

# Human Rights Policy

Phoenix Group Holdings plc  
March 2023

# Introduction

Phoenix Group is a purpose-led organisation that strives to be an uncompromising force for both people and the planet, while maximising value for our customers and investors. This means our purpose of helping people secure a life of possibilities is at the centre of our strategic priorities and is shaping how we do business. Respecting human rights is essential to deliver on our purpose.

We are committed to our responsibility to respect human rights and align with the [United Nations Guiding Principles on Business and Human Rights](#) ('UNGPs') and our ambition is to encourage other organisations to do the same. We recognise that Phoenix may be connected to impacts on people across our many roles and are committed to proactively avoiding and addressing harm that may occur through our operations, in how we support our customers and colleagues and within our supply chain and investment portfolio. We acknowledge our responsibility to respect human rights and this policy sets out how we intend to do this in accordance with the UNGPs.

Phoenix's Human Rights policy is Group-wide, and applies to all its entities, business units and operations and we expect all employees to adhere to the policy in their work. We are committed to working with our partners to multiply our impact and we expect our suppliers, contractors, asset managers and investee companies to be aware of our policy and respect human rights in their business operations.



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<sup>1</sup>.

<sup>1</sup> [Human Rights | United Nations](#)

# Our group commitments

We are ambitious in our desire to lead the way in respecting human rights and recognise our responsibility to do this in accordance with:

- [The International Bill of Human Rights](#)
- [The International Labour Organization's \(ILO\) Core Conventions](#)

We are committed to aligning with the UNGPs which stipulate companies' responsibility for identifying, preventing, mitigating, and accounting for adverse human rights impacts they may cause, contribute to; or be directly linked to through their own operations or business relationships.

The UNGPs require companies to demonstrate how they respect human rights and understand the context in which they and their partners may relate to human rights risks and impacts.

As an asset owner, we also align with the [Organisation for Economic Co-operation and Development](#) (OECD) Guidelines for Multinational Enterprises, a set of responsible business conduct standards for multi-national enterprises, as well as the OECD guidance on responsible business conduct for institutional investors.

We recognise that there are multiple additional human rights standards, conventions, and treaties that should be respected. We seek to uphold other human rights instruments and frameworks where these are relevant, including as they relate to sector-specific issues and our salient human rights issues. This includes the [UN Resolution on the human right to a clean, healthy and sustainable environment](#) as we recognise the link between the enjoyment of human rights and a sustainable environment.

Phoenix and our partners operate and invest in assets in many different countries. We recognise that situations may occur where local and national laws and regulations conflict with internationally recognised human rights standards. Where human rights standards conflict with local and national laws and regulations, we are committed to upholding the highest standards to the greatest extent possible.

# Our salient human rights issues

We understand that our activities could potentially have direct and indirect impacts on human rights through our operations and value chain. Identifying salient issues is a crucial part of addressing our human rights risks and impacts and aligning to the UNGPs.

In 2022, we commissioned a high-level saliency scan by an independent third party to identify and assess Phoenix's potentially salient human rights issues that should be prioritised for further action. While the scan focused primarily on risks within our operations, it also provided an overview of possible risks associated within our supply chain and investment portfolio.

Using the perspective of the rights holder, this initial scan evaluated each potential human rights risk based on the severity of the harm and likelihood of its occurrence and categorised the risks into three tiers (see page 5 for details of all our salient risks for each tier).

The scan identified access to remedy for third parties (e.g., those affected by our business relationships), customer and employee data protection, and employee discrimination and equal treatment as some of our most salient human rights issues. It also determined that Phoenix should prioritise conducting a thorough analysis of human rights issues associated with our supply chain and investments as part of its due diligence process to better understand and address salient issues in our value chain.

While we actively manage these risks through our various policies and procedures, we realise that this list is not exhaustive and other issues may exist in our operations and value chain. Although we prioritise action to address salient issues, we are committed to identifying and accounting for risks and impacts of all kinds.

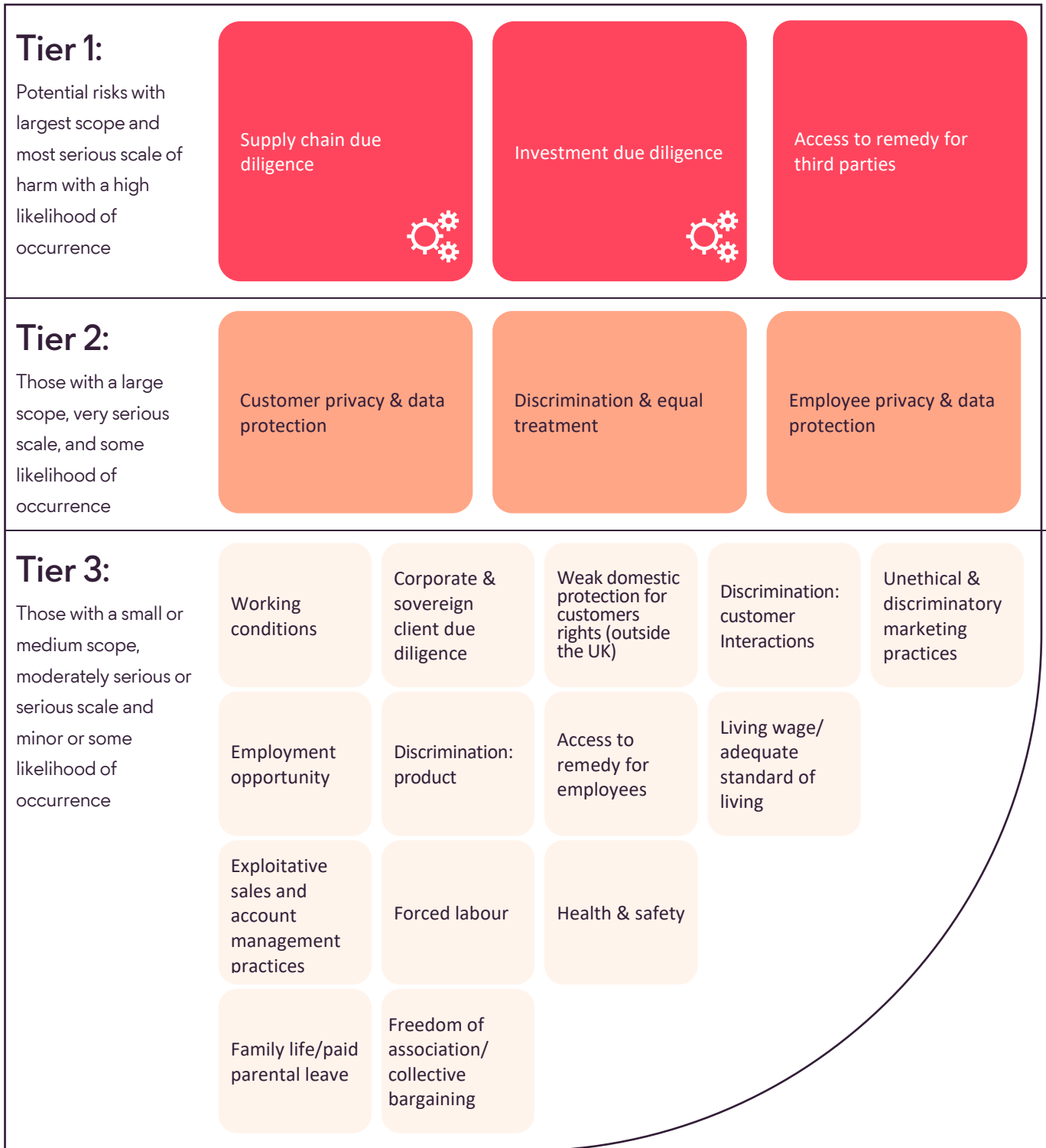
We intend to further advance our ability to identify and manage our human rights risks, through conducting human rights saliency assessments of our operations and value chain as part of our due diligence processes in the next two years. This includes undertaking a supply chain field assessment, portfolio-level human rights assessment, as well as assessing human rights risks in countries of operations and high-risk business relationships on an ongoing basis.




We define saliency based on the severity (i.e., scope, scale, and remediability) and likelihood of the potential and actual impact of harm to human rights associated with our business activities.

# Our salient human rights issues continued

Our **Salient risks**: potential human rights risk based on the severity of the harm and likelihood of its occurrence<sup>2</sup>.



 = These risks represent processes to be implemented.

<sup>2</sup> The risks identified in our saliency scan were selected from a range of human rights instruments (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights (ICCPR), International Covenant on Economic, Social and Cultural Rights (ICESCR), International Labour Organization (ILO) conventions) in relation to potential impacts of Phoenix's operations and business relationships on rights holders.

# How we are implementing our policy

At Phoenix, we are committed to embedding consideration of human rights across our organisation. We will further develop existing policies and procedures to include human rights considerations and are committed to conducting group wide human rights due diligence at least every three years. We will adapt and make relevant changes to our risk universe to ensure group-wide awareness and adherence to this policy.

To ensure that our colleagues are aware of our policy and respect human rights in their roles we will conduct human rights engagement and training for employees as relevant to their role and function.

## Governance and management process

The Phoenix Group Holdings plc Board, including the Chief Executive Officer, is responsible for signing off and overseeing the implementation of the group's human rights policy. The Board is supported by the Board Sustainability Committee, which is responsible for the oversight of the group sustainability strategy, including ongoing actions regarding our commitment to respect human rights.

As human rights issues cut across all areas of our business, day-to-day responsibility for implementing this policy involves efforts of various teams and functions, such as sustainability, asset management, operations, procurement, human resources, legal, and risk.

This policy has been delivered through a rigorous and comprehensive development and governance process to ensure it is of a high standard. This included working with internal stakeholders across key business functions and engagement with external stakeholders, including consultation with experts in the field of business and human rights.

# Implementation:

## Our colleagues

Phoenix employs people in the UK, Ireland, Germany, Bermuda and Austria with the majority based in the UK. Phoenix commits to aligning with international labour rights standards and best practices, this includes the ILOs core conventions on 'Decent Work' within our employment working practices.

We are committed to respecting our colleagues' right to privacy and data protection. Our Privacy Notice sets out how we collect and use personal and sensitive information as well as informing colleagues of their rights in relation to their data. Our Data Protection Team has governance and assurance in place to ensure oversight of all personal data processing. We are committed to protecting colleague privacy and cooperate with regulators and authorities to ensure that we comply with the latest data protection legislation.

Phoenix is passionately committed to being a diverse and inclusive employer. We have developed a diversity, equity and inclusion (DE&I) strategy that sets out what we want to do and how it enables us to deliver our purpose. We have set ambitious targets to the ethnicity balance across our business. We have a range of policies that support our commitment to DE&I which include equal full pay family leave for the birthing parent and the non-birthing partner.

We have zero tolerance to any forms of harassment, bullying, discrimination, and victimisation in the workplace as set out in our Dignity at Work policy. The policy distinguishes and prohibits any form of discrimination between colleagues or towards our customers and suppliers based on age, race, nationality, ethnic origin, gender, sexual orientation, religion, marital status, or disability. This is reinforced through our recruitment, learning and development processes such as our Unconscious Bias and Code of Conduct training.

The well-being of our colleagues both in and outside of the workplace drives our [well-being strategy](#) with a focus on three pillars: mental, physical, and financial wellbeing. In the UK, we support the Living Wage Foundation (LWF) and are a Living Wage employer. This standard is adopted for all of our workers. We are also committed to providing a safe and healthy working environment for all employees, visitors and contractors by complying with and where reasonably practicable, exceeding the minimum standards for healthy and safety at work as laid down by local legislation.

We are supportive of our colleagues' right to be represented and have a formal partnership agreement with an employee representation body called the Phoenix Colleague Representation Forum (PCRF). PCRF is an autonomous and self-governed body and allows our UK colleagues to provide feedback and access to advice and support on any work-related issues. The PCRF leads industry best practice and participates in government and industry initiatives, which helps them to benchmark how they represent colleagues and anticipate any factors that may impact the rights of our colleagues. In addition, the majority of our colleagues in non-UK territories have representation by either a Works Council or Union.

We conduct a monthly survey with colleagues asking them to express their opinion freely and anonymously on their experience working at Phoenix. We listen and respond to feedback with the aim of seeking continuous improvement. Colleague engagement is of paramount importance, and we measure this via the Employee Net Promoter Score.



Our people have different and diverse backgrounds, with different perspectives. Respecting and protecting human rights is an essential to deliver on our purpose.

# Implementation:

## Our suppliers

### Embedding human rights considerations within our supply chain

We are committed to ensuring that human rights are respected across our supply chain. We expect all our partners and suppliers to uphold our commitments set out in this policy and we will continue to prioritise doing business with partners and suppliers who share our human rights commitments and ambitions.

Most of our partners and suppliers are based in the UK, however our geographical footprint is expanding, with an increased emphasis on global sourcing. Our partners and suppliers consist of (but not limited to) IT platform and service providers, business process outsourcing (BPO) relationships, investment management relationships, fund accounting services, HR suppliers, rating and data providers, and facility services. We realise that this may pose human rights risks, which we will aim to proactively identify, prevent, mitigate, and account for in our operations and supply chain relationships.

We require all partners and suppliers to adhere to our [Supplier Code of Conduct](#), which outlines the minimum standards and conduct we expect in their own operations and supply chains. Our ESG Supply Chain Standards include a set of stretching standards<sup>3</sup> that reinforce our commitment to human rights. We ask our partners and suppliers to adhere to and implement these standards which includes specific standards for key<sup>4</sup> and high-risk<sup>5</sup> suppliers and tailored standards for small and medium-sized enterprises (SMEs). The Standards are updated regularly to reflect new developments and address emerging issues ensuring that it is aligned with the UNGPs.

As part of contracting process, we gather information on how potential partners and suppliers address modern slavery risks in their own supply chains and check if they publish a Modern Slavery Statement. We then conduct further risk assessments during the selection and onboarding stage to gather additional information on how modern slavery risks are managed.

Once onboard, key partners and suppliers are monitored through active engagement on their adherence with and where necessary, receive tailored support to implement our standards. If a partner or a supplier fails to demonstrate adherence to our standards, we will first seek to understand how we can support them, following our internal Supplier Management Model protocols. Failure to demonstrate compliance to our minimum standards in our Code of Conduct could lead to a review of the supplier contract.

We commit to broadening the scope of our current due diligence procedures to include human rights issues beyond modern slavery. Furthermore, we commit to embedding relevant modern slavery clauses within key supplier contracts, including human rights due diligence principles to operationalise shared responsibility with our suppliers.

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<sup>3</sup> Our stretching standards are a set of additional environmental, social and governance standards building on the minimum standards in our Code of Conduct.

<sup>4</sup> Key suppliers include strategic (those that we work closely with due to the strategic nature of the services they price), critical (suppliers where the goods or services provided is limited in the market and barriers to change are complex) and financially important (suppliers which are numerous but where value to Phoenix is significant).

<sup>5</sup> High-risk suppliers include suppliers considered to be at high risk for modern slavery based on commodity, sector and geography.



# Implementation:

## Our suppliers continued

### Implementing the policy with our suppliers

The policy will be communicated to all our existing partners and suppliers through capacity building and awareness raising workshop and training sessions and to any new partners and suppliers as part of their on-boarding process. We have rolled out training to our colleagues in commercial partnerships, including procurement colleagues on human rights and modern slavery and what it means across our supply chain.

We operationalise and monitor the implementation of this policy through our Supplier Management Model. The model is an integral part of our sourcing and procurement framework and incorporates risk factors, including human rights. Based on the risk factors, the model allows us to categorize and define the level of oversight for suppliers across the group to ensure we can identify and monitor key and high-risk suppliers' performance against our standards. We do this through active engagement and collaboration to help address any obstacles and improve their overall performance, including on human rights. All new suppliers are reviewed on their oversight level during onboarding.

We recognise that we must take steps to identify and address any adverse human rights risks and impacts our supply chain could have on an ongoing basis. In line with the UNGPs, we will commence supply chain human rights due diligence during 2023. We will initially focus on suppliers and partners who present a high risk to human rights and are integral to our business and where appropriate, conduct additional due diligence in the form of on the ground third-party human rights assessments to identify human rights risks and impacts in our supply chain and outsourced partnerships.

# Implementation:

## Our customers

We are committed to respecting our customers human rights, acting with integrity, and treating them fairly. We aim to do this by ensuring that we are communicating transparently, ensuring quality of information, confidentiality, and responsible data protection.

Customers are the core of our business, and we have a responsibility to protect our customers' data and to be transparent about the way this data is being used. In adherence with Phoenix's [Code of Conduct](#), we uphold six data protection commitments to be accountable to and transparent with our customers and stakeholders. Our [Privacy Hub](#), [Privacy Notice](#) and Code of Conduct details further information on our data protection guidance and commitments.

We consider the rights and interests of all our customers, including but not limited to our vulnerable customers<sup>6</sup>. We are creating a safe space for disclosing vulnerability and are helping our colleagues to better support our vulnerable customers through a mandatory e-learning module, 'A helping hand for vulnerable customers' across the group. This provides colleagues with the tools to exceed our customer expectations and deliver better and fairer outcomes.

Customers are the heart of our product design, our service, and standards for developing products and services. We assess the risk of discrimination and unfair customer outcomes in the design, marketing, and delivery of our products and services through our comprehensive risk policies. We ensure that our business strategy is developed to support the fair treatment and needs of our customers. We are continually listening to feedback from customers on all matters including human rights and we act, accordingly, reflecting this throughout our business.



Our customers need help and guidance from a company that is trusted and easy to deal with. To do right by them, we all need to behave, take decisions and act responsibly with integrity.

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<sup>6</sup> A vulnerable customer is someone who, due to their personal circumstances are especially susceptible to harm, particularly when a firm is not acting with the appropriate level of care.

# Implementation: Our investment portfolio

## Embedding human rights into our investments

Phoenix has assets under administration invested across asset classes, sectors and geographies. Responsible investment is central to our purpose and, as a long-term investor, safeguarding the interests of our customers, shareholders, and other stakeholders. It is our responsibility to consider sustainability, including human rights in our investments and we believe integrating Environmental, Social and Governance (ESG) issues makes our portfolio more resilient over the long term.

Several [policies](#) define our approach as an asset owner, with investment management activities delegated to a variety of partners, to consider ESG issues in our investments and manage the relationship with our asset managers. We believe that human rights considerations cut across all these areas and we are committed to periodically review these policies to ensure full alignment with the human right ambitions set in this policy.

## Integration

Phoenix is exposed to a wide range of potential human rights issues through its investments. We are collaborating closely with our asset management partners to integrate ESG considerations, including human rights, into the investment processes and support effective stewardship of assets invested. We believe that assessing human rights risks and opportunities within the ESG integration and stewardship process complements and enhances traditional financial analysis by identifying, analysing and acting on material ESG factors alongside traditional factors.

Screening of our equity and fixed income portfolios on potential human rights impacts through investee companies' direct operations is conducted on a semi-annual basis using two third-party tools assessing companies' breaches of the United Nations Global Compact (UNGC) Principles. Based on a consensus methodology and financial exposure analysis from this initial screening, we have created a focus list of companies which are further assessed using other sources of information related to business-related human rights harm (i.e. corporate disclosure, civil society and labour union reports, benchmarks and media coverage). The focus list is also linked to a multi-year engagement programme to ensure companies respond to the controversies and increase performance on human rights.

Engagement with companies is conducted through a third-party collaborative platform, which aims to make sure that companies provide effective actions to address the controversy and set up robust policies and implementation practices to avoid the occurrence of a similar issue of concern in the future. If our assessment tools identify significant human rights issues with our investments in shareholder asset portfolios, we will place restrictions on them to prevent further investments and investigate them further.

In order to proactively manage human rights risks across our investments, we are committed to evolve our approach to access to data and continue to seek accurate information from a wide range of sources on an ongoing basis. Equally, we intend to implement investment portfolio due diligence to identify salient human rights impacts and act on any findings through direct, collaborative, or delegated engagement by our asset management partners.

This entails identifying exposure to potential salient human rights issues, high-risk geographies, industries, and business models across portfolios and conducting further research to identify lagging investee companies.

## Stewardship

Our group [stewardship policy](#) sets out how we engage with investee companies on their performance in ESG issues, including human rights, and expectations towards our asset management partners conducting stewardship activities on our behalf. Human rights have been identified as a key focus for our stewardship activities. To guide our dialogue with investee companies on this area, we have developed a set of [expectations of corporate management](#), which focus on UNGPs' aligned policies, board oversight, saliency assessment, stakeholder engagement, grievance mechanisms, access to remedy, metrics, assessment of effectiveness, collaboration and disclosure. We are committed to review and update this document on a regular basis.

Our [global voting principles](#) summarises key governance and sustainable principles we support in the long-term interest of our customers. A section of the policy includes our approach to consider human rights issues in voting of management and shareholder resolutions at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs). We will monitor the voting practices of our asset managers using our voting policy as a framework of reference after votes are cast and are committed to engage with our asset management partners to reduce the divergence of their voting from the principles underpinning our policy, engagement activities and respect for human rights.

While our preference will always be to engage in constructive dialogue with our investee companies where possible to help improve their performance on human rights, we accept that this might not always be appropriate and there may be circumstances where divestment is the best option to fulfil our responsibility to respect human rights. This could be due to the nature of their business or because they fail to meet our expectations. Where engagement is impossible or does not lead to change, we are committed to excluding assets from our investments.

## Selecting, appointing and monitoring asset management partners

As an asset owner operating an outsourced investment management model, we recognise that thorough due diligence on our asset managers as well as ongoing engagement and monitoring is vital to ensure that the assets are managed in line with our commitment to respect human rights. We expect all of our asset managers to implement our approach to sustainable investment, integrate ESG considerations, including human rights, into their investment processes and conduct effective stewardship of assets.

As part of our selection and monitoring process, we conduct an initial and then annual due diligence (DD) exercise on our future and current asset management partners to evaluate whether their approach to sustainable investment is meeting our evolving expectations. While we rely on the asset management partners to self-report on our questionnaire, we follow up with them if we believe that the information provided is not clear or missing or further engagement is needed to better assess their performance on human rights issues. We are committed to review and update these questions and the relevant scoring system on an annual basis.

In line with good governance, if any of our current asset management partners do not adhere to our minimum requirements and fall short of the expectations incorporated in our ESG Due Diligence questionnaire, including in relation to human rights, they will be put on notice to improve within agreed timelines and on the understanding that both a cessation of new investments or, in extreme cases, a termination of the mandate may be required should they fail to improve as agreed.

# Grievance mechanisms & access to remedy

Phoenix is committed to building a strong remedy ecosystem to ensure access to remedy for adverse impacts associated with our operations, activities and business relationships.

We are committed to provide for and cooperate in providing remedy through legitimate processes in situations where Phoenix causes or contributes to adverse human rights impacts. Where Phoenix is directly linked to an adverse human rights impact through its operations, activities, or business relationships, Phoenix will seek to use its leverage, alone or jointly with other stakeholders, to ensure that the party responsible remedy the harm and that future harm is prevented. In cases where Phoenix may be associated with an adverse impact, we will investigate the situation and assess our involvement in the harm to determine our responsibility to provide for, contribute to, and use leverage to secure remedy for those who have been harmed.

Our stakeholders can seek access to remedy for perceived adverse human rights impacts through various channels. Our external whistle-blowing service, 'Speak Up' is available to all stakeholders and is available 24 hours a day, every day of the year. Stakeholders can also raise concerns with relevant regulators.



You can raise any concerns that you have on our free and confidential Speak Up line on (0800 915 1571).

We also respect the right for colleagues to raise concerns and seek remedy in line with the UNGPs. We have transparent Grievance and Whistleblowing policies available on our colleague intranet. We provide annual online training to ensure that we regularly communicate the grievance and whistle-blowing process and facilitate access to remedy for our colleagues. Phoenix does not tolerate retaliation against those who raise concerns regarding our operations, activities and business relationships.

During 2023, we are committed to assessing our existing internal and external grievance channels to strengthen our approach to ensure that they align with the UNGPs effectiveness criteria.

# Disclosing performance on human rights policy commitments

We are committed to continuously improve our approach as we gain more knowledge of and experience in managing human rights risks and adverse impacts over time. We will update our policy in 2024 and subsequently every three years to reflect the progress of our human rights journey. To support this, we welcome feedback on this policy and its implementation.

We are committed to transparently reporting on our salient human right issues, actions to address them and our overall progress to align with the UNGPs through our annual sustainability report. Information in relation to integration, engagement and voting activities related to human rights will also be communicated through our annual stewardship report.

## Collaborations and memberships

Phoenix is committed to engaging with external stakeholders to identify and address human rights risks and impacts associated with our operations, as well as emerging human rights issues and those related to the industry. We will seek opportunities to engage with civil society, unions, academics, human rights experts, as well as people who may be harmed by Phoenix's operations and business relationships.

We also believe that through partnership and engaging with industry decision makers, Phoenix can draw on collective insights and knowledge to promote best practice regarding respect for human rights across the industry. We have entered several collaborative partnerships and memberships, which are key to supporting Phoenix to develop, improve and embed the human rights approach.

You can find a full list of collaborative initiatives and memberships [here](#).

# Contact us

## Feedback

We welcome feedback, comments and questions from our readers.

Please email them to:

[Sustainability@thephoenixgroup.com](mailto:Sustainability@thephoenixgroup.com)

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