis of confidence.

<sup>2</sup> UK Stewardship Code.

<sup>3</sup> Mansion House Compact Signatories, City of London.

<sup>4</sup> Unlocking Investment in Climate Solutions.



# How we deliver our purpose-led business

## Our purpose

## Helping people secure a life of possibilities

## Our vision

To be the UK's industry-leading, retirement savings and income business.

## Our strategic priorities



### Grow

Meeting more of our existing customers' needs and acquiring new customers.



### Optimise

Optimise our scale in-force business.



### Enhance

Transforming our operating model and culture.

## Our sustainability strategy



### People

We want to help people live better longer lives. This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills.

→ [pages 9 to 15](#)



### Planet

We want to help shape a better future. This means delivering good outcomes for our customers, playing a key role in delivering a net zero economy by 2050 and reducing our impact and dependency on nature.

→ [pages 16 to 22](#)



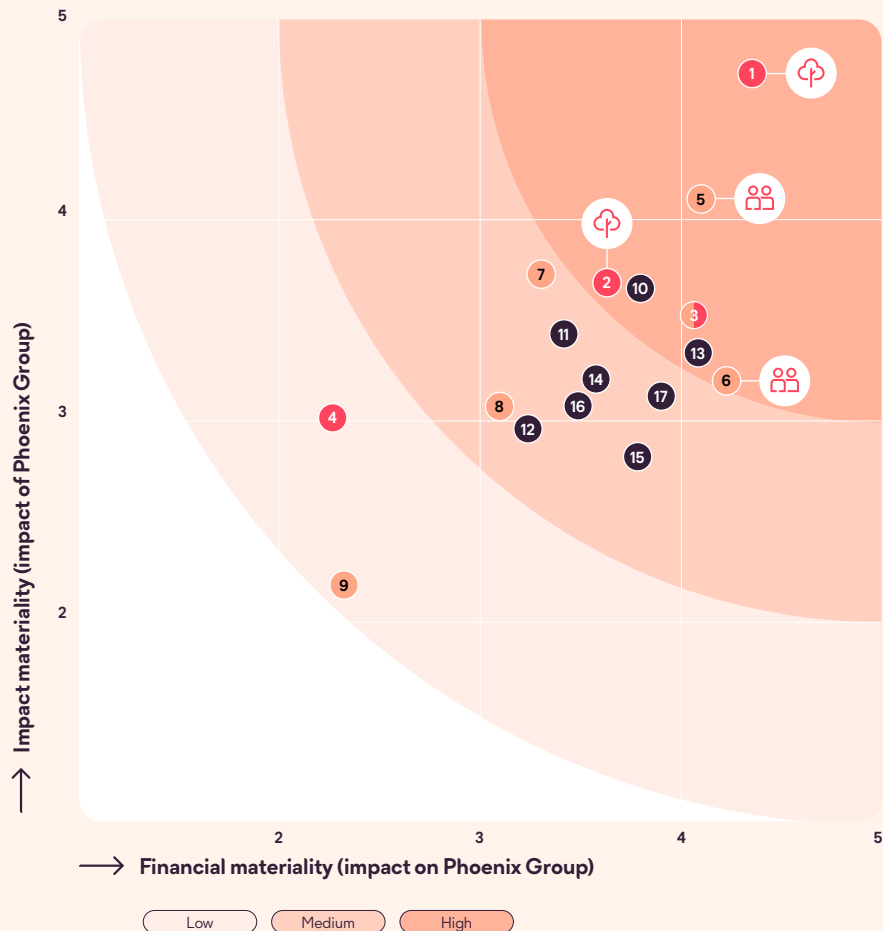
### Building a sustainable business

We are committed to embedding sustainability and best practice governance to maintain high standards of oversight, integrity and ethics.

→ [pages 23 to 40](#)

# Materiality

## Identifying the most material sustainability issues for Phoenix Group



We want to ensure we are focusing our sustainability strategy on the most significant issues that could impact us and those on which we can have an impact too. In order to understand stakeholder perspectives on these issues, in 2022 we carried out a full double-materiality review covering the full spectrum of known sustainability issues. We refreshed that review in 2023.

### Environment

- 1 Climate change
- 2 Nature and biodiversity
- 3 Responsible products and investments
- 4 Circular economy

### Social

- 5 Financial wellness and inclusion
- 6 Longevity and evolving demographics
- 7 Human rights
- 8 Diversity, Equity and Inclusion
- 9 Local communities engagement

### Governance

- 10 Digital innovation
- 11 Selling practices
- 12 Talent management
- 13 Data governance, privacy and cybersecurity
- 14 Customer centricity
- 15 Corporate governance
- 16 Transparency and reporting
- 17 Corporate and business ethics

## Key takeaways

After the refresh, we found that our four priority topics remain the same as in 2022. Read our [2022 Sustainability Report](#).

### People

#### 5 Financial wellness and inclusion

Empowering customers to confidently manage their finances.

→ See pages **9 to 15**

#### 6 Longevity and evolving demographics

Supporting people to stay in good work for longer.

### Planet

#### 1 Climate change

Managing the opportunities and risks while prioritising our customers, as we transition to net zero.

→ See pages **16 to 22**

#### 2 Nature and biodiversity

Reducing our impact and dependency on nature.

### Building a sustainable business

To operate as a leading sustainable business, we are embedding all of the environmental, social and governance issues reviewed throughout our organisation and processes.

→ See pages **23 to 40**



# Looking ahead

As a purpose-led organisation we want to help people live better, longer lives. We believe that we have a societal responsibility to address the climate emergency and play a leading role in supporting the transition to a net zero economy by 2050 in a way that ensures good customer outcomes and benefits all our stakeholders.

**James Wilde**  
Chief Sustainability  
Officer



This year, we refreshed our materiality assessment, and this will continue to drive our focus on the most important sustainability topics within our People and Planet themes during 2024.

In 2024, we will move beyond getting people thinking and talking about retirement, and begin inspiring action, through a campaign aiming to influence at least one million people to act on under saving. We will continue to support people to and through retirement, by developing innovative solutions that will improve our decision support services to help people manage their retirement income more effectively.

To encourage more people to save for their retirement, we will continue to highlight the importance of Automatic Enrolment to policymakers. And, we will continue to grow our 'Careers can change' campaign, to inspire people to think differently about how their careers can support working for longer.

Our climate ambition is to manage investment risk and optimise value for our customers, and play a key role in delivering a net zero economy by 2050. In 2024, we will continue to progress towards our targets by beginning to implement customised decarbonisation benchmarks to our listed equities. We have a long-term aspiration to invest up to £40 billion in sustainable, transition and productive<sup>1</sup> assets, where we can overcome the barriers to doing so and deliver good customer outcomes. We will continue to work collaboratively to drive policy change that will allow greater investment in climate solutions, alongside a further programme of thought leadership<sup>2</sup>.

In 2024, we plan to take further steps on nature, including building on the TNFD pilot we conducted in 2023 to further enhance our understanding of the risks and opportunities related to nature within our portfolio and implementing projects at our offices.

Despite the good progress we have made, we know we must do more to deliver on our climate targets. We believe we are on track to achieve our 2025 targets under most scenarios, but our 2030 target of 50% emissions intensity reduction for all assets under our control is less certain. Our ability to meet this goal, and the pace of change, is dependent not only on our actions but also a range of barriers and actions by others such as governments, regulators, and high transition risk sectors. We have detailed these in our Climate Report.

Looking ahead, I'm excited to see what we can collectively achieve for all of our stakeholders in 2024 and beyond.

## Next steps

### Planet

#### Invest

- Begin implementing customised decarbonising benchmarks for our listed equities and create a roadmap for rolling-out decarbonising strategies across the remainder of our listed equity and credit portfolios<sup>2</sup>.
- Develop a roadmap for our ambition to invest up to £40 billion in sustainable, transition, and productive<sup>1</sup> assets<sup>3</sup>.
- Continue 50-70% target range for shareholder illiquid asset origination to be sustainable or transition assets.

#### Engage

- Continue our programme of thought leadership, collaboratively driving policy change to unlock investment in climate solutions through roundtables and political manifesto recommendations.

#### Lead

- Deliver a programme to engage colleagues to reduce our emissions from business travel.

#### Long-term ambition

To optimise returns for our customers and play a key role in delivering a net zero economy.

### People

#### Inform

- Increase awareness of the pension savings gap and inspire one million people to take action.
- Through Phoenix Insights, build and launch a Longer Lives Tracker to provide evidence and insight to policymakers.

#### Enable

- Launch a social impact initiative and partnership with a charity.
- Continue to scope the development of a long-term social target.

- Scale tailored financial inclusion solutions to meet the needs of different customer segments.

#### Inspire

- Inspire people to manage and change careers through extending the Careers can change campaign.

#### Long-term ambition

To help millions more people live better, longer lives. We will do this by helping more people on their financial journey to and through retirement.

<sup>1</sup> Productive Finance Working Group, convened in November 2020 by the Bank of England, HM Treasury and the FCA. Current guidance.

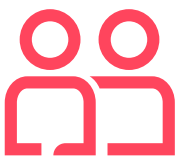
<sup>2</sup> Whilst delivering good customer outcomes.

<sup>3</sup> Subject to overcoming barriers, and in line with commercial objectives and delivering good customer outcomes.

## People

# We want to help people live better longer lives

This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills.



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## People: Overview

We are living longer<sup>1</sup>, but many are not on track for the retirement income they expect, so how we think about employment, retirement and savings needs to change.

### Andy Curran

Chief Executive,  
Savings and Retirement,  
UK and Europe



Financial engagement in the UK is low, and most people are not getting the advice or guidance they require<sup>2</sup>. What is more, lack of access to good work means people are not always able to save as much as they need. This has led to a pension savings gap.

As the UK's largest long-term savings and retirement business, we recognise that we have a responsibility to be a part of the solution for our customers, colleagues and the wider community. We are innovating to meet future customer needs and advocating for societal change so people can enjoy better longer lives.

### Framing the challenge

# 1 in 3

people born today have a good chance of living to 100<sup>3</sup>

# 14%

of defined contribution savers are on track for a retirement income that maintains a good standard of living<sup>4</sup>

# 58%

of employers are less likely to hire someone over 50<sup>5</sup>

1 The Longer Lives Index: A crisis of confidence.

2 A Guiding Hand, Improving access to pensions advice and guidance.

3 What are your chances of living to 100?

4 Great Expectations: Are people's retirement income expectations adequate and achievable?

5 Employers shying away from hiring the over-50s despite labour crunch.

## Our priority themes

We are tackling this through three key areas of our approach: Inform, Enable, Inspire.

### Inform

#### Raising awareness and understanding of under saving.

→ See page 12

### Enable

#### Helping more people journey to and through retirement.

→ See pages 13 to 14

### Inspire

#### Promoting the role of good work and skills for all.

→ See page 15



## People: Our approach

# We want to help people live better longer lives.

This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills. We are focusing our efforts on three key themes:

## Inform

### Raising awareness and understanding of under saving

We are campaigning to help people think differently about saving, work and retirement. Through our family of brands and in-house think tank, Phoenix Insights, we aim to increase awareness of the pension savings gap and what is driving it, and we will motivate people and policymakers to act. We are using our scale and position to reach millions of people to encourage them to start thinking and talking about retirement. We know that for some people pensions are difficult to relate to or engage with, and this is driving the savings gap. So, through Phoenix Insights we are seeking to improve our understanding of people's knowledge of pensions, what their expectations are for retirement, and how prepared they are. We are using our research to provide ongoing evidence to support key policy changes.

[→ See page 12](#)

## Enable

### Helping more people journey to and through retirement

We want to enable people to take the necessary actions to secure the financial future they want through our family of brands. This means supporting people to access information, and decision support services at different times of their life as they transition to and through retirement. By launching innovative products, we make sure customers are equipped to manage their income across their life course. By developing digital tools we are helping people feel more in control of their finances. We also want to help remove any barriers people face in accessing their finances at all times in their life, including when they experience vulnerability.

[→ See pages 13 to 14](#)

## Inspire

### Promoting the role of good work and skills for all

To be able to save for retirement, we all need to be able to work for as long as we need to in jobs that suit our lives. We believe good work is secure, rewarding, flexible to changing needs, sustainable over our longer lives and supportive of our wellbeing. We want to play a role in promoting this for society, through our work collaboratively influencing policy with government.

We also take action to be an exemplar age-inclusive employer, and encourage other employers to take action too, to recruit, retain and retrain workers in midlife and older.

We want to inspire people to think differently about their work and retirement and support them to act.

[→ See page 15](#)

## 2023 Progress

### Target

**Provide access for 1.5 million Standard Life customers to an integrated financial wellness hub, Money Mindset.**

We surpassed this target by providing over 1.5 million Standard Life customers access to our Money Mindset solution<sup>^</sup>, a digital platform that allows customers to monitor their financial position to help improve their financial wellbeing.

### Target

**Deliver an awareness campaign reaching four million people on longer lives and under saving for retirement.**

We surpassed this target with our 'Let's Start Talking' campaign; reaching over four million people<sup>^</sup>. On social media platforms the campaign outperformed engagement targets by 120%.

[→ Read our full list of targets](#)



## People: 2023 performance

### Inform

# Raising awareness and understanding of under saving

We campaign to help people to think differently about saving, work and retirement.

## Getting the UK talking about saving for longer lives

In 2023, we launched our 'Let's Start Talking' campaign to engage the UK public on thinking about how we live, work, and save for the longer lives we're now leading. The campaign features people in conversation, sharing their stories and the challenges they have faced when trying to achieve the retirement they want. We exceeded our target of reaching four million people^.

## Raising awareness of planning for later life with our customers

In the UK, Standard Life produced the **Retirement Voice report**, shining a light on how people are feeling about saving for retirement. We found that economic instability has led to many people being more cautious with their spending and that people typically start taking a keener interest in planning for retirement at age 36, but this may not be early enough. Increasing the provision of free financial education and guidance – and making it personal, relatable and engaging – is a necessary step in helping people to save for retirement.



We continued to engage our Standard Life customers in Ireland on retirement planning through the 'Better with age' advertisement. This creates awareness of the importance of retirement planning, and forms part of our ongoing Second Life campaign, which encourages customers to re-think and unlock the opportunities that retirement can bring.

We all need to consider the **Cost of Dying**, but research from SunLife found only 59% of those who have died put enough away to cover funeral costs, leaving one in five people organising funerals with notable financial concerns. SunLife's free funeral wishes tool was used by over 70,000 people during 2023 to help people think about their funeral preferences.

## Raising awareness with policymakers

This year, Phoenix Insights undertook research on people's retirement expectations and knowledge. Our report **Planning for retirement: the pensions knowledge gap and attitudes to working longer** found the majority of people surveyed have low confidence in their knowledge of pensions, highlighting the importance of Automatic Enrolment to encourage people to save, where they can afford to do so. We also explored the topic of the state pension, which underpins many people's secure retirement income, but since it was established we are living longer and the way we work looks very different. We explored the adequacy of the system, and made recommendations to policymakers to engage the public.



Read **Planning for retirement: The pensions knowledge gap and attitudes to working longer**

Read **An intergenerational contract: Policy recommendations for the future of the state pension**

## Next steps

- Increase awareness of the pension savings gap and inspire one million people to take action.
- Through Phoenix Insights, build and launch a Longer Lives Tracker to provide evidence and insight to policymakers.

## People: 2023 performance continued

### Enable

# Helping more people journey to and through retirement

We aim to support our customers and wider society by providing innovative retirement income solutions, helping increase financial wellness throughout people's lives and encouraging financial inclusion.





## People: 2023 performance continued

### Enable continued



#### Saving for retirement

### Helping customers take charge of their financial wellbeing

We want to use technology to empower people to take charge of their finances while they are saving for retirement. Standard Life partnered with Moneyhub, to help us build our Money Mindset digital app and dashboard, enabling access for more than 1.5 million workplace pension scheme members. This allows customers to link, track and monitor their finances all in one place with the aim of improving their financial wellbeing. Tools and support on Money Mindset include:

- Pension finder tool – to help customers identify and trace lost pensions.
- Budgeting feature – to help customers manage their finances and build financial resilience.
- Benefits entitlement tool.
- Building emergency savings tool.
- Rent recognition tool, which helps boost credit score by recognising regular rent payments.

#### Saving for retirement – Transitioning to retirement

### Supporting vulnerable customers

A significant amount of our customers across our family of brands could display characteristics that indicate vulnerability. Our vulnerability strategy provides support for those most at risk of harm, and aims to continually raise standards across our industry. In 2023, we launched our Samaritans Listening Wheel training to our colleagues. This is an interactive and immersive e-learning module that equips the learner with the skills to become an active listener, based on 70 years of Samaritans' expertise in training their own volunteers.

We also hosted our Vulnerable Customer Summit in collaboration with Scottish Financial Enterprise, sharing best practice on how the industry can tackle the increasing issue of financial vulnerability in the UK. We discussed specific situations and customer calls as well as the Consumer Duty rules and how they will help firms support vulnerable customers.

[Read the \*\*whitepaper\*\*](#)



### It has helped me to become a better listener to understand the needs and feelings of customers and colleagues

[Colleague feedback from our Listening Wheel training](#)

#### Transitioning to retirement

### Making our products and services more inclusive

We want to remove any barriers people may face as they transition to and through retirement. Our inclusion programmes focus on ensuring our products are tailored to the needs of all customers and our solutions are accessible for everyone. In 2023, we focused on our digital presence, working alongside Plain English Campaign, who audited our readability. Also, the functionality of our digital estate was audited by the Digital Accessibility Centre against the Web Content Accessibility Guidelines. In collaboration with the digital inclusion charity, Good Things Foundation, we launched Digital Skills Hubs, which include 'How to' videos on using our websites and apps across all our consumer brands. Our growing Digital Champion Network supported customer and community members with in-person digital skills training in our Edinburgh office.

[Watch the \*\*video\*\* here](#)

#### Securing income in retirement

### Innovating for better retirement income management

We are innovating and delivering new products to help customers build their retirement savings and manage their retirement income. Standard Life was the first new provider to enter the annuity market since pensions freedoms legislation came into effect in 2015 with the launch of our Standard Life Pension Annuity. This product pays the customer a guaranteed income for the rest of their life, bought with some or all of the proceeds of their pension plan.

SunLife found in our 'Life Well Spent' report that having the freedom to spend on things that matter to our customers during retirement has an impact on their happiness. SunLife's Equity release mortgage, which launched during 2023, aims to provide customers with this flexibility.

[Read the \*\*report\*\*](#)

### Next steps

- Launch a social impact initiative and partnership with a charity
- Continue to scope the development of a long-term social target.
- Scale tailored financial inclusion solutions to meet the needs of different customer segments



## People: 2023 performance continued

### Inspire

# Promoting the role of good work and skills for all

We want to help people work for longer in jobs that suit their lives and enable them to save for their future.

I'd never really thought about pensions before, or how I saw older life. It got me thinking on so many levels – what body I want to be in, if I would want to travel, would I have paid off my mortgage?

**Funlola Allo**, Programme Planner, Phoenix Group, participant in a Midlife MOT workshop

## Influencing policy that supports good work

We want to make work better for everyone, so we're playing our part in influencing policy direction and development. Our focus has been on raising awareness of later life issues, such as caring responsibilities and the impact of menopause, including our **Good Work for Longer Lives** report, which makes key recommendations on carers leave and flexible work.

We are also advocating for the action needed to support people over 50 who want to return to work. We explore this topic in our report **Beyond the great retirement: understanding economic activity amongst the over 50s**.

In 2023 the role of Menopause Ambassador was appointed by the government to represent the interests of people going through the menopause. As part of his role as the Government Business Champion for Older Workers, Andy Briggs led a report on **Menopause and Employment** in 2021, which called for the establishment of this role. It has now helped drive menopause policies across many industries.

**At least 0.5m people aged 50-64 in the UK are not working but want to work<sup>1</sup>**

## Helping colleagues prepare for later life with our Midlife MOT

We want to help people prepare for the challenges that may be faced in later life. That is why we launched the Midlife MOT at scale to our UK colleagues. The self-assessments help colleagues, regardless of age, to determine the steps they can take to strike the right balance with work, wealth and wellbeing. We also launched 'Making the Most of Later Life' workshops to help colleagues think about and plan for the future, for those around ten years away from approaching retirement.

We wanted to amplify its impact and inspire other employers to take similar actions to support older workers. Phoenix Insights published a report on how to design and deliver a Midlife MOT, using our roll-out as a foundation, alongside an employer guide offering advice for other organisations on how to develop a Midlife MOT.

[Read the report](#)

## Better career support with our Careers can change campaign

We believe that better career support, at all ages, allows people to build and develop long, fulfilling careers. Phoenix Insights is leading the way with a new campaign to inspire people to see that their careers can change successfully, by small incremental shifts or total pivots. At the heart of this campaign is a new coalition of experts and partners enabling us to raise awareness of and connect people to good quality, accessible career support. The campaign launched at the Postcards from Midlife Live event in London, where we published new 'Careers advice for longer lives' research

[Read the research](#)



## Next steps

- Inspire people to manage and change careers through extending the Careers can change campaign.

<sup>1</sup> Beyond the great retirement: Understanding and tackling economic inactivity amongst the over 50s.



# Planet

## We want to help shape a better future

This means delivering good outcomes for our customers, playing a key role in delivering a net zero economy by 2050 and understanding our impact and dependency on nature.



### In the Planet section

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- 22 Nature



## Planet: Overview

We have committed to net zero across our investment portfolio, own operations and supply chain by 2050 or sooner.

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As a purpose-led organisation we believe that we have a responsibility to help address the climate emergency. We want to play our part in delivering a net zero economy whilst delivering good outcomes for our customers, and our actions are either directly or indirectly aligned with this goal. The primary driver for our actions is either to reduce customers' exposure to climate-related risk and/or help them take advantage of the opportunities presented by the net zero transition.

Our investment portfolio represents c.99% of our emissions and is therefore our primary focus.

We are scaling up our actions to achieve real impact, and helping to drive wider system change through thought leadership, engagement and collaboration. We strive to use our position of influence to bring about positive change in our investee companies. That's why we remain invested in high emitting sectors including oil and gas. We call this our 'engagement first' approach.

**Sindhu Krishna**  
Head of Sustainable  
Investments



In parallel, we are on a journey to decarbonise our own operations and supply chain.

Our climate change strategy is detailed in our Net Zero Transition Plan ('NZTP'), and our Climate Report summarises our disclosures made in line with the Taskforce on Climate-Related Financial Disclosures ('TCFD') framework, and the progress we have made.

The breadth and magnitude of the impacts of nature loss pose a significant risk to global economic and financial stability. Climate change is both a driver and a consequence of the degradation of nature – and there is an increasing call to take an integrated approach to management and mitigation. We are taking important initial steps to understand our impact and dependency on nature and are committed to developing our approach.

 [Read our Nature Statement](#)

[Read our Climate Report](#)

[Read our NZTP](#)

### Framing the challenge

# 2023

was the hottest year on record<sup>1</sup>

# £2.4tn

investment required in the UK by 2035 to meet net zero<sup>2</sup>

# 55%

of global GDP is dependent on the ecosystem services that nature provides<sup>3</sup>

- 1 2023: The warmest year on record Globally.
- 2 Unlocking Investment in Climate Solutions.
- 3 Managing nature risks: From understanding to action.

## Our climate and nature strategy

Our ambition to be net zero by 2050 is fully aligned to our core purpose of helping people secure a life of possibilities. Over time we expect our approaches to nature and climate to converge.

### Invest

**Decarbonising our investment portfolio, effective stewardship of our assets, and investing in climate solutions**

[→ See page 19](#)

### Engage

**Engaging with decision-makers and peers to drive wider system change, and engaging with customers and colleagues on climate action**

[→ See page 20](#)

### Lead

**Leading by example; reducing our direct emissions, and reducing our wider impacts by working collaboratively with suppliers**

[→ See page 21](#)

[→ See our Nature section on page 22](#)



## Planet: Targets and progress

### 2023

**Publish comprehensive  
Net Zero Transition Plan**

**c.£12.5bn**

Implement decarbonisation strategy for c.£12.5 billion shareholder liquid credit portfolio to meet our carbon reduction targets

**50-70%**

of illiquid asset origination in the shareholder portfolio to be sustainable or transition assets

Maintain

**75-85%**

intensity reduction vs 2019 baseline in operational carbon emissions<sup>3</sup>

**90%**

of key suppliers committed or aligned to SBTi or UN Race to Zero campaign<sup>1</sup>

### 2025

**25%**

Reduce carbon intensity of our listed equity and credit assets by 25%<sup>2</sup>

Achieve

**Net zero**

in our own operations<sup>4</sup>

- 1 See assured data methodologies for our criteria on what constitutes being aligned/committed.
- 2 Where we can exercise control and influence.
- 3 In Scope 1 and 2 emissions from occupied premises per full-time employee intensity market-based.
- 4 In Scope 1, 2 and Scope 3 – business travel.

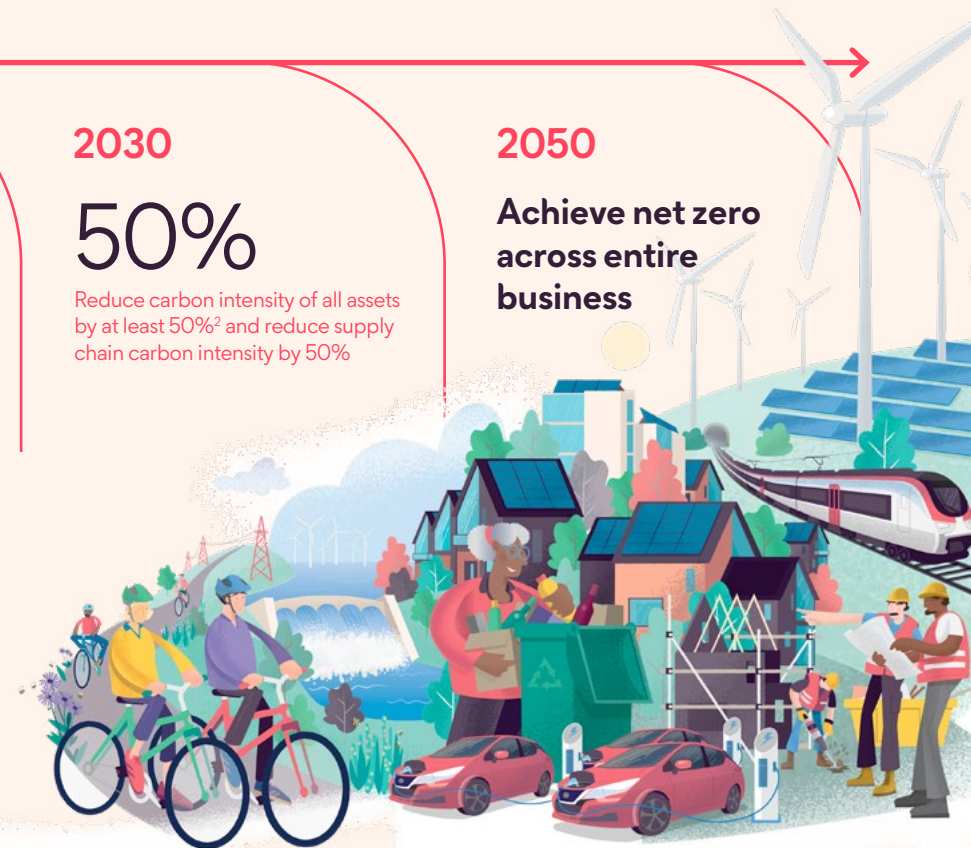
### 2030

**50%**

Reduce carbon intensity of all assets by at least 50%<sup>2</sup> and reduce supply chain carbon intensity by 50%

### 2050

**Achieve net zero  
across entire  
business**



### Progress on our 2023 targets

- We published our full NZTP, which was developed in line with the latest industry guidance from the Transition Plan Taskforce ('TPT') and Glasgow Financial Alliance for Net Zero ('GFANZ').
- We surpassed our target of 90% of key suppliers committed or aligned to SBTi or UN Race to Zero campaign, achieving 94%<sup>^</sup>.
- We achieved an 83% intensity reduction vs 2019 baseline in operational carbon emissions<sup>3</sup>, maintaining our target.

➔ Read our **targets table** for progress on all of our targets

### Key progress, challenges and dependencies related to our long-term targets

- We have set stretching interim targets for 2025 and 2030 across our investment portfolio, operations and supply chain to ensure that we remain on track to deliver our commitment to achieve net zero by 2050.
- We believe we are on track to achieve our 2025 targets under most scenarios. Our ability to achieve our 2030 target of 50% emissions intensity reduction for all assets under our control is less certain, and will become increasingly dependent on action by others, in particular government, regulators and high transition risk sectors.
- Reducing our business travel emissions has been a key challenge as business has returned to normal following COVID 19 and virtual ways of working. Future reductions will depend on the roll-out of our business travel reduction programme.
- Reducing our supply chain emissions is ultimately dependent on action from our suppliers, as well as good quality data.

📖 Read more in our **Climate Report**

## Planet: 2023 performance

### Invest

# We are placing customers at the heart of our investment approach

We believe the actions we are taking to decarbonise our investment portfolio are fully aligned with delivering good customer outcomes.

1 AUA as at year end 2021.

2 As a portion of £119 billion originated in sustainable and transition assets in YE2023.

3 Transaction executed by abrdn on behalf of Phoenix Group.

4 Our Sustainable Finance Classification Framework for Private Markets provides greater clarity on our definition of sustainable assets.

5 See page 9 of Climate Report for more information.

6 Whilst delivering good customer outcomes.

7 Subject to overcoming barriers, and in line with commercial objectives and delivering good customer outcomes.

## Decarbonising our investment portfolio

### Updating our baseline

We are committed to transitioning our investment portfolio to net zero by 2050 and hitting our ambitious 2025 and 2030 targets to cut emissions, all the while acting to provide good outcomes for our customers.

To effectively reach our targets, we need to understand our footprint across our full portfolio. That's why we are working to continually expand the scope of our baseline. In 2022, we included sovereign debt and real estate assets, and this year, we have added illiquid credit assets to our baseline, which now covers 79% of AUA at year-end 2023, and is responsible for 24.6 MtCO<sub>2</sub>e. We will continue to expand our carbon footprint baseline over time, in line with best practice, until it covers the entire investment portfolio.

### Reducing the carbon intensity of our portfolio

Building on progress with decarbonising our policyholder assets, in 2023 we introduced a decarbonisation strategy for our c.£12.5 billion shareholder corporate credit portfolio<sup>1</sup> and intend to increase investments in net zero aligned assets to 40-50% of the portfolio by 2025, and 50-70% by 2030.

We have worked with leading index providers to design customised equity benchmarks which will apply a decarbonisation tilt to our listed equity portfolio, with implementation commencing in 2024 and continuing in 2025.

## Effective stewardship of our assets

We continue to implement our stewardship programme, engaging with investee companies and our asset management partners on climate change. We engaged directly with 23 of our highest emitting companies, as part of our climate engagement programme, both individually and collaboratively, through organisations such as Climate Action 100+ and the Net Zero Engagement Initiative ('NZEI'). After less than 12 months of dialogue we have seen progress or commitments on nearly 40% of our engagement objectives<sup>5</sup>.

In order to engage on the key themes, we analysed the voting behaviour of the asset managers of 100 target companies. Our analysis uncovered areas for improvement on climate change and governance, and we have engaged with our managers to enhance their alignment with our global voting principles.

We became signatories to the UK Stewardship Code in 2023 and published our first Stewardship Report, which sets out our focus on effective stewardship, and how we will have a positive effect and action on climate change and other ESG priority topics.

Read our **Stewardship Report**

## Investment in climate solutions

Since 2022 we have invested nearly £1.5 billion in climate solutions including nearly £600 million of shareholder capital in 2023<sup>2</sup>. For example, we committed €50 million into NS Groep, a provider of climate-neutral transport options<sup>3</sup>.

We have made good progress towards the aspiration we set in 2021 to invest £10 billion in direct investments from our shareholder portfolio in sustainable assets<sup>4</sup> by 2026 (subject to market conditions). Despite this progress, we are currently short of the rate needed to be on track, due to a range of external and internal constraints. We will now focus on our longer-term aspiration to invest up to £40 billion in sustainable, transition and productive assets.

## Next steps

- Begin implementing customised decarbonising benchmarks for our listed equities and create a roadmap for rolling out decarbonising strategies across the remainder of our listed equity and credit portfolios<sup>6</sup>.
- Develop a roadmap for our ambition to invest up to £40 billion in sustainable, transition, and productive assets<sup>7</sup>.
- Continue 50-70% target range for shareholder illiquid asset origination to be sustainable or transition assets.





## Planet: 2023 performance

### Engage

# Engaging with decision-makers, customers and colleagues on climate action

We know we cannot deliver net zero on our own, so we are vocal in calling for action from others and using our scale to drive the wider system change needed to deliver net zero by 2050.

## Raising awareness with our customers on the impact of their investments

This year, through several campaigns that helped bring sustainability to life for our customers, we achieved our target to reach 1.5 million customers to raise awareness about the impact of their investments<sup>1</sup>.

As part of Earth Day and Good Money Week, via our Standard Life social media channels, and the MoneyPlus platform, we produced articles for customers about the power of their pension and guides aimed at helping them to understand some of the jargon used across the industry. This formed part of our customer engagement strategy, which offers customers the opportunity to learn more about what their investments do.

On Earth Day we worked with not-for-profit organisation Rewired Earth to engage and inform customers and colleagues about sustainability and the impact of their investments. We worked with them to create a bespoke version of their innovative 'Demand Square'. This uses the United Nations' Sustainable Development Goals to explain the wide-ranging aspects of sustainability, and it encourages people to consider how important this is for their pension.

## Driving policy change to unlock climate solutions

We produced a report exploring the crucial role the pension industry can play in tackling climate change, while continuing to prioritise good outcomes for savers.

Pension funds could finance £1.2 trillion in climate solutions by 2035<sup>1</sup>. That's up to half of the investment needed to keep the UK's transition on track and provide savers with greater access to the investment potential.

There is an opportunity to understand why funding for climate solutions is lacking, and how this can be increased. We partnered with Make My Money Matter to produce the report, which highlights the barriers related to both demand and supply for finance and identifies strategies to overcome them.

This work supports conversations with government, regulators and our peers so that we can collectively help pension funds fulfil their potential in the nation's journey to net zero by 2050.

# £1.2tn

the amount pension funds could finance in climate solutions by 2035



Read the report **Unlocking Investment in Climate Solutions**

## Understanding our customers' preferences

In 2023, we continued to undertake research across our family of brands on our customers' changing views<sup>2</sup> to ensure that we provide solutions and communications that support their needs.

We found that 75% of customers are taking actions to live more sustainably, yet many don't know what role their pension can play in supporting sustainability efforts. For most customers (78%), the priority remains to grow their pension, but they want to avoid harm if they can. 67% would like to hear more about responsible investing, offering us an opportunity to engage them in their financial futures.

## Next steps

- Continue our programme of thought leadership, collaboratively driving policy change to unlock investment in climate solutions through roundtables and political manifesto recommendations.

<sup>1</sup> Unlocking Investment in Climate Solutions.

<sup>2</sup> Research conducted via an online survey with 2,052 customers across our Standard Life, Phoenix Life and ReAssure brands. Data weighted to reflect the distribution of customers across our brands (effective total base = 1,752). Fieldwork: 24th January-9th February 2024.

## Planet: 2023 performance

### Lead

# Change starts with us

We are taking action in our operations and supply chain to address climate change and support the transition to a net zero economy by 2050.

We are proud to have achieved ISO14001 certification for our Environmental Management System. This further demonstrates our commitment to continually improve the environmental performance of our operations and protect the environment.

Jackie Cowper Property Director

## Reducing our carbon footprint through ISO14001

To implement our carbon reduction strategy, we must have a fit-for-purpose Environmental Management System ('EMS') to support our operations. An EMS helps companies systematically manage their environmental responsibilities, with the aim of reducing the overall carbon footprint. This year, we certified our EMS with the voluntary ISO14001 standard, ensuring it is best in class.

# 83%

reduction in operational emissions intensity since 2019



<sup>1</sup> See assured data methodologies for our criteria on what constitutes being aligned/committed.

## Reducing our operating emissions

In line with our Eliminate-Reduce-Substitute-Compensate strategy, we achieved our target of maintaining a 75-85% intensity reduction vs 2019 baseline in our operational carbon emissions. Our absolute Scope 1, 2 and 3 operational emissions increased by 3% between 2022 and 2023, largely driven by a significant increase in business travel. As a result, a key focus going forward will be implementing a programme to reduce our emissions from business travel.

In 2023 we continued the roll-out of LED lighting at our core locations as part of a multi-year project, implementing a heating and cooling policy to reduce energy consumption, and appointing a Plan Zero energy manager through our partners Mitie to help modernise buildings and equipment with smart technologies. This work builds on the steps we have already taken, including the installation of one of the largest rooftop integrated photovoltaic ('PV') glass installations in Europe at our Wythall office, which we completed during 2023.

We also joined the EP100 initiative, which brings together like-minded companies to share learnings on energy efficiency. Collectively, we will drive progress towards our targets, show climate leadership and send a powerful signal to policymakers about the enormous climate potential of energy efficiency.

# c.100%

of renewable electricity procured across all of our occupied premises<sup>^</sup>

## Progress in our supply chain

We continue to make significant progress with our suppliers in engaging them on their sustainability commitments and how they contribute to achieving our targets. We increased the number of key suppliers committed or aligned to SBTi or UN Race to Zero campaign<sup>1</sup> from 48% in mid-2022 to 94%<sup>^</sup> in 2023, and 73% of suppliers submitted a disclosure to the annual Carbon Disclosure Project ('CDP'). This is a 236% increase in the number of our suppliers who participated in the CDP survey since 2022, which is above the industry average of 63%. These actions have led to much greater visibility of our top emitting suppliers, and will help to inform our approach to achieving our net zero targets up to 2050.

As highlighted in last year's reporting, we have been undergoing an extensive exercise to enhance supply chain data, as well as spend data quality and categorisation, in order to calculate supply chain emissions more accurately. Through this work, we are in a position to publish updated indicative figures this year, with supply chain emissions successfully reconstructed from 2020 to 2023 based on the latest data. We expect to publish a validated emissions baseline for the supply chain in next year's report.

## Next steps

- Deliver a programme to engage colleagues in reducing our emissions from business travel.

## Planet: 2023 performance

### Nature

# We are on a journey

We want to improve our understanding of our exposure to nature-related impacts, dependencies and risks, and to identify possible investment opportunities. It is important to us that we drive positive change while providing good outcomes for our customers.

RSPB Scotland was delighted to be invited to the Phoenix Group's Edinburgh office to showcase the 'Business of Nature' and 'Banking on a Wilder Tomorrow' short films and answer questions from Phoenix Group colleagues about the nature crisis and the role of business in saving nature. If we are to address the nature and climate crisis fully then businesses must play a key role, and it is heartening to see a business begin to engage in saving nature. We hope that this will be just the start of working together for a nature positive future.

**Seonaid Mason**, Fundraising Manager, RSPB

## Engaging our colleagues on nature

We're taking steps to engage our colleagues on nature and, during 2023, we held our first education session with our Board. Our Sustainability Network is one of our largest colleague networks, with over 230 members. It engages colleagues on a broad range of sustainability topics, including nature. During 2023, we hosted three nature-themed sessions, including two in-person events held together with the RSPB, with screenings of their 'Wild Isles' films.

## Collaborating on nature

In our Nature Statement, we set out our commitment to multiply our impact on nature through collaboration. In 2023 we signed the Finance for Biodiversity Pledge and Foundation, which includes five commitments for signatories: collaboration and knowledge sharing, engaging with companies, assessing impact, setting targets, and reporting publicly. We also joined Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.

 [Read our Nature Statement](#)



Our Wythall office is surrounded by acres of natural green space making it the perfect environment for wildlife.

## Building nature-friendly sites

We want to understand the impact of our buildings upon nature, and have analysed where we can make site-specific improvements in a nature-friendly way. Our Wythall office is surrounded by acres of natural green space, making it the perfect environment for wildlife, such as hedgehogs and the Lady Orchid. We know that increased plant-life also improves our colleagues' wellbeing and comfort indoors, so we will be increasing planting in our Edinburgh, Telford and Wythall offices.

## Understanding nature-related risks, impacts and dependencies

The TNFD is a voluntary framework for organisations to report and act on evolving nature-related risks, capturing the increasing financial impacts of biodiversity loss, ecosystem degradation and nature's role in business stability.

In 2023 the TNFD finalised its reporting framework. We led a project to pilot test the TNFD beta framework for a selection of our investment portfolios, partnering with three of our asset managers and three data providers. This builds on our 2022 analysis of a subset of our investment portfolio to improve our understanding of the potential materiality of portfolio exposures to nature-related impacts and dependencies. We subsequently identified nature as an emerging risk, which is a key component of our Risk Management Framework ('RMF').

We have already set out our nature-related expectations for investee companies, which will guide our dialogue with them either directly or through collaborative initiatives.

 [Read our expectations of companies on key sustainability issues](#)

In 2023 we joined  
Nature Action 100



# Building a sustainable business

## Committed to embedding sustainability

We are committed to embedding sustainability and best practice governance to maintain high standards of oversight, integrity and ethics.



### In the Building a sustainable business section

- 24 Supporting our customers
- 26 Our approach to sustainable investing
- 27 Sustainable operations
- 28 Building a sustainable supply chain
- 29 Supporting our colleagues
- 32 Diversity, Equity and Inclusion
- 34 Respecting human rights
- 36 Governance



## Building a sustainable business continued

# Supporting our customers

We are focused on delivering good customer outcomes.

## Consumer Duty

The new FCA Consumer Duty seeks to increase consumer protection in the retail market, foster effective competition in the interest of consumers, and to encourage the industry to do more to foresee and prevent harm before it happens. We have invested significantly in good customer treatment and outcomes across our businesses and our family of brands in recent years, and continue to do so, especially in the areas of vulnerability and protected characteristics. The Duty will support our focus, particularly in key areas such as customer communications and customer understanding, including guidance and advice services. We support the direction and intent of the Consumer Duty as it is aligned to our strategy to help customers secure a life of possibilities. It also provides us with the opportunity to do even more to support customers and to help them improve their understanding of products and services we provide.

As part of our implementation plan, we have identified key priorities to address to ensure we comply with the Consumer Duty requirements within the relevant timescales. This plan has been approved by the Board and shared with the FCA.

### Progress made:

We assessed our Open products and services to meet a higher standard of consumer protection in line with the regulatory deadline of July 2023. We strengthened our Product Governance Framework and Product Review Methodology to reflect the Consumer Duty.

### Looking ahead:

Closed products and services assessments are currently underway to meet the regulatory implementation date of 31 July 2024.

## Responsible product development and marketing

### Product Governance Framework

The Product Governance Framework has been developed to help ensure that the delivery of good customer outcomes and fair value is central to the way in which we design and manage our products and propositions. The framework provides a clear structure for the identification, assessment and management of customer outcomes risk, ensuring that our products continue to meet customers' needs and that we take appropriate action where risks of not providing good outcomes or of foreseeable harm are observed. This framework is part of a wider risk framework; it defines our proposition risk culture and informs governance processes. It forms part of the Customer Outcomes pillar of the Group Conduct Strategy.

This governance applies to both where Phoenix develops and markets new products directly, and where it administers products which no longer allow new business. We assess product features and effectiveness throughout the lifetime of the product, going beyond the period in which the product is actively marketed and sold.

### Product reviews

We have a robust product review and development process, which ensures all our products are developed and launched in line with regulations and standards, and assessed on the extent to which they deliver good customer outcomes.

Product reviews are completed for both actively and non-actively marketed products using a set of Product Review Metrics. These include Strengths, Weaknesses, Opportunities and Threats ('SWOT') and Political, Economic, Social, Technological, Legal and Environmental ('PESTLE') analyses, customer insight, operational performance and the concepts of foreseeable harm, fair value (both financial and non-financial) and delivering good outcomes. We also consider; the support we offer to customers in times of vulnerability; how the products are marketed and distributed; how distributors are informed; how we communicate with customers (including the digital capability we offer them to make it easier for customers to transact with us) and customer experience and satisfaction.



## Building a sustainable business continued

### Supporting our customers continued

#### Customer satisfaction

To understand our customers' satisfaction with their interactions with our family of brands, we send out surveys and provide them with the opportunity to leave comments. We then analyse the results in order to understand trends and drive improvements, reaching out to customers where we need to understand more. Customer satisfaction is tracked using the Product Satisfaction ('PSAT') score. Our 2023 scores were 87%<sup>^</sup> for telephone and 93% for digital.

Trained Complaints staff and Call Centre Agents identify and acknowledge complaints in accordance with the relevant policies and procedures to ensure good customer outcomes. Complaints are dealt with by a dedicated handler who will investigate and provide personal contact details as we know that contact is key throughout the process.

We operate an effective Root Cause framework to make sure that learnings are taken to address the causal factors of complaints and to ensure that we are continually strengthening our complaint handling proposition.

#### Responsible Marketing Policy

Our Responsible Marketing Policy outlines our commitments to ensuring our marketing and product information is accurate, easy to understand and transparent.

 [Read our policy](#)

## Supporting vulnerable customers

Our vulnerable customer strategy provides support for those most at risk of harm. It aims to drive up standards for the treatment of vulnerability across our family of brands and in wider society. It covers what vulnerability means in the context of our customers, colleagues and our products and services. We also want to help others improve their standards by sharing our insights and best practice.

We have processes in place across all our communications channels to proactively identify triggers and drivers of vulnerability. We make it easy for customers to tell us about their vulnerable circumstances and also create opportunities for them to tell us of concerns or issues they may have.

The four drivers of vulnerability:

- **Health.**
- **Life events.**
- **Resilience.**
- **Capability.**

We support colleagues to have a good understanding of vulnerability, focusing on three methods.

- **Behavioural** – Working with Behavioural Science experts Cowry Consulting to develop our award-winning colleague e-learning to help close the empathy gap. Our call centre training for handling vulnerable customer cases was externally accredited by the Institute for Customer Service.
- **Physical** – Using accessibility simulation aids to help colleagues better understand the physical barriers that customers can face when trying to engage with our app or website.

- **Virtual** – Creating an innovative and immersive experience through virtual reality that brings a real vulnerable customer story to life in a way that helps us understand the importance of how we care in the moments that matter.

### Standard Life

Part of Phoenix Group

Building on Standard Life's work with the Samaritans Training School initiative in 2022, Samaritans have trained Standard Life customer support colleagues to provide better support for the most vulnerable customers, developing the listening wheel SHARE.

#### The SHARE listening wheel

- S** Show active listening
- H** Have patience
- A** Ask open questions
- R** Repeat it back
- E** Empathy

#### External engagement and thought leadership

By sharing our knowledge of customer vulnerability, collectively we can have a greater impact. This year, Riffat Tufail, our Head of Customer Vulnerability, spoke at the Global Insights Customer Engagement and Experience Conference, sharing how we use creative and innovative methods to bring vulnerability to life through our immersive virtual reality training experience.

In June 2023, Standard Life hosted a joint summit with Scottish Financial Enterprise (SFE). This led to the report 'Evolving our response to the needs of vulnerable customers' which Standard Life launched in conjunction with SFE at an FCA Roundtable.

#### Awards

For the third year running, Standard Life won the CCA Most Effective Customer Vulnerability Strategy award.

## Focusing on financial inclusion

We want everyone to have the opportunity to benefit from financial services, regardless of their means or abilities and whether or not they are vulnerable. To achieve this, we will deliver initiatives that can help to improve financial inclusion, while also identifying new opportunities to fill gaps and support more customers.

[→ Read more on our inclusion actions on page 14](#)

One of the key customer groups our strategy focuses on is 'mid-career' women. We know that women are likely to be disproportionately impacted by a number of events at this stage of life. They can occur simultaneously, and compound the impact on a woman's ability to work and save. This leads to an increase in the gender pension gap and worsening women's retirement outcomes over time.

That's why this year, we undertook further action with 'mid-career' women, delivering a series of financial education webinars to our Standard Life customers, focusing on these life moments, aiming to engage customers in their financial futures and improve financial decision-making. We explored the topics of caring, divorce, parenthood, menopause and debt. We are working throughout the business to incorporate the learnings of this pilot into future customer engagement and financial education activities, and to scale the number of customers benefiting from this and other programmes across Phoenix Group.



## Building a sustainable business continued

# Our approach to sustainable investing

We believe integrating ESG factors into investment processes helps to deliver better risk management for our customers and shareholders.

## ESG integration

ESG Integration refers to the process of environmental, social, and governance factors in investment analysis and decision-making. It is central to our approach as a long-term investor as we believe it helps to ensure better management of financially material risks for our customers and shareholders, making our portfolio more resilient over the long term.

[→ Read more on our approach to climate investing on page 19](#)

## Sustainable Finance Classification Framework

We consider ESG factors in the design of investment strategies, manager selection and ongoing monitoring and reporting. We have committed to increase our investment in sustainable, transition and productive assets, subject to the right regulatory and market conditions and to this delivering good customer outcomes.

We aim to adhere to the UN Principles for Responsible Investment ('PRI') signatories' commitment and are continuing to embed the six principles in our approach to ESG integration:

- [→ Principle 1](#)  
We will incorporate ESG issues into investment analysis and decision-making processes.
- [→ Principle 2](#)  
We will be active owners and incorporate ESG issues into our ownership policies and practices.
- [→ Principle 3](#)  
We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- [→ Principle 4](#)  
We will promote acceptance and implementation of the Principles within the investment industry.
- [→ Principle 5](#)  
We will work together to enhance our effectiveness in implementing the Principles.
- [→ Principle 6](#)  
We will report on our activities and progress towards implementing the Principles.

It is therefore important to define what these assets are, so we have developed our own internal sustainability framework, Sustainable Finance Classification Framework for Shareholder investment in Private Markets, which draws upon the EU Taxonomy and other relevant taxonomies.

The framework helps us identify eligible investments across both environmental and social contexts.

Themes included within the framework cover, but are not limited to: renewable energy, energy efficiency, clean transportation and green buildings, as part of our environmental framework; and as part of our social framework, we invest in affordable housing, affordable basic infrastructure and services, and access to essential services.

### Engaging customers

We recognise the need to take our customers on a journey to build their knowledge and confidence in their product and investment solutions. We believe engaging our customers on the impact of their investments is important for helping engage them with their financial futures.

[📖 Read more in our \*\*Climate Report\*\*](#)

[→ Read more about our customer research on page 20](#)

## Asset manager selection and monitoring

As an asset owner operating an outsourced investment management model, we recognise that thorough due diligence of our asset managers as well as ongoing monitoring is vital to ensure that the assets are managed in line with the Group's approach, processes and expectations. Our minimum requirements for asset management partners are set out in our [Approach to ESG Integration](#).

## Our in-house stewardship activities

We recognise the value of engaging with investee companies to promote best practices and will seek to do so where possible, either directly through our own activities or collaborative mechanisms, or indirectly through our asset management partners. We have detailed our approach to stewardship in our annual Stewardship Report.

## Exclusions

While our preference will always be to engage where possible in constructive dialogue with our investee companies to help improve their performance on ESG factors, we accept that this might not always be appropriate. This could be due to the nature of their business or because they fail to meet our expectations.

At present, we have implemented investment exclusions in five key areas across all assets where we have direct control or influence of the investment mandate or solution:

- **Controversial weapons**
- **Thermal coal<sup>2</sup>**
- **Oil sands<sup>3</sup>**
- **Arctic drilling<sup>3</sup>**
- **Tobacco producers<sup>4</sup>**

[→ Read more in our \*\*Exclusions Policy\*\*](#)

1 Screening based on third-party data tool.

2 Our threshold for exclusion is 20% of revenues from this source, and a waiver is adopted where companies have between 20-30% of revenues from this source and have Paris aligned science based targets approved by the SBTi.

3 Our threshold for exclusion is 20% of revenues from this source.

4 Our threshold for exclusion is 1% of revenues from this source.

## Building a sustainable business continued

# Sustainable operations

We are reducing our impact and engaging colleagues to take action. In addition to our primary focus on climate and nature, we take action to support the circular economy and engage our colleagues to support our environmental aims.

 Read more in our [Climate Report](#)

## Circular economy and waste

We want to avoid waste and pollution, and preserve the value of resources (raw materials, energy and water) for as long as possible. This is an important alternative to the use-make-dispose economy and plays a vital role in preserving global natural capital as well as avoiding carbon emissions.

We apply these principles to our own operations and during 2023 we developed our approach to further expand our commitment to a circular economy.

Waste management is part of our wider resource management actions to help reduce our environmental impact. We follow a waste management hierarchy that adopts the following principles listed in order of preference:

- First avoid and reduce waste by identifying efficiencies in the overall products used and purchased for the Group.
- Reuse waste by adopting processes to repair and donate resources.
- Recycle waste by adopting practices that encourage the procurement of more recyclable product alternatives.
- Recover energy through partnerships with waste contractors that use waste as energy.
- Dispose of and divert waste from landfill through our waste contractor agreements or resource donation programme.

To understand better how to reduce waste and the behaviours that lead our colleagues to make considered choices, we carried out waste audits in 2023 and will continue to do so in 2024. In response we have rolled out improved signage to support our colleagues to recycle more effectively, and we have introduced ways of increasing the number of types of waste that we can collect in our offices. We will continue to build on this using the results of the 2024 analysis.

All our core operational sites across the Company continue to have 100% waste diverted from landfill.

Our sites reuse as much furniture and equipment as possible to ensure minimum new material is purchased, and where purchase is necessary we choose sustainable and recycled materials. Where we cannot re-use, we support the circular economy by upcycling or donating equipment, for example, through The Waste to Wonder Trust, which manages the redistribution of good quality or refurbished equipment. The equipment we donated from our Wythall office site in 2023 represented a carbon saving of 115,132 kilogrammes<sup>1</sup>.

This year, we consolidated our approach to catering across the business by partnering with the facilities management provider Mitie and catering provider CH&CO to deliver sustainable options. CH&CO have demonstrated progress on their commitment to sustainability, including committing to net zero emissions, reducing food waste at their sites and carrying out ESG due diligence assessments within their supply chain.

# 100%

waste diverted from landfill  
from core operational sites

Through CH&CO, we continue to offer nature-friendly and, where possible, locally-sourced food at catering facilities in our core offices and for our events. We have also expanded our plant-based offerings. As part of our ambition to minimise foodwaste, we work in partnership with Olio to re-distribute surplus food to the local community.

We have taken steps to improve our packaging, including eliminating the use of single-use plastics and disposable coffee cups, and avoiding the use of disposable items wherever possible.

With the help of Foodsteps, we also introduced carbon counting on menus at some of our sites.

### Environment champions

Our growing colleague-led Environment Champion Network spans the UK and Ireland. It aims to raise awareness of environmental issues, drive change and inspire other colleagues to take action. Over the year, it has organised second-hand sales raising money for an environmental charity, tested and provided feedback on a sustainable travel app under development, and held educational sessions on a variety of environmental topics. The network has also raised awareness and inspired colleagues by sharing stories of cycling to work, running more sustainably, and volunteering for environmental initiatives.

 Read more on our operations on page 21

<sup>1</sup> Carbon emissions savings provided by Waste to Wonder.

## Building a sustainable business continued

# Building a sustainable supply chain

We want to work with our supply chain to generate value for all our stakeholders and deliver positive impact.

We are focused on putting best practice processes and disclosures in place across our supply chain, whenever possible. Specifically:

**Climate change:** We aim to achieve a net zero supply chain by 2050 with an interim objective to halve carbon intensity by 2030.

[→ Read more on our supply chain on page 21](#)

**Human rights and modern slavery:** We are working with key suppliers to ensure that they adopt best practices in tackling and eliminating modern slavery from their own operations and supply chains. 98% of key suppliers published an in date modern slavery statement^ during 2023.

## ESG supply chain standards

Our ESG Supply Chain Standards set out our approach to ESG within our supply chain, including key focus areas and how we work with suppliers to drive best practice. Our suppliers have differing business models and sizes, affecting the level of ESG integration they are able to reach, so we designed our standards with differing expectations proportionate to the supplier.

 [Read our ESG Supply Chain Standards](#)

## Supplier management and oversight

We have integrated key ESG risk factors into our Supplier Management Model. This covers oversight of all key third parties so we can actively monitor their performance and ensure they are following the requirements set out in our Outsourcing Third Party Management Framework and our ESG Supply Chain Standards. Working through this Framework will ultimately enable us to monitor ESG progress via relationship managers and business functions, alongside direct supplier engagement.

Our supplier risk management and oversight approach is being refined in 2024 to ensure that engagement is more consistently defined across Phoenix Group, and across the appropriate governance structures.

## Climate and social risk

As part of our 2023 data enhancement workstream we improved our location of service and product delivery data. This will enable us to improve our understanding of the physical and transition risks posed by climate change, as well as helping to develop a deeper understanding of social risk for our key suppliers. In line with this, we will undertake an updated gap analysis on Living Wage across key suppliers in 2024.

 [Read more in our Climate Report](#)





## Building a sustainable business continued

# Supporting our colleagues

Our ambition is to make Phoenix Group the best place colleagues have ever worked.

## Culture

Our values underpin everything we do. We want our colleagues to feel this every day, demonstrated through our actions and behaviours.

**Our culture ambitions: Making Phoenix the best place any of us have ever worked**

# Dream

# Belong

# Lead

# Create

### Our values



Passion



Responsibility



Growth



Courage



Difference

### Dream

We want to be top of the list of places anyone could want to work; a place they dream to be. It means being a Company with purpose; taking pride in our work, and creating an inclusive and flexible workplace.

### Lead

We want to create a culture where everybody can lead; whether through managing people or setting an example in the work they do.

### Belong

We want to create a sense of belonging as we work together, through shared values of passion, responsibility, growth, courage, and difference.

### Create

We want Phoenix Group to be a place where colleagues share responsibility to fix things that are not right.

## Colleague engagement

We want all colleagues to know they are listened to and empowered to speak openly and honestly about their experiences at work.

Our monthly continuous listening survey, Peakon, gives colleagues the opportunity to tell us anonymously about their experience of working at Phoenix Group and say what is and isn't working well, so we can change the things which prevent us from achieving our full potential.

Our Phoenix Colleague Representation Forum ('PCRf') is there to support colleagues' throughout their working life, providing guidance and support through challenges they may be facing. The PCRf gathers views on topics that matter most to colleagues, and discusses the collective colleague voice with senior leaders across Phoenix Group. The aim is to influence change and propose improvements. In 2023, PCRf won 'Best use of innovation in employee engagement' at the Engage Awards for its industry-leading representation and partnership model.

We are also an Employee Engagement Advocate with Engage for Success (EFS).

EFS is a growing voluntary movement promoting employee engagement as a better way to work for colleagues, teams and organisations. Being an Employee Engagement Advocate means that we have pledged our commitment to the four enablers and principles of colleague engagement: strategic narrative; employee voice; engaging managers; and organisational integrity.

We report on our colleague engagement through an employee Net Promoter Score (eNPS), a broadly used and holistic metric that indicates how colleagues feel about working for Phoenix Group.

We ended 2023 with an eNPS score of +32<sup>1</sup>, our highest-ever eNPS score and +2 higher than our end-of-year 2022 score.

We achieved this improvement through our continuous listening strategy, which enables us to respond and react to the moments that matter to colleagues, when it matters to them. However, creating a great workplace goes beyond achieving this score. We consider the total colleague experience by providing colleagues with access to the support and resources they need to help make their time at Phoenix Group as successful as possible.

<sup>1</sup> PCRf supports our UK colleagues. Colleagues in Ireland have access to Unite, and our colleagues in Germany, the German Works Council. SLOC colleagues have access to the SLOC UK Employee Forum.

## Building a sustainable business continued

### Supporting our colleagues

#### Wellbeing

Our colleague wellbeing programme is designed to help colleagues make better life choices, feel supported and be their best possible selves in an inclusive environment.

We provide tools, skills and resources to promote and support a colleague's mental, physical and financial wellbeing across a range of life stages, both in and outside the workplace:

- **Mental** – We strive to create a supportive wellbeing culture where everyone can talk openly about their mental health and improve our collective understanding.
- **Physical** – We provide a varied programme of physical wellbeing activities, tools and resources to help our colleagues manage their individual lifestyle, and support our colleagues to make informed and healthy choices.
- **Financial** – We support our colleagues to have a better understanding of how they can manage their money, reviewing their day-to-day finances and preparing for possible future financial shock.

All colleagues have access to our Employee Assistance Programme, which includes a confidential 24-hour helpline for colleagues to share problems and receive actionable advice, and legal information services, including debt and financial information.

#### Menopause support

We aim to treat menopause as a normal part of life, rather than have it as a policy, and have taken the following actions:

- We have become a Menopause Supportive Employer, accredited by Henpecked.
- We have Menopause advocates – both male and female, who are there to listen and talk, run wellbeing events for colleagues and offer access to dedicated medical advice.
- We work with line managers to increase their understanding of how menopause affects how colleagues show up to work, and their confidence levels.

#### Mental and physical support

All colleagues<sup>1</sup> are automatically enrolled in our private healthcare offering from BUPA when they join Phoenix. As well as an online GP service, colleagues<sup>1</sup> have access to online mental health support with BUPA's partners 'SilverCloud'. This year we improved our offering, which is part of our extensive colleague benefit platform 'MyChoice', to include support for neurodiversity and fertility issues. To further support colleagues' mental health, we have trained Mental Health First Aiders who play an important role in supporting, listening and helping colleagues.

We want Phoenix to be the best place any of us have ever worked, and a key part of that is supporting colleagues to balance their work and personal lives. Our new policy Phoenix Flex, introduced this year, supports this ambition by encouraging and celebrating flexibility at work, embracing our differences and helping each of us to thrive.

Our policy goes beyond the minimum requirements in legislation. Colleagues can request to work flexibly from day one, at all career levels and in every area of our business. This covers both formal flexible working (for example part-time working or job share arrangements) and informal arrangements (for example hybrid working or flexing working hours around caring responsibilities). Furthermore, colleagues are empowered to disconnect from work outside their working hours in line with our Right to Disconnect Promise.

To reflect our commitment to operating a safe working environment, our UK business qualified for the ISO45001 Occupational Health and Safety ('OH&S') Management Systems certification at the start of 2024. ISO45001 helps us improve workplace safety via a risk-based approach, and ensures we have an effective and continually improving OH&S management system. Furthermore, 99.8% of our colleagues complete annual mandatory training on health and safety.

We measure our health and safety performance against the Reporting of Injuries, Diseases and Dangerous Occurrences ('RIDDOR') metrics and in 2023, we had two reportable events. Our injury frequency rate ('IFR'), which confirms the number of lost time injuries per million hours worked was 0.386 in the year. The world-class measure for business is an IFR at 0.1 or below. We recorded a total of six incidents of lost time; these were unrelated incidents, with the most common cause being slips, trips and falls related to distraction while moving around the building. We have taken steps to reduce these incidents, including an action plan and an awareness campaign for colleagues, including videos highlighting hazards in the workplace and an incentive scheme to report them.

We also know colleagues sometimes need time off work. UK colleagues can take six months' sick leave at full pay (service dependent) and after 52 weeks of absence may apply for Group Income Protection ('GIP') at 50% of their salary.

#### Financial support

We offered tailored educational webinars to individual colleague groups, such as women, those in their early career and carers. This included delivering over 20 seminars to over 1,300 colleagues, and partnering with Nudge to deliver personalised money news, tools and education.

We were the first of six companies to sign up to the Living Pension Commitment from the Living Wage Foundation<sup>2</sup>, following on from our work on the pilot scheme. The commitment is a voluntary savings target of 12% of living wage salary, to help workers build up a pension pot that will provide enough income to meet basic everyday needs in retirement. It is independently calculated based on the real cost of living. Phoenix offers a core pension contribution of 10%, with a further contribution of up to 2% to match voluntary contributions made by colleagues.

<sup>1</sup> All references to colleagues within 'Mental and physical support' refers to UK colleagues.

<sup>2</sup> Living Pension launched to provide security and stability in retirement.

## Building a sustainable business continued

### Supporting our colleagues

## Community engagement

Giving back is part of our culture and by fundraising, volunteering and sharing knowledge, we can help more people enjoy a life of possibilities.

### Phoenix Heroes

In 2023 we created the Phoenix Heroes programme, which celebrates colleagues who give what they can, including time, skills, knowledge, resources and fundraising, to help make a positive and lasting difference in our communities.

### Fundraising and donating to charity

We match fundraising donations colleagues make to approved registered charities of their choosing, which are in line with our community approach, across the year. We also give our colleagues the opportunity to donate to registered charities across the UK and Europe through the payroll giving scheme Give as You Earn.

Samaritans has been our UK corporate charity partner since 2021<sup>1</sup> and was extended to March 2024 as we continue to realise the benefits for our customers, colleagues and wider communities. In total we have raised over £155,000<sup>2</sup> for Samaritans UK in 2023. We also support Samaritans Ireland in Ireland.

During 2023, 660 colleagues raised over £55,000 for Cancer Research UK's Race for Life, with company and third party donations bringing the total to over £115,000.

Our colleagues in Europe support Hilfe für krebsskranke Kinder Frankfurt e.V. in Germany, and Österreichische Krebshilfe Wien in Austria.

Together, we have donated nearly £725,000<sup>3</sup> to charities across the Group during 2023 including colleague and third-party donations.

# 40%

of our colleagues took part in community initiatives throughout 2023.

## Edinburgh litter pick

Colleagues in our Edinburgh office came together to collect rubbish from the streets following the Edinburgh Fringe and Edinburgh International Festival. Our colleagues made a positive difference to the community by removing 80 bags totalling approximately 35 tonnes of waste.



### Volunteering

Many of our colleagues make a real difference to people's lives by donating their time and skills to support a range of community-based groups. It is also a great way for colleagues to develop new skills.

All colleagues across the UK and Ireland are entitled to three days' volunteering during business hours for individual activities or team volunteering. Our colleagues gave over 6,000 hours to volunteering during 2023.

## Training and development

### Colleague development

We enable the professional development and growth of colleagues during their time at Phoenix through our learning and development strategy, which is designed to support the delivery of our strategy and purpose, attract and retain the best people, and create value.

Our Thrive at Phoenix programme brings together all the resources colleagues need to cultivate their own future, move forward in their career and reach their development goals. We offer a wide range of offerings for building skills and knowledge, from mentoring to virtual workshops, to leadership development programmes. Over the course of 2023, colleagues have attended a total of 4,124 programme places.

The journey begins with Join and Thrive, our award-winning induction programme, which supports colleagues in their first steps at Phoenix. 892 new joiners to the Company have completed the programme this year.

Beyond this, specific training and mentoring is offered on a needs basis, with colleagues booked onto 1,254 training courses during 2023.

In 2022, we launched a new dynamic, online mentoring platform, Connectr, which is open to all UK and Ireland colleagues. Mentees choose their mentors, and work with them on their objectives and build a network across our business. In 2023, 486 colleagues accessed the platform with 25% remaining in active mentoring relationships. The main objectives were career development and building self-confidence.

We use our Leadership Capabilities Framework and resources to help develop the skills and mindsets required to lead through our Lead and Thrive programme. In 2023, 238 colleagues were promoted, demonstrating our commitment to supporting great careers.

### Midlife MOT

Following our successful pilot in 2022, we launched our Midlife MOT to the majority of UK colleagues in 2023. Our colleague Midlife MOT has two elements:

- **Digital self-assessment:** Helping all colleagues, irrespective of age, to understand their balance across work, wealth and wellbeing. The digital self-assessment provides a tailored report and set of actions to help colleagues take relevant actions to improve their balance.
- **'Making the Most of Later Life' workshop series:** as a follow-on to the digital self-assessment, this workshop series is targeted at colleagues looking to retire within the next ten years. The outcome of the workshop is to support colleagues in understanding their work, wealth and wellbeing at a deeper level, creating an action plan to support their preparation for retirement.

# 82%

plan to take action as a result of taking a Midlife MOT

# 90%

completion rate for those who started a Midlife MOT

**The questionnaire was easy to follow and complete, and made me think more about my confidence in pension/retirement planning.**

<sup>1</sup> In line with our policy, no charities deemed political or benefiting a single faith were supported in 2023.

<sup>2</sup> Donation and fundraising from colleagues

<sup>3</sup> Donation and fundraising from colleagues, Group matching and third party donations.



## Building a sustainable business continued

# Diversity, Equity and Inclusion

We want Phoenix to be a diverse and inclusive place to work.

We want Phoenix to reflect the customers we serve and the communities we operate in, to be diverse and inclusive, and a place where all colleagues are treated equally and with respect so they are able to bring their whole selves to work.

This allows us to attract the best talent, broaden our skillsets and widen our thinking. Ultimately, it helps us deliver what is best for our customers.

At Phoenix, we are all responsible for Diversity, Equity and Inclusion ('DEI'). It is overseen by our DEI Steering Committee, which comprises Executive Committee members and is chaired by our CEO Andy Briggs, and backed up by our dedicated team. The team is supported in the work it does by 11 colleague networks which aim to raise awareness, connect and support colleagues on a variety of DEI issues.

We participate in a wide range of partnerships with external organisations and experts such as Working Families, Neurodiversity in Business, British Future, the Clear Company and Link, which is the LGBTQ+ insurance network. These partners help us to advocate, drive action and promote best practice.

## Our approach

Our DEI activity has four main aims:

- 1. Recruitment:** ensuring our talent attraction and hiring practices are inclusive for people from all backgrounds and at all life stages.
- 2. Progression:** ensuring that opportunities for career progression are equitable and inclusive, helping our colleagues achieve the future they want.
- 3. Leadership:** equipping our leaders with the skills they need to deliver our strategy, purpose and culture.
- 4. Becoming an industry leader in DEI:** we want to be the best place to work for colleagues, at the forefront of inclusive working practices that help shape wider UK society.

## Priority actions for 2023

The five key areas of our 2023 Group DEI action plan:

- 1. Increasing the inclusive capabilities of our leaders**  
450 leaders attended a 'Leading Inclusively' workshop. As a result, 120 leaders joined one of our 11 colleague networks and over 50 leaders shared their 'inclusion and belonging' story. All Talent Acquisition Team members attended an Inclusive Hiring workshop, with 100% passing the certification requirements.
- 2. Enhancing our colleague diversity data collection**  
We created a new diversity data collection form and integrated it into our internal HR system, allowing us to move from a once a year snapshot to a continual view of our workforce diversity. This will underpin all of our DEI programme of work in 2024 and beyond.

### 3. Embedding a dedicated social mobility programme of work

During 2023, we created an over-50s employability programme in partnership with the Department for Work & Pensions and Connectr. This included a jobs fair in Edinburgh attended by over 250 people, an insights day and a week-long 'Your New Future' employability programme.

We ran two Career Ready mentoring and work experience programmes for young people from under-served backgrounds and participated for the second year running in the 10,000 Black interns programme.

We successfully launched our first Social Mobility Forum and Champions group.

Our work this year resulted in the Group rising from 24th to 14th in the Social Mobility Foundation Employer Index, and our CFO, Rakesh Thakrar winning the Silver Award for the Champion of The Year at the UK Social Mobility Awards 2023.

### 4. Building a dedicated race and ethnicity action plan

Our progress this year includes recruiting a dedicated DEI Project Lead for Race & Ethnicity, the launch of a Black Colleagues Working Group to bring lived experience input into our plans, the completion of '100 conversations with the top 100' on race and ethnicity, and the preparation to launch two new targets for leadership representation in January 2024.

We sponsored Windrush75 and the British Future report, 'Why the Windrush matters today', the Black in Finance panel at UK Black Business Week, and the Windrush100 launch.

### 5. A dedicated disability and neurodiversity programme of work

We analysed our workplace adjustments processes and created a set of recommendations for improvements. Together with Exceptional Individuals, we launched our Managing Neurodiverse Teams and Introduction to Neurodiversity workshops. We also created a working group to bring lived experience input into our Disability & Neurodiversity action plan.

### Our age-inclusive actions

During 2022, we signed the Age-friendly Employer Pledge, a nationwide programme run by the Centre for Ageing Better. By signing the pledge we showed our commitment to older workers and to making our workplace age-friendly, allowing us to draw on a wider pool of applicants for each job. It means older workers can continue to thrive and contribute within our organisation, and we can benefit from a multigenerational workforce.

That is why this year, we took action to improve our recruitment, retention and development of workers aged 50 and over in the following ways:

- In advertising our job vacancies, we are careful about the words, imagery, and the places we promote the vacancies so they appeal to older workers.
- We were lead sponsors of National Older Workers Week 2023 and used this as an opportunity to engage colleagues through a series of internal events and activities.
- We committed to double the number of apprenticeships offered to colleagues, which are offered to colleagues over 40 as an opportunity to up upskill and re-skill older workers.

## Inclusion Report

In 2024, we are publishing our first Inclusion Report, which is an evolution of our combined gender and ethnicity pay gap report and will contain information on our overall programme of DEI work including social mobility, age, disability and neurodiversity, and LGBTQ+ inclusion.

## Building a sustainable business continued

### Diversity, Equity and Inclusion

#### Our DEI targets and progress

We made strong progress against our end-of-2023 DEI targets, exceeding all targets apart from that relating to women in senior leadership.

We missed our target of 40% women in senior leadership by just 0.9%. This target was ambitious; we extended it during 2022 from covering just the top 100 to all senior leadership roles, representing c.1,000 colleagues.

Nevertheless, we have set ourselves an even more ambitious target for women in senior leadership for 2025. We have also increased our focus on creating gender balanced talent pipelines within our business. Our actions in this area include:

- Diverse shortlists for all senior leadership, business leadership and ExCo appointments.
- Implementation of diverse interview panels.
- Detailed reviews of all job adverts by our Talent Acquisition Team for any potential bias.
- Implementation of targeted talent attraction campaigns in areas such as Women In Tech.

We reviewed our existing targets during 2023, incorporating internal data analysis and projection work, along with external data analysis from the 2021 England & Wales Census. Our 2025 year-end DEI targets now include a target for Black, Asian and Ethnic Minority Senior Leadership as well as a specific target for Black Senior Leadership representation.

Our Senior Leadership population goes beyond our ExCo and their direct reports, to include our Business Leaders and our Senior Leaders.

We intend to develop our own female and ethnic minority talent internally and therefore track our pipelines into all our senior roles.

#### Progress on our DEI metrics

Area	As of December 31 2023
Percentage of Board of directors that is of Black, Asian or Minority Ethnic background <sup>1</sup>	21.4%
Percentage of Executive Committee that is of Black, Asian or Minority Ethnic background <sup>1</sup>	0%
Percentage of Senior Leadership that is of Black, Asian or Minority Ethnic background	11.4%
Percentage of Group employees of Black, Asian or Minority Ethnic background <sup>1</sup>	14.8% (target 13%)
Percentage of Board of Directors that are women <sup>1</sup>	35.7%
Percentage of Executive Committee that are women <sup>1</sup>	55.6%
Percentage of Senior Leadership that are women <sup>1</sup>	39.1% (target 40%)
Percentage of employees that are women <sup>1</sup>	51.4%

In 2024, we will continue with our programme of Social Mobility work which will include enhanced data collection and research into DEI targets for social mobility.

#### Our inclusive policies

Our policies reflect our ambition to be a truly diverse and inclusive employer. These include:

- Paid time off for expectant parents to attend antenatal or adoption appointments.
- Recognising the link between the gender pay gap and motherhood, we offer 26 weeks of family leave, as a day one right<sup>1</sup>, to all new parents regardless of gender and how they come to parenthood.
- Up to 12 weeks of paid leave to support parents whose child requires neonatal care when they are born, added to the end of their family leave.
- Back-to-work coaching and support, and the option for new parents to phase their return to work over two months, working a minimum of 60% of hours in the first month and 80% in the second, for 100% of their pay.
- Providing the possibility of colleagues taking a career break of between a month and a year to allow them, for example, to take time out with family, while remaining employed by Phoenix.
- Ten days' paid carer's leave provided to help our colleagues provide support to someone who depends on them.
- Ten days' paid leave to undergo fertility treatment or appointments or to attend treatment or appointments with a partner or spouse.
- Emergency leave to help our colleagues deal with an unexpected or immediate responsibility for a dependant, as well as compassionate leave and parental bereavement leave to support colleagues dealing with injury, illness or death of a loved one.

#### DEI in our investments

We are committed to advocating for higher DEI standards in the companies in which we invest. In 2022, we became a signatory to the Asset Owner Diversity Charter. This flagship initiative aims to formalise a set of actions to which asset owners can commit in order to improve diversity in all forms across the investment sector, such as incorporating diversity questions into individual manager selection and monitoring processes, and collaborating with others in the investment industry to promote DEI best practice. As a signatory, we are committed to support a more balanced and fair representation across the asset management workforce. A key component of the Charter will be to standardise complex diversity metrics beyond just gender to improve on disclosures.

We also incorporated specific gender and diversity expectations for investee company boards, executive committee members and the broader workforce into our global voting principles which we use to monitor voting practices by our asset management partners once votes are cast.

#### DEI for our customers

We reviewed all DEI propositions across the Group for both colleagues and customers, and mapped these against the protected characteristics of the Equalities Act to identify gaps and inform planning for improvement. We created a high-level roadmap for addressing Customer DEI, with a detailed action plan to be created as part of a refreshed Group DEI strategy in 2024.

In our Standard Life brand, we undertook an analysis to understand the racial and ethnic demographic composition of our customer base, exploring retirement preparations among racial and ethnic minority cohorts in light of our published research on the topic from Phoenix Insights. We hosted sessions on DEI and intersectionality with our Client Council comprising our largest Workplace clients to improve awareness and encourage action from key employers.

<sup>1</sup> To UK colleagues.

## Building a sustainable business continued

# Respecting human rights

We are committed to delivering on human rights and addressing any harms in our operations and value chain.

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion or any other status. Everyone is entitled to these rights without discrimination. They include a wide range of protections and freedoms, including social, labour, economic, cultural, civil, political and environmental rights.

We recognise our responsibility to respect human rights and do this in accordance with the International Bill of Human Rights and the International Labor Organization's ('ILO') Core Conventions. We are committed to proactively addressing harm that may occur through our operations and in our value chain.

## Our commitments

We are committed to:

- Aligning with the United Nations Guiding Principles on Business and Human Rights ('UNGPs'), the authoritative global framework on business and human rights. Our ambition is to encourage other organisations to do the same.
- Aligning with the OECD Guidelines for Multinational Enterprises, a set of responsible business conduct standards for multinational enterprises, as well as the OECD guidance on responsible business conduct for institutional investors, where appropriate.
- Conducting Group-wide human rights due diligence at least every three years throughout our business, including our operations, supply chain and investment portfolio.
- Conducting an assessment of our current grievance mechanisms to assess effectiveness and build a system and processes to ensure access to remedy for adverse impacts associated with our operations, activities and business relationships.
- Transparently report progress on our human rights activities.
- Update our Human Rights policy at least every three years.

Our framework for embedding and delivering our human rights commitments

### Our Policy commitment

We are committed to our responsibility to respect human rights and align with the UN Guiding Principles on Business and Human Rights.

#### Empowering colleagues

Embed human rights practices throughout the organisation and provide our colleagues with the knowledge, skills and ability to identify, report and act on human rights impacts and opportunities.

#### Assessing, acting and monitoring

Conduct human rights due diligence across the organisation and take action to address, minimise and mitigate identified risks.

#### Remediate

Have an effective grievance mechanism that provides access to the remedy ecosystem, ensuring access to remedy for adverse impacts associated with our operations, activities and business relationships.

#### Investments

#### Supply chain

#### Operations

### Reporting and Advocating

Transparently report on our human rights activities. Use our size and leverage and work in collaboration with others to advocate respecting human rights.

#### Governance



## Building a sustainable business continued

### Respecting human rights

In 2023, we began a partnership with Unseen, an organisation that helps companies to reduce and eliminate worker exploitation. During 2024, they will support us with a Modern Slavery Act gap analysis and colleague training.

We have developed a framework that sets out our approach for embedding and delivering on our human rights commitments. A key component of the framework is our three pillars of 'empowering colleagues', 'assessing, acting and monitoring', and 'remediating'. The three delivery mechanisms will focus our approach to aligning to the UNGPs and deliver on our ambition.

During 2022 we appointed a human rights consultant to review our alignment to the UNGPs by conducting an assessment and identifying opportunities for improvement. As a result, we developed a three year roadmap to address gaps and have been progressing over 2023.

### Identification of our human rights risks

We continue to identify and assess the salient human rights issues that we intend to prioritise for further action across our operations and value chain as part of our due diligence processes. This two-year process includes a portfolio-level human rights assessment and an assessment of human rights risks in countries of operations and high-risk business relationships on an ongoing basis.

 [Read our Human Rights Policy](#)

### Modern slavery

It is estimated that 50 million people worldwide are in modern slavery and 28 million are in forced labour<sup>1</sup>. Modern slavery, forced or compulsory labour, servitude and human trafficking are severe violations of fundamental human rights and freedoms, and we are committed to supporting the global effort to eradicate modern slavery in all its forms. We comply with all relevant provisions set out in the UK Modern Slavery Act 2015, including publishing an annual Modern Slavery Statement. Our Statement demonstrates our approach to assessing and mitigating the risk of modern slavery through our operations, supply chain and investments, and our commitment to continue to proactively monitor those risks.

In 2023, we began a partnership with Unseen, an organisation that helps companies to reduce and eliminate worker exploitation. During 2024, they will support us with a Modern Slavery Act gap analysis and colleague training.

 [Read our Modern Slavery Statement](#)

### Investment collaboration on human rights

We are members of the Principles for Responsible Investment ('PRI') Advisory Committee, Advance, a collaborative engagement initiative on Social Issues and Human Rights. Within Advance we are leading on two and actively participating in four coalitions focusing on respect for human rights in the mining and utilities sectors.

Phoenix Group was confirmed as lead investor for the coalitions focused on utility companies Enel and EDF, and participating investor for the groups responsible for dialogue with three mining companies (Glencore, BHP and Rio Tinto) and one utility company ('EON'). Our next Stewardship Report will include an overview of the first year of collaborative dialogue with the six companies.

These collaborative engagements encourage companies to commit and deliver on the full implementation of the UNGPs, alignment of their political engagement with their responsibility to respect human rights and progress on tackling the most severe human rights issues in their operations and across their value chains.

<sup>1</sup> Global Estimates of Modern Slavery: Forced Labour and Forced Marriage.

## Building a sustainable business continued

# Governance

## Business ethics and Code of Conduct

Our Code of Conduct is more than a set of rules, standards and behaviours. It is core to who we are as a business. It reflects our values and ambitions. And it is why we are trusted as an organisation and an employer.

Our Code, along with our suite of risk and HR policies, and the laws and regulations of the countries in which we work, provides a framework which supports colleagues in behaving ethically and acting with integrity, whatever their role. The Group Board has overall responsibility for our Code, but all colleagues<sup>1</sup> are responsible for complying with it.

### AI and ethics

Artificial Intelligence ('AI') and Machine Learning applications introduce new complexities, risks and challenges. Within our organisation, we have limited the use of AI and Machine Learning applications while we work to embed AI into our existing RMF. It is important to practise responsible, trustworthy and ethical AI use to avoid causing foreseeable harm to the Group and our customers. Ethical AI use will be a key consideration going forward and, as our approach to AI develops, we will evolve with it too.

Our Code was independently reviewed and benchmarked by the Institute of Business Ethics in 2023. Our Code forms an important part of our employment contracts terms and conditions. Colleagues<sup>1</sup> are required to attest annually, via a computer-based training module, that they have read, understood and comply with it. This raises awareness and educates colleagues on a wide range of good ethical business practices and regulatory conduct standards that they must adhere to, and it supports them to deliver good outcomes for our customers.

If colleagues do not follow our Code, they put themselves, their colleagues and Phoenix at risk. We take breaches of our Code very seriously and they could result in disciplinary action, including dismissal and/or the reduction or recovery of remuneration. If our colleagues have any concerns, or they become aware of a breach of our Code, Phoenix policies and/or a regulatory breach, we encourage them to report this in the first instance, and at the earliest opportunity, to line management. The Speak Up Office is available if for any reason reporting to line management is not appropriate or preferred. Concerns can be raised through a number of channels, including a confidential Speak Up mailbox, or by post or telephone directed to any member of the Office. We partner with an independent third party, Safecall, which has both a hotline and a web form for raising concerns in all native languages of the jurisdictions where we operate. Independent external guidance and support are also available to our colleagues from our partner, Protect, the UK's leading whistleblowing charity.

We inform our colleagues of our Speak Up arrangements in various ways, including employee and manager guides, intranet pages, annual computer-based training and ad hoc promotional campaigns and roundtable discussions.

We want to cultivate an open and supportive culture where all individuals are encouraged to speak up about any concerns they may have within our business. We have zero tolerance for the harassment or victimisation of whistleblowers, and they are not at risk of losing their job or suffering any form of reprisal as a result of raising a genuine concern.

## Financial crime and bribery

Taking action on financial crime is vital in preventing harm to individuals and society. We are committed to acting fairly and ethically in all countries in which we operate, and to effectively manage any breaches of regulatory or legislative compliance on money laundering, fraud, sanctions bribery and corruption.

In order to ensure that any financial crime occurrences are effectively managed, we have embedded a comprehensive Financial Crime Prevention policy and supporting guidance documents.

Adherence to our Financial Crime Prevention Policy is overseen by a dedicated Financial Crime team via assessment of adherence to a suite of financial crime controls that make up the policy, as well as regular themed financial crime reviews and assurance testing.

Colleagues are required to complete annual computer-based training in all aspects of financial crime prevention and are also required to complete a Gifts and Hospitality Register which is overseen and managed by the Financial Crime Team.

We are committed to countering bribery and corruption with suitable training, policies and procedures in place. We receive approval and support for all of these from Senior Management, and approval of our policy from the Board Risk Committee.

We comply with all anti-bribery and corruption law in all markets and jurisdictions where we do business. We expect the same standards from all third parties who provide services for the Group and its subsidiary companies.

Ongoing assessments of changes to financial crime regulation, legislation and identifying emerging risks is a key activity performed. In November 2023, the UK Government passed new legislation through the Economic Crime Corporate Transparency Act. This will make a company criminally liable if it fails to prevent a fraudulent act perpetrated by one of its associated persons and does not have prevention measures in place. Phoenix will review existing prevention measures once government guidance is given in early 2024.

Read our policies:



**Criminal Finance Act Statement**

**Anti-money Laundering and Sanctions Statement**

**Anti-bribery Statement**

<sup>1</sup> A separate Code applies to colleagues located in Germany and Austria incorporating local laws and regulations. Our Code is also being reviewed in response to the Central Bank of Ireland's Individual Accountability Framework regime.

## Building a sustainable business continued

### Tax

We aim to lead by example by managing our taxes in a sustainable, responsible and transparent manner.

Our tax strategy has three focus areas:

1. Paying our tax in accordance with our legal obligations.
2. Promoting an open, transparent and collaborative relationship with tax authorities in the jurisdictions where we operate.
3. Managing our risks in accordance with the RMF.

The application of the tax strategy is an integral part of our day-to-day operations. Phoenix Group's Board is responsible for ensuring the tax obligations of the Group are understood, complied with and managed appropriately.

We disclose our total tax contribution, which is an important contribution to public finances in the countries in which we operate. This consists of taxes paid by the Group and the taxes which we collected and paid on to the tax authorities.

 [Read our Group tax strategy](#)

### Data protection

We process large amounts of personal information every day and take our data protection responsibilities seriously. We are committed to protecting customer privacy, and we cooperate with regulators and authorities to ensure that we comply with the latest data protection legislation.

We have an internal Group Data Protection Policy which is reviewed annually and documents the risks that need to be managed and control standards that need to be adhered to, to ensure all personal information is protected and an individual's data protection rights are observed at all times. This policy is aligned not only to our corporate values, but also to the data protection legislation which applies to the Group.

The policy is owned and overseen by the Group's Data Protection Officer ('DPO'), and Board accountability is owned by the Group Chief Risk Officer. The DPO is supported by a Data Protection Team that advises and supports the wider business, including our outsourced partners, on the Group's obligations. The team also undertakes and supports Group assurance activities to ensure ongoing compliance with data protection legislation. It also acts as a contact point for data protection regulatory bodies, such as the Information Commissioner (and other EU supervisory authorities), and individuals who wish to raise concerns regarding the processing of their personal information. Internal audit performs independent reviews of our approach as part of our three lines of defence model.

All colleagues are required to complete annual computer-based training to ensure they clearly understand the obligations placed on them. Any breaches can result in disciplinary action, including dismissal.

Data breaches can occur in the form of a malicious attack or accidental error and can be wide-spread or impact one individual. We operate a robust process to ensure data breaches are identified, reported and resolved appropriately. Although errors occur from time to time, we have not experienced any material or wide spread data breaches that have compromised the security of the personal information of which we are custodians.

 [Read our Privacy Hub](#)

#### Our Privacy Hub

Our Privacy Hub, on our Phoenix Group website, supports clear and open communications with customers, shareholders, investors and colleagues. It goes beyond the traditional 'privacy notice' of many websites, by including additional guidance and content to help people learn more about data protection, including their digital footprint. We have plans in place to make it more accessible to our customers by providing easy to digest video content.

Our Privacy Hub is the window to understanding why we ask for data, how we use data, how we collect it, what rights individuals have over it and how we keep it safe across all our products and services.

### Our data protection commitments

#### You are in control

We understand your data belongs to you and process it transparently.

#### We are transparent

We will explain how we use your data in a clear and jargon-free manner.

#### We keep your data safe

We will protect your data and confidentiality.

#### We do not sell your data

We will never sell your data and will only share it with approved companies that provide you with our products and services.

#### We will use your data ethically and to add value

We will process your personal data to provide you with our services, make you aware of other useful offers and to continuously improve the products and services we provide to you.

#### Your rights

We will support you in exercising your data rights.



## Building a sustainable business continued

### Cyber crime

The safety of our customers and colleagues is paramount. We have continued to strengthen and improve our security around customer data, commercial information and our people through the deployment of market-leading tools, and controls and policy harmonisation.

Our Group Board oversees the effective management of cybersecurity threats, with regular updates provided to them by our Chief Information Security Officer ('CISO'). The Chief Operating Officer ('COO') has regulatory responsibility for ensuring that cybersecurity threats are managed. The CISO is responsible day-to-day for leading our in-house information security team and suppliers in the delivery of our Group's cyber management as well as analysing and responding to threats.

A Group-wide security programme enables the Group to operate safely and within appetite in a rapidly changing environment. We have a multi-year Cyber Programme with focuses on data security, secure deployment of cloud solutions, improved access management and continuous improvement of our cyber detect and respond capability. Our cyber security framework is ISO 27001 certified<sup>1</sup> and our Cyber Security Policy is reviewed annually and made available to all colleagues.

We have restructured our Information Security function, bringing together a new Security Assurance Team focusing on external and internal cyber risks and controls through supplier assurance, threat intelligence, vulnerability management and penetration testing.

We have enhanced our colleague education and awareness programme to ensure security culture is embedded within the organisation. This includes educational videos, mandatory training and testing, focused awareness campaigns through various channels, cyber security month and onsite roadshows. We operate a network of IS champions across the business to support and drive cultural change.

We require colleagues to report, via our governance management tool, any information security incidents, defined as a breach or imminent threat of a breach of our policies or controls and relating to the confidentiality, integrity or availability of information. A high-priority incident, including cyber events, incidents and breaches must be notified immediately to our information security team. These are tracked through our incident management system and a log of any actions taken recorded.

Our approach is subject to external audit on at least an annual basis, and we conduct third-party vulnerability analysis, including simulated hacker attacks<sup>2</sup>. Although the likelihood of a cyber-attack is increasing across industries, we aim to reduce this likelihood through our control framework and minimise any business and customer impacts through appropriate cyber resilience planning and testing. Our incident response plans are tested on at least an annual basis. We have had no significant cyber-related incidents directly impacting Phoenix Group in 2023.

We have, however, seen a number of suppliers significantly impacted by cyber-related incidents. At no stage were Phoenix Group customers impacted adversely by these attacks on its supply chain providers.

### Political engagement and lobbying

We believe it is important to engage with the public policy and regulatory environment in which we operate to achieve our purpose. In conducting this engagement, we are committed to behaving in an ethical, open and transparent manner. This is in line with our culture and reflects our values to act responsibly, take accountability and empower people to do the right thing.

We have a set of principles within our Political engagement and lobbying policy that set out how we engage with public policy audiences and issues:

- **Values drivers** – Phoenix Group campaigns on issues that align with our social purpose.
- **Critical friend** – We speak truth to power while remaining constructive and collegiate.
- **Customer focused** – We focus on the impact on people's lives and stand up for ordinary savers.
- **Solutions provider** – We deliver policy proposals that are backed up by analysis and research that have meaningful impact.
- **Committed** – We focus on the right long-term outcomes.
- **Lead by example** – We are willing to act and make change happen.

These commitments and our policy apply to all employees of Phoenix Group, our different brands across the UK and our relevant subsidiaries.

We are politically neutral and do not support or contribute to any political organisations or candidates. However, expenditure related to political parties can occur as part of the necessary relationships we maintain.

Although we do not consider these donations to a political party, as a matter of good governance and transparency, we provide information on areas of expenditure related to political parties and engagement in our Annual Report and Accounts.

#### Key areas of focus

Our Regulatory Change Management Forum and Public Affairs team identifies policy and regulatory changes that will have an impact on our business and stakeholders, and we have a risk process which looks further ahead to any proposed changes.

Key areas of focus for 2023 were:

- Unlocking investment in climate solutions, including the Mansion House Compact, and Solvency II reforms.
- Tackling the pension savings gap, including helping people on their journey to and through retirement and good work and skills.

[Read more on pages 20 and 3](#)

[Read more on pages 13 to 15](#)

[Read our Political engagement and lobbying policy](#)

<sup>1</sup> For employees, systems, data and processes for collecting data, processing payments, administration of workplace pension and benefits schemes from our Standard Life House office.

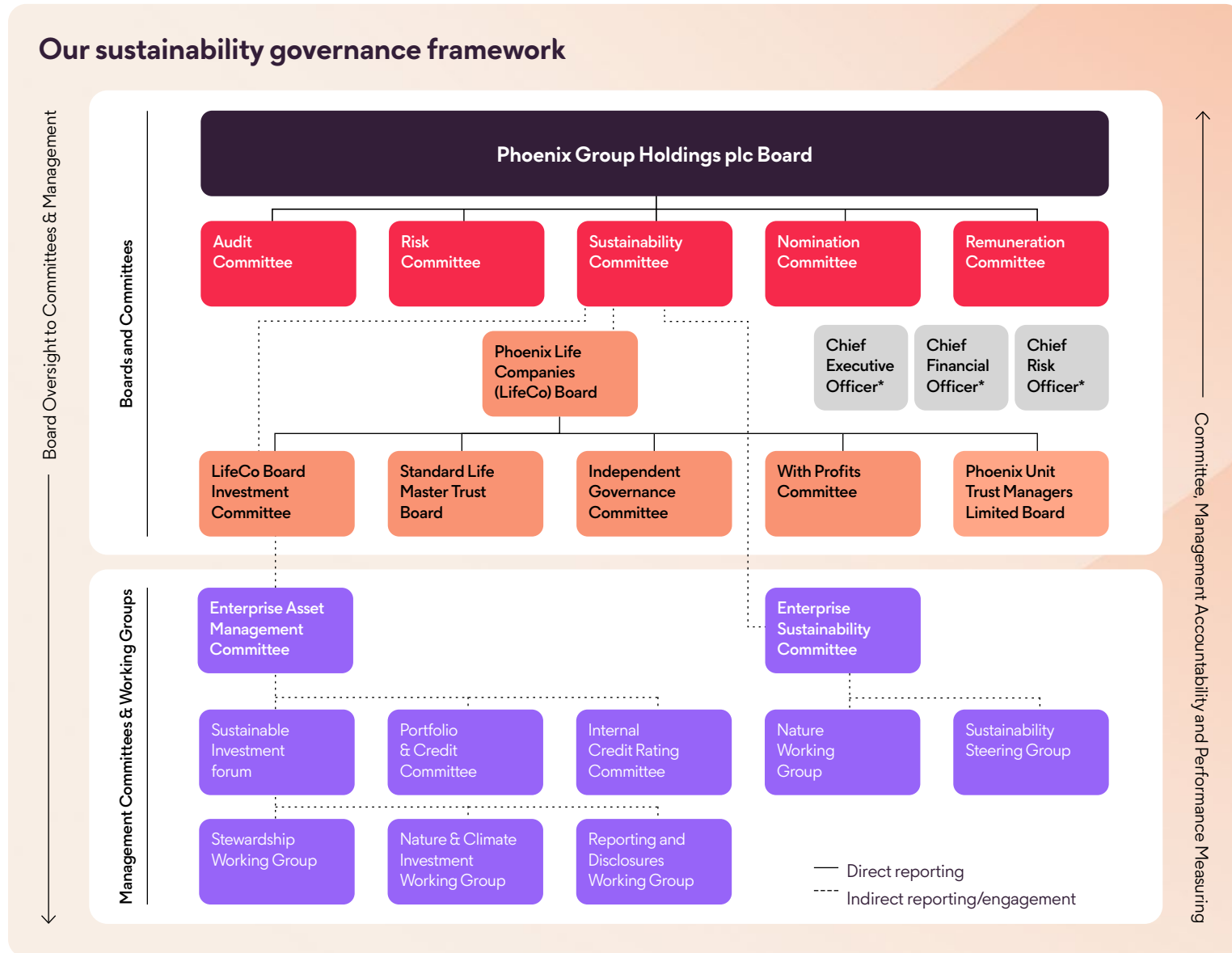
# Building a sustainable business continued

## Governance framework

Ensuring the highest standards of governance within Phoenix is key to enabling robust and principled decision-making.

[Read more on our Group approach to corporate governance in the Annual Report and Accounts 'ARA'](#)

We approach sustainability in the same manner. Our sustainability governance framework provides the support and agility needed to operate as a successful and sustainable business for the benefit of our stakeholders.



\* These are the individuals accountable for climate assisted by management committees and working groups in making day to day climate-related decisions and escalating and reporting upwards as and when required.

## Building a sustainable business continued

### Phoenix Group Holdings plc Board

Chaired by Karen Green (an Independent Non-Executive Director of Phoenix Group Holdings plc), the Board Sustainability Committee ('BSC') is responsible for assisting the Board in overseeing the achievement of the Group's sustainability strategy, related management activity and approach to ESG matters. The Committee's duties include ensuring the appropriateness of the Group's sustainability strategy and related targets and KPIs; supporting the Board and Board Audit Committee in respect of the Group's sustainability-related material reporting (including TCFD reporting); reviewing and challenging actions carried out by management in line with the sustainability strategy; keeping sustainability best practice and market insights under review; monitoring developments of, and compliance with, sustainability-related regulatory requirements; and assisting the Board with its oversight of the Group's culture.

During 2023, the BSC met six times and discussions included:

- The Group's 2023 sustainability KPIs and approach to validation of emission reduction targets by the SBTi.
- The ambitions of, and review of the Company's Net Zero Transition Plan, for approval by the Board.
- The Company's application of the requirements of The Stewardship Code.
- Reviewing the Group's 2023 Modern Slavery and Human Rights Statement, for approval by the Board.

In addition to the BSC, sustainability-related duties are also distributed among the following Group Board Committees:

- The Board Audit Committee.
- The Board Risk Committee.
- The Board Nomination Committee.
- The Board Remuneration Committee.

[Read more on page 111 to 112 of our ARA](#)

#### For more information

For more detail about the activities of the Board Sustainability Committee and its activities during 2023, please see pages 104 to 107 of Phoenix Group Holdings plc 2023 Annual Report and Accounts.

[Read the full document](#)

The terms of reference of Phoenix Group Holdings plc Board Committees are available on the Group's website.

[Read online](#)

### Executive and management's role

The Group's CEO, Andy Briggs, is the Executive Board Director responsible for implementation and delivery of the Group's overall strategy. The sustainability strategy forms part of the Group strategy.

The Group's Enterprise Sustainability Committee ('ESC'), led by Claire Hawkins (Director of Corporate Affairs and Investor Relations), acts to support the fulfilment of this responsibility. The ESC comprises key senior and ExCo members, including the representatives from the key business areas which are critical to the delivery of our sustainability strategy, risk and the Chief Sustainability Officer. The Committee meets at least four times a year (it met on six occasions in 2023) and supports the BSC, providing updates on progress against strategy, KPIs and targets.

[Read more on key Committee activity in the ARA](#)

Individual responsibility for ensuring the appropriate identification, assessment, management and reporting of climate-related financial risks and opportunities that could affect the Group sits with the Group's CFO and CRO, both appointed as joint Senior Managers responsible for climate-related financial risk under the UK Prudential Regulation Authority's ('PRA') and FCA's Senior Managers and Certification Regime.

As part of wider financial reporting responsibilities, the Group CFO is responsible for reporting metrics, targets and external disclosures and, as part of wider risk responsibilities, the Group CRO is responsible for ensuring that climate-related risks are incorporated into the existing RMF.

A network of management committees and working groups, both embedded in business areas and cross-group, such as our Sustainability Steering

Group, operate to ensure that operational governance supports the day-to-day delivery of the Group's sustainability strategy. These management committees and working groups are not decision-making bodies, but provide forums for discussion, driving delivery and monitoring of progress against the different elements of the sustainability strategy and the Group's ongoing compliance with the TCFD recommendations and Net Zero Transition Plan. Updates are provided to our Executive and Board-level Committees.

The Group's RMF embeds proactive and effective risk management across the Group. It seeks to ensure that all material risks are identified, assessed, monitored, managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The RMF is an enabler to delivering the Group's risk strategy; to take rewarded risks which are understood, managed effectively and consistent with our Social Purpose and Enterprise Strategy. A key component of the RMF is the Risk Universe, which represents the complete set of risks to which the Group is exposed and is central to the structure and operation of many of our risk management processes. The Group's Risk Universe includes a category on sustainability covering ESG issues and the Group Board-approved Sustainability Risk Appetite Statement. A Group Sustainability Strategy Risk Policy and a Group Sustainable Investment Risk Policy have been developed to identify key sustainability risks along with controls and mitigations to ensure that the risks operate within Group appetite. Read more about the Group's RMF in the Annual Report and Accounts.

We consider social and environmental metrics for Executive Directors in our short and long-term incentive plans. Metrics relating to the 2023 annual incentive plan are disclosed on page 120 to 121 of our Directors Remuneration Report within the ARA. ESG metrics were introduced into our long-term incentive plan in 2022 and metrics for the 2022 award and onwards are disclosed on pages 122 and 127.

[Read more in our ARA](#)





# Additional information

## In the Additional information section

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## Our targets

	Material issues	SDG(s)	Executive remuneration		Target year	Status 2023	Assured
			ED strategic scorecard	LTIP			
<b>People targets</b> <span style="float: right;">➔ For more information see page 11</span>							
<b>Inform</b>							
Launch awareness campaign reaching 4m people on longer lives and under saving for retirement	5, 6	4, 8, 10			2023	Achieved	✓
Reimagining the State Pension for the 21st century Report and develop bold impactful recommendations for call to actions/policy call	5, 6	8, 10			2023	Achieved	
<b>Enable</b>							
Provide access for 1.5 million Standard Life customers to an integrated financial wellness hub, Money Mindset	5, 6	4, 10	✓		2023	Achieved	✓
All customers supported by digital literacy hubs	5, 6	4, 5, 10			2023	Substantially achieved <sup>1</sup>	
Test and learn pilot webinar series providing financial education and guidance at key life stages for women	6	4, 5, 10			2023	Achieved	
<b>Inspire</b>							
Roll out Midlife MOT to all UK colleagues and assess effectiveness and further application	5, 8	10			2023	Substantially achieved <sup>2</sup>	

<sup>1</sup> Certain small groups of customer were not covered.

<sup>2</sup> Midlife MOT launched in September 2023 to all UK colleagues with the exception of SunLife and SLOC UK, assessment of effectiveness and further application is ongoing.

### Phoenix material issue

- 1 Climate change
- 2 Nature and biodiversity
- 3 Responsible products and investments
- 5 Financial wellness and inclusion
- 6 Longevity and evolving demographics

- 8 Diversity, equity and inclusion
- 9 Local communities engagement
- 12 Talent management

### SDG

- 4 Quality education
- 5 Gender equality
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 10 Reduced inequalities

- 11 Sustainable cities and communities
- 13 Climate action
- 14 Life below water
- 15 Life on land



➔ For more information on material issues see page 7



For more information on Director's remuneration, see pages 111 to 140 of our **Annual Report**

## Our targets continued

	Material issues	SDG(s)	Executive remuneration		Target year	Status 2023	Assured
			ED strategic scorecard	LTIP			
<b>Planet targets</b>							
<b>Invest</b>							
Publish comprehensive Net Zero Transition Plan	1	13	✓		2023	Achieved	
50-70% of illiquid asset origination in the shareholder portfolio to be sustainable or transition assets	1, 3	13	✓		2023	Achieved – 87%	✓
Completion of TNFD pilot and develop strategy	2	13, 14, 15			2023	Partially achieved <sup>1</sup>	
Implement decarbonisation for shareholder liquid credit portfolio c.£12.5bn to meet our carbon reduction targets	1, 3	13			2023	Achieved	
Establish a decarbonisation glide path monitoring framework	1, 3	13			2023	Achieved	
We will reduce the carbon intensity of our listed equity and credit assets by 25% where we exercise influence and control	1	13	✓	✓	2025	Ongoing	
We will cut the carbon intensity of all assets where we can exercise control and influence by at least 50%	1	13		✓	2030	Ongoing	
We are committed to achieving net zero in investment portfolio	1	13			2050	Ongoing	
<b>Lead</b>							
Maintain 75-85% intensity reduction vs 2019 baseline in operational carbon emissions	1	13		✓	2023	Achieved – 83%	
Net zero carbon in operations (covering Scope 1 and 2 emissions from our occupied premises and Scope 3 emissions from our business travel)	1	13			2025	Ongoing	
90% key suppliers committed/aligned to SBTi or Race to Zero campaign	1	13			2023	Achieved – 94% <sup>2</sup>	✓
50% reduction in our supply chain emissions intensity	1	13			2030	Ongoing	
Net zero in our supply chain	1	13			2050	Ongoing	
<b>Engage</b>							
1-3 thought leadership projects to support implementation of net zero transition and long-term targets with bold impactful recommendations for call to action	1	13			2023	Achieved	
Reach 1.5 million customers to raise awareness about the impact of their investments	1, 3, 5	4, 13	✓		2023	Achieved	✓

[→ For more information see page 18](#)

<sup>1</sup> TNFD pilot complete, strategy development ongoing.

<sup>2</sup> See assured data methodologies for our criteria on what constitutes being aligned/committed.

### Phoenix material issue

1	Climate change
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11	Sustainable cities and communities
13	Climate action
14	Life below water
15	Life on land

[→ For more information on material issues see page 7](#)

[📖 For more information on Director's remuneration, see pages 111 to 140 of our Annual Report](#)



## Our targets continued

	Material issues	SDG(s)	Executive remuneration		Target year	Status 2023	Assured
			ED strategic scorecard	LTIP			
 <b>Building a sustainable business</b>							
						 For more information see page 23	
Stewardship report to be published and accredited by FRC	3	–			2023	Achieved	
Invoke our voting policy by successfully testing for 100 companies	1, 3	9, 11, 13			2023	Achieved	
Colleague engagement Employee Net Promoter Score (eNPS) of 13	8, 12	8	✓		2023	Achieved – 32	✓
40% of colleagues actively involved in supporting community engagement activities	9	10, 11			2023	Achieved – 40%	
40% women in senior leadership	8, 12	5	✓		2023	Not achieved – 39%	✓
40% women in senior leadership	8, 12	5	✓		2024	Ongoing	
42% women in senior leadership	8, 12	5			2025	Ongoing	
35 women in top 100 paying roles	8, 12	5			2024	Ongoing	
40 women in top 100 paying roles	8, 12	5			2025	Ongoing	
20% monthly gender pay gap	8, 12	5			2024	Ongoing	
18% monthly gender pay gap	8, 12	5			2025	Ongoing	
13% Group Black, Asian and Ethnic Minority representation	8, 12	10			2023	Achieved – 15%	✓
15% Group Black, Asian and Ethnic Minority representation	8, 12	10			2024	Ongoing	
17% Group Black, Asian and Ethnic Minority representation	8, 12	10			2025	Ongoing	
12% Senior Leadership Black, Asian and Ethnic Minority representation	8, 12	10		✓	2024	Ongoing	
13% Senior Leadership Black, Asian and Ethnic Minority representation	8, 12	10			2025	Ongoing	
15% Senior Leadership Black representation	8, 12	10			2024	Ongoing	
3% Senior Leadership Black representation	8, 12	10			2025	Ongoing	


### Phoenix material issue


1	Climate change
2	Nature and biodiversity
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### SDG

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 For more information on material issues see page 7

 For more information on Director's remuneration, see pages 111 to 140 of our **Annual Report**

## Assured data methodologies

This section sets out the ESG Key Performance Indicators ('KPI') and accompanying assumptions, scope and definitions used to calculate and report each KPI. These KPIs are included within the scope of EY's limited assurance.

Unless otherwise stated all figures in our report cover the period from 1 January to 31 December 2023.

### Environment – Investments

#### Absolute financed emissions (Scope 3, Cat 15) (tCO<sub>2</sub>e)

Defined as the investment portfolio's fair share of emissions of investee companies, calculated using the PCAF methodology insofar as possible. For further details please see the 'Metrics and Targets' section of our Climate Report.

#### Economic emissions intensity ('EVIC') (tCO<sub>2</sub>e/£m invested)

Expresses portfolio emissions per unit of capital invested – calculated using the PCAF methodology insofar as possible.

#### Revenue emissions intensity ('WACI') (tCO<sub>2</sub>e/\$m revenue)

Expresses portfolio emissions per unit of sales revenue of the investee companies – calculated using Weighted Average Carbon Intensity, according to TCFD guidance.

#### Data quality score

The data quality score is used to indicate the quality/reliability of the source data used to derive emissions values for individual issuers, and is calculated using PCAF methodology insofar as possible. The Portfolio Data Quality Score is the Market Value weighted sum of Data Quality scores for the constituent holdings.

#### Percentage of illiquid asset originations in the shareholder portfolio that are sustainable or transition assets

This metric measures the market value of illiquid shareholder assets originated in 2023 that meet the definition of 'Sustainable' as per the Group's Sustainable Finance Classification Framework for Private Markets (published on our website), plus, those assets originated in 2023 that meet the definition of the (internal) 'Transition' section of the above Framework, expressed as a percentage of the market value of all 2023 SH illiquid origination. The criteria of the Framework was developed by Phoenix with support from Sustainability, a Morningstar company, and a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. The criteria for Transition assets is drawn from public taxonomies and NZAOA guidance.

#### Percentage of listed asset portfolio invested in companies with SBTi targets (% of AUA)

Proportion of the listed asset portfolio invested in companies that have set science-based targets. This metric is evaluated based on whether an investee company has affiliated itself with SBTi – either it has committed and is in the process of setting science-based targets or that it has already set its targets and had them approved by SBTi.

#### Percentage of listed assets exposed to high-transition risk sectors (% of AUA)

'Transition risk' – the technological, market, legal and reputational risk of a transition to a net zero economy – is the key climate change risk that affects the Group's investments portfolio. Using Global Industry

Classification Standards ('GICS') methodology, we identified a number of sub-industries within four GICS sectors as being exposed to elevated levels of transition risk. The metric is evaluated by expressing the value of these holdings as a % of AUA of the listed assets portfolio.

#### Percentage of listed assets exposed to the fossil fuel industry (% of AUA)

This metric determines the proportion of our listed equity and credit AUA that is invested in investee companies which generate >= 20% of their recent-year revenues from involvement in fossil fuels, including any exposure in fossil fuel production, exploration, distribution and services. We have selected a 20% threshold to align with the threshold we apply in our Group Exclusion Policy, and to ensure that we capture large conglomerates with diversified revenues.

#### Environment – Operational and Supply Chain Scope 1 and 2 emissions (tCO<sub>2</sub>e) – location-based

Phoenix has used the GHG Protocol Corporate Standard (revised edition) and emissions factors from the International Energy Agency ('IEA'), DEFRA UK Government Conversion Factors, and Association of Issuing Bodies ('AIB') European Residual Mix as the basis to report on any GHG emissions in tonnes of carbon dioxide equivalent ('tCO<sub>2</sub>e'). This expresses multiple greenhouse gases in terms of carbon dioxide based on their global warming potential (including methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride).

Emissions considered relate to activities both in the UK and globally for which Phoenix is responsible and include as applicable: combustion of any fuel and operation of its facilities; fugitive emissions released from refrigerants purchased (based on refrigerant top-ups); and annual emissions from the purchase of electricity, heat, steam or cooling by Phoenix for its own use.

#### Scope 3 emissions Cat 3, 6, 7, 8, 13 (tCO<sub>2</sub>e)

Phoenix Group estimates Scope 3 emissions associated with employee homeworking (using the EcoAct Homeworking Emissions Whitepaper 2020) and employee commuting, as well as business travel from other third-party owned/operated sources, including air, taxi and rail travel.

Reported data relates to occupied premises in UK, Ireland, Germany, Austria and Bermuda, where Phoenix Group procures energy. Where energy consumption is sub-metered to tenants and in occupied assets that Phoenix Group does not directly own or operate (i.e. serviced offices), GHG emissions fall into Scope 3 reporting, whereas all other landlord-obtained consumption remains as Scope 1 or 2 emissions.

#### Total Scope 1, 2 and 3 emissions Cat 3, 6, 7, 8, 13, 15 (tCO<sub>2</sub>e/£ revenue)

Measures Scopes 1, 2 and 3 emissions (including category 3, 6, 7, 8, 13 and 15) over group revenue (£).

#### Emissions (Scope 1 and 2) on a per floor area intensity (kgCO<sub>2</sub>e/m<sup>2</sup>) – market-based

Phoenix reports Scope 2 emissions using the GHG Protocol dual-reporting methodology, stating two figures, location and market-based, to reflect the GHG emissions from purchased electricity:

- A location-based method that reflects the average emissions intensity of the national electricity grids from which consumption is drawn.
- A market-based method that reflects emissions from electricity specific to each supply/contract. Where electricity supplies are known to be from a certified renewable source, a zero emissions factor is used, otherwise residual mix factors are used.

This metric measures Scopes 1 and 2 (market-based) carbon emissions intensity per floor area of occupied premises. The methodology to establish whether buildings should be included in the intensity metric only covers occupied buildings where emissions are considered Scope 1 and 2 and where 12 months of data is available in the current reporting year.

## Assured data methodologies continued

### Emissions (Scope 1 and 2) on a per full-time equivalent employee ('FTE') intensity (tCO<sub>2</sub>e/FTE) – market based

Measures Scope 1 and 2 carbon emissions intensity per FTE accounting for renewable electricity to promote carbon reduction. FTE includes employees, FTC and TUPE-transfer contractors working from Phoenix Group offices.

### Energy consumption ('GWh')

Energy consumption is the total of: renewable electricity consumption; grid average electricity consumption; on-site renewable electricity production e.g. solar PV; natural gas consumption; municipal cooling; municipal steam-heating.

### Percentage of renewable electricity procured across our occupied premises (% of total electricity procured)

Measures the percentage of electricity procured in occupied offices where we have operational control that is contractually covered by renewable energy certificates ('RECs') of total electricity procured. Sites included within this metric follow the same methodology as our floor area intensity calculation.

### Percentage of key suppliers committed or aligned to SBTi or UN Race to Zero campaign

This metric measures the number of key suppliers which have at least one of the below criteria, as a percentage of total key suppliers:

1. Publicly committed to or aligned to the SBTi or UN Race to Zero.
2. Directly informed us of their intention to submit and commit to SBTi.
3. Are aligned to SBTi or UN Race to Zero based on having met our requirements, which is to have set near-term GHG emissions reductions targets which align to the Paris agreement. This includes a 50% reduction in emissions by 2030 and must cover scope one and two emissions and some or all categories of scope 3 emissions.

Key suppliers are defined as material T1 and 2 suppliers to Phoenix Group as of January 2023.

### Social – Customer and Supply Chain Number of people reached through awareness campaign on longer lives and under saving for retirement

This metric measures the number of people reached by Phoenix's awareness campaign on longer lives and under saving for retirement. This is calculated across press, radio, digital and social channels using IPA touchpoints to measure reach to proxy target audience across media types.

### Number of customers with access to an integrated financial wellness hub, Money Mindset

This metric measures the number of Standard Life customers with access enabled to Money Mindset, a digital secure platform that allows customers to link, track and monitor their finances to help improve their financial wellbeing.

### Number of customers reached to raise awareness about the impact of their investments

This metric measures the number of Standard Life and ReAssure customers provided with information, either directly or through the use of links, relating to the impact of investing and sustainability themes.

### Combined Group customer satisfaction score

Customer satisfaction scores from entities across the Group are gathered from telephone customer feedback surveys which are delivered to customers after key interactions using the Rant & Rave solution, either by SMS or email. The question asks 'Using a scale of 5 (excellent) to 1 (very poor) reply to tell us how you would rate your call experience today?' and the score is calculated as the percentage of responses of 4 or 5. The methodology for calculating the score was updated for 2023 to be consistent across the Group.

### Percentage of key suppliers with an up-to-date modern slavery statement

This metric measures the number of key suppliers which have an up-to-date modern slavery statement, covering 2023, as a percentage of total key suppliers. Key suppliers are defined as material T1 and 2 suppliers to Phoenix Group as of January 2023.

### Social – Employee and DEI Colleague engagement Employee Net Promoter Score ('eNPS')

This measures the net promoter score given by survey respondents in response to the main engagement questions from the 2023 Peakon surveys, aggregated over a six-month period. Engagement is a measure of how committed to and enthusiastic employees are about their work and the organisation. The eNPS is calculated by subtracting the percentage of detractors (employees scoring 0-6) from the percentage of promoters (employees scoring 9-10).

### Percentage of Board of Directors that is of Black, Asian or Minority Ethnic background

The percentage of individuals who identify as being from a Black, Asian or Minority Ethnic background out of the total Board population, where ethnicity data has been disclosed. Based on Board population as at 31 December 2023 (including terminations/ resignations at this date).

### Percentage of Executive Committee that is of Black, Asian or Minority Ethnic background

Our Executive Committee is anyone on Executive grade and is part of ExCo. However, as Andy Briggs (CEO) and Rakesh Thakrar (CFO) both also sit on the Board they are included in Board number but not within Executive Committee numbers. Also excluded are any individuals on gardening leave.

The percentage of individuals who identify as being from a Black, Asian or Minority Ethnic background out of the total ExCo population where ethnicity data has been disclosed.

### Percentage of employees of Black, Asian or Minority Ethnic background

The percentage of individuals who identify as being from a Black, Asian or Minority Ethnic background out of the total Group population where ethnicity data has been disclosed. This covers both UK and Ireland. Excludes Germany, SunLife, SLOC and PhoenixRe.

### Percentage of Board of Directors that are women

The percentage of Board members who identify as female out of the total Board population. Based on Board population as at 31 December 2023 (including terminations/ resignations at this date).

### Percentage of Executive Committee that are women

Our Executive Committee is anyone on Executive grade and is part of ExCo. However, as Andy Briggs (CEO) and Rakesh Thakrar (CFO) both also sit on the Board they are included in Board number but not within Executive Committee numbers. Also excluded are any individuals on gardening leave.

The percentage of ExCo members who identify as female out of the total ExCo population.

### Percentage of senior leadership roles occupied by women

Based on our Grading structure which from low to high is Universal, Intermediate, Senior Leadership, Business Leadership and Executive. Senior Leadership is defined as Senior Leadership, Business Leadership and Executive Grades.

The percentage of Senior Leadership who identify as female out of the total Senior Leadership population.

Excludes Germany, SunLife, SLOC and PhoenixRe.

### Percentage of employees that are women

The percentage of Group employees who identify as female out of the total Group employee population.

## Assurance statement

### Independent practitioner's assurance report to Phoenix Group Holdings plc Management.

#### Scope

We have been engaged by Phoenix Group Holdings Plc ("Phoenix") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Phoenix's selected data (the "Subject Matter") indicated with a "△" symbol within Phoenix's 2023 Sustainability Report and Climate Report, and found in the ESG Data Appendix and Annual Report and Accounts (collectively referred to as "the Reports") as of 31 December 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Reports, and accordingly, we do not express a conclusion on this information.

#### Criteria applied by Phoenix

In preparing the Subject Matter, Phoenix applied the criteria as set out within Phoenix's "Sustainable Finance Classification Framework" (on Phoenix's website) (Reports & policies | Phoenix Group (thephoenixgroup.com), and "Assured data methodology" (on pages 45 to 46 of Phoenix's 2023 Sustainability Report) (collectively the "Criteria").

#### Phoenix's responsibilities

Phoenix's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

#### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and the terms of reference for this engagement as agreed with Phoenix on 1st December 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

#### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures. The procedures we performed were based on our professional judgement and included:

1. Conducted interviews with relevant staff in order to understand the data reporting processes, the key sources of information and the boundaries used for reporting, including for any new KPIs and changes made as a result of recommendations following the previous reporting cycle.
2. Obtained key documentation and confirm our understanding of the key risks to data integrity and the controls associated with the collection and collation of the data.
3. Identified those data points (and associated data processes and systems), that are most material, in order to inform and target our testing procedures.

4. Confirmed our understanding of the key risks to data integrity and the controls associated with the collection and collation of the data.
5. Tested the accuracy of Group-level data aggregation for reporting purposes – including the use of any specific tools, systems or estimation methods.
6. Tested the accuracy and completeness of a limited sample of data relating to year end performance.
7. Tested the accuracy of data aggregation for reporting purposes – including the use of any specific tools, systems or estimation methods.
8. Considered the presentation of the Subject Matter in the Reports, to check that this is consistent with our understanding of performance gained from the earlier steps.

We also performed such other procedures as we considered necessary in the circumstances.

#### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31st December 2023 in order for it to be in accordance with the Criteria.

#### Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than Phoenix, or for any purpose other than that for which it was prepared. Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions

#### Ernst & Young LLP

21 March 2024  
London





## Cautionary statements

### Basis of preparation

The reader should be aware that this report and the information contained within it, is prepared on the following basis:

The preparation of this report requires the application of a number of key judgements and also requires assumptions and best estimates to be made at a given point in time. There is a risk that the judgement exercised, or the estimates or assumptions used, may subsequently turn out to be incorrect. These judgements and resulting data presented in this report are not a substitute for judgements and analysis made independently by the reader;

The disclosures in the 2023 Sustainability Report use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of sustainability and climate-related activities, than the Group's reporting of historical financial information. These judgements, assumptions and estimates are highly likely to change over time, and, when coupled with the longer timeframes used in these disclosures, make any assessment of materiality inherently uncertain;

In addition, the Group's sustainability and climate risk analysis and net zero transition planning will continue to evolve and the data underlying the Group's analysis and strategy remain subject to change over time. As a result, the Group expects that certain sustainability and climate-related disclosures made in this report are likely to be amended, updated, recalculated or restated in the future;

This report uses climate models, external climate data and other sources/methodologies, each of which are subject to ongoing refinement and modifications beyond our control;

The outputs of these models, external data and other sources/methodologies can be materially affected by the quality of the underlying data used. They may be subject to uncertainties affecting the accuracy of their outputs. There is a risk that the outputs may be misinterpreted or misused when

dealing with developing themes, such as climate-related disclosures and other environmental, social and governance data points, due to the lack of market standards, historical reference points and benchmark data, as well as the inability to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution;

In general, the quality of the data relied upon in sustainability and climate-related disclosures is often not yet of the same standard as more traditional financial reporting and therefore presents an inherent limitation. Further development of reporting standards could materially impact the performance metrics, data points and targets contained in this report. And as standards, frameworks and practices continue to evolve, it may mean subsequent reports do not allow a reader to compare performance metrics, data points or targets from one reporting period to another, on a direct like-by-like basis.

### Note on materiality

Our public disclosures, including our Sustainability Report, include a range of topics that we believe are relevant to our businesses and that are of interest to investors and other stakeholders. For the purposes of complying with our annual and half-yearly disclosure obligations in the United Kingdom we apply materiality based on the applicable rules and regulations governing public reporting in the United Kingdom. However, in our Sustainability Report, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. Our approach to these disclosures may sometimes have regard to broader understandings of materiality based on certain external frameworks and reporting guidelines that take into consideration a wider range of factors relevant to sustainability including the views of our key stakeholders. This report uses longer timeframes to assess potential impacts than those timeframes customarily used in certain of our other disclosures, including our annual and half-yearly financial reports submitted to the London Stock Exchange ('LSE'). This approach to materiality means that this report, and many of our

sustainability reporting disclosures, including with respect to climate-related risks and opportunities includes certain information that we have not included in our LSE filings for which we use a different approach to materiality. Our approach to materiality in this report and other sustainability and climate-related disclosure also means that statements made in this report and in our other sustainability and climate-related disclosures use a greater number and level of assumptions and estimates than many of our LSE filings. These assumptions and estimates are subject to change over time, when coupled with the longer timeframes used in these disclosures, make any assessment of materiality inherently uncertain. We expect that certain disclosures made in this report are likely to be amended, updated, recalculated and restated in the future as the quality and completeness of our data and methodologies continue to improve.

### Forward-looking statements

The 2023 Sustainability Report contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals and expectations relating to future financial conditions, performance, results, strategy and/or objectives. Statements containing the words: 'believes', 'budget', 'forecast', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'predict', 'outlook', 'goal', 'continues', 'projected' and 'anticipates' or other words of similar meaning are forward-looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. Factors which could cause actual results to differ materially from those estimated by forward-looking statements include, but are not limited to:

- changes in legislation;
- industry and regulatory standards;
- the development of standards and interpretations including evolving practices in ESG, sustainability and climate reporting with regard to the interpretation and application of accounting;
- developments in available technology;

- the timely implementation and integration of adequate government policies;
- climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); the limitation of climate scenario analysis and the model that analyse them;
- lack of transparency and comparability of climate-related forward-looking methodologies;
- environmental, social and geopolitical risks; and
- the Group's ability with government and other stakeholders to manage and mitigate the impacts of climate change effectively.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements and other financial and/or statistical data within the 2023 Sustainability Report.

No representation is made that any of these statements will come to pass or that any future results will be achieved. As a result, you are cautioned not to place undue reliance on such forward-looking statements contained in this 2023 Sustainability Report.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as the date on which they are made. The Group undertakes no obligation to publicly update or revise any of the forward-looking statements or data contained within the 2023 Sustainability Report or any other forward-looking statements or data it may make or publish whether as a result of new information or for any other reason.

This forward-looking statement in relation to sustainability and climate-related disclosures should not be regarded as a complete and comprehensive statement and should be read together with the Forward-looking statements and the risks identified in the Risk Management Report on pages 324 and 50 of the 2023 Annual Report and Accounts.

# Glossary

## Annuity policy

A policy that pays out regular benefit amounts, either immediately and for the remainder of a policyholder's lifetime (immediate annuity), or deferred to commence at some future date (deferred annuity).

## Automatic Enrolment

Under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called Automatic Enrolment.

## CA100+ (Climate Action 100)

An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

## Carbon footprint

A carbon footprint is the total greenhouse gas ('GHG') emissions caused by an individual, event, organisation, service, place or product, expressed as carbon dioxide equivalent (CO<sub>2</sub>e).

## Circular economy

A model of production and consumption which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.

## Climate related risk

The potential negative impacts of climate change on an organisation.

## Climate solutions

Economic activities that contribute substantially to climate change mitigation or adaptation.

## Climate scenario

A plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change.

## CDP (Carbon Disclosure Project)

Global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

## Customised decarbonisation benchmarks

Climate aware benchmarks that aim to deliver net zero by 2050 while meeting our customer requirements.

## Decarbonisation tilt

Tilting investments at each rebalancing toward companies with low GHG intensities. This shift from high or average emitters to low emitters aims to reduce the emissions footprint of a portfolio over time.

## Defined contribution pension scheme

A pension scheme where the benefits depend on the amount and frequency of contributions paid into the scheme, the investment gain on those contributions, and annuity rates at the time of retirement. The exact pension valuation will not be known until the point of retirement.

## Equity release mortgage ('ERM')

An equity release mortgage product enables a home owner aged over 55 to draw a lump sum or regular smaller sums from the value of the home, while remaining in their home.

## ESG (Environmental, Social and Governance)

ESG criteria are a set of standards that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.

## Financed emissions

Greenhouse gas emissions that occur as a result of financing, including lending and investment activity. These activities fall within Scope 3, category 15 of the GHG protocol.

## Greenhouse Gas Protocol

Global standard for companies and organisations to measure and manage their GHG emissions.

## Key suppliers

Key suppliers include: strategic (those that we work closely with due to the strategic nature of the services they provide); critical (suppliers where the goods or services provided are limited in the market and barriers to change are complex); and financially important with spend  $\geq$  £1 million (suppliers that are numerous but where value to Phoenix Group is significant).

## Natural Capital

The stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

## Net zero

A state where we add no incremental greenhouse gases to the atmosphere. Emissions output is balanced with removal of carbon from the atmosphere.

## Paris alignment/agreement

Goal set by the global Paris climate change deal in 2015 to hold global average temperature increase to 'well below 2 degree Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'.

## Pensions freedoms legislation

Pension freedoms legislation was introduced in April 2015. It gives savers more flexibility when accessing their direct contribution pension pot.

## Scope 1, 2 and 3 emissions

Greenhouse gas emissions are categorised into three groups or 'Scopes'. Scope 1 covers direct emissions e.g. use of natural gas, company car vehicle emissions. Scope 2 covers indirect emissions from the generation of purchased electricity, steam and heating. Scope 3 includes 15 other categories of indirect emissions in a company's value chain e.g. business travel and investments.

## Stewardship

Use of influence to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend.

## SBT (Science Based Targets)

An emissions reduction target is defined as 'science based' if it is developed in line with the scale of reductions required to keep global warming below 2°C from pre-industrial levels.

## Task Force on Climate-related financial disclosures ('TCFD')

The TCFD was created in 2015 by the Financial Stability Board ('FSB') to develop consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.

## Task Force on Nature-related financial disclosures ('TNFD')

The TNFD is a new global market-led initiative which aims to provide financial institution and corporates with a complete picture of their environmental risks and opportunities. The TNFD will deliver a framework for organisations to report and act on evolving nature-related risks, building on the success of the TCFD.

## Transition risk

Climate-related risks associated with the transition to a low-carbon economy. They include risks related to policy and legal actions, market and economic responses, technology changes and reputational considerations.

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## Contact us

### News and updates

In line with our Sustainability Programme and our commitment to reduce our environmental impact, you can view key information on our website:

[www.thephoenixgroup.com](http://www.thephoenixgroup.com)

To stay up-to-date with Phoenix Group news and other changes to our site's content, you can sign up for email alerts, which will notify you when content is added.

[www.thephoenixgroup.com/site-services/email-alerts](http://www.thephoenixgroup.com/site-services/email-alerts)



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