

Delivering on our purpose



We want to help people journey to and through retirement while investing in a better future for us all. Our approach focuses on two key areas: People and Planet. We are looking to address the UK pensions savings gap and manage the risk and opportunities of climate change.

Sabbatical reflections

1 December 2023 marked my return as Chair of Phoenix Group, following a 14-month sabbatical where I fulfilled the role of Lord Mayor of the City of London. I am delighted to be back and look forward to supporting the continued evolution of our business.

As Lord Mayor it was my great privilege and responsibility to represent and promote the UK financial services industry. In doing so, my sabbatical confirmed to me that this industry is an essential element of the UK economy, with a critical role to play in supporting both economic growth and the trajectory to net zero by 2050 through sustainable investment. The clear feedback from my international travels is that the UK financial services industry is perceived as market-leading and there is great optimism about its future.

I would like to thank Alastair Barbour who assumed the role of Chair in my absence. He has made an enormous contribution to Phoenix over his ten-year tenure as a Director, and I wish him well for the future now that he has stepped down from the Board.

At Phoenix our purpose is our North Star and it drives all that we do. I am delighted with the progress we have made this year to bring about better outcomes for all our stakeholders.

Nicholas Lyons, Chair of the Group Board

Delivering on our purpose

The pensions savings gap in the UK is a growing societal problem. As the UK's largest long-term savings and retirement business, we are striving to raise awareness of this problem and advocate for the changes needed to deliver the solutions and help people secure a life of possibilities.

We know that people can only save for their retirement if they have access to good work over their longer lives. That is why we are playing a role in promoting good work through Phoenix Insights, working in collaboration with others to influence government policy.

We are committed to innovating to develop the retirement income solutions of the future and we are advocating for the removal of policy barriers to enable us to support customers as they save for, journey to, and secure income in, retirement. More specifically we have recommended a framework to support an increase in auto-enrolment contributions from 8% to 12%, and we believe that guidance and advice should be available for everyone, not just those who can afford to pay for it.

We can drive good outcomes for our customers and manage the risks of climate change by delivering on our Net Zero Transition Plan commitments, outlined in our plan published in May, and by helping to unlock the barriers to allow capital to flow at scale into productive and sustainable investments.

I was delighted that we were a leading signatory and vocal proponent of the Mansion House Compact when it was unveiled in July. This seeks to address some of the issues around investing in unlisted equity, and the growth of UK companies of the future. I have every confidence the Compact will accomplish the dual aim of securing a brighter future for retirees and helping to channel billions of pounds into the UK economy.

Strong cash generation provides opportunity to invest and realise our vision

The team has delivered strong cash generation in 2023 with an acceleration in the organic growth story clearly evident, whilst at the same time maintaining a resilient balance sheet.

We are on a journey to deliver our vision of becoming the UK's leading retirement savings and income business. The clear strategic success in building the organic growth business over the last three years means we have reached a key milestone on our journey, as we evolve the business. The focus is now on investing to grow, optimise and enhance the business even further.

Strategic outcomes support a new dividend policy

I am delighted to announce that the Board is recommending a 2.5% increase in the Group's 2023 Final dividend to 26.65 pence per share. This means the Group's Total dividend for 2023 will be 52.65 pence per share.

The Board is confident in the Group's ability to deliver the next phase of our strategic journey, as we transition to our vision of becoming the UK's leading retirement savings and income business. This has supported our decision to move to a progressive and sustainable ordinary dividend policy, which is underpinned by the sustainable growth in Operating Cash Generation we now expect to deliver.

Thank you

Finally, I would like to take this opportunity to thank the Board, our colleagues, our partners and our wider stakeholders for their hard work, dedication and support in delivering another year of strong progress.

Nicholas Lyons
Chair of the Group Board

Section 172 statement

During the year, Directors have applied section 172 of the Companies Act 2006 in a manner consistent with the Group's purpose, values and strategic priorities. The Directors have acted in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole. In doing so the Directors have paid due regard to the matters set out in section 172(1) (a) to (f), namely:

- the likely consequences of decisions in the long-term;
- the interests of any of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of maintaining the Company's reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

→ Examples of how Directors have considered these matters in connection with key decisions linked to our strategic priorities are detailed on pages 74 to 77 of the Corporate governance report.