

# A truly purpose-led business

“Phoenix is fully embracing its purpose as we help more people on their journey to and through retirement, while delivering better outcomes for all of our stakeholders.”

Alastair Barbour, Chair



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I am delighted to report that 2022 has been another year in which Phoenix Group has delivered both clear strategic progress and strong financial performance.

During the year, Phoenix Group has once again continued to produce the high levels of predictable cash generation it has always been known for and maintained its resilient balance sheet despite the economic turbulence. The Group has also delivered strong organic growth through our Standard Life branded businesses and M&A growth with the announcement of our first ever cash-funded acquisition of SLF of Canada UK Limited ('Sun Life of Canada UK'). All of which has enabled the Board to recommend a dividend increase of 5% for 2022.

At the Group's Capital Markets Event in December 2022 the executive team detailed their clear strategy to meet more of the needs of our existing customers and to attract new customers, enabling us to continue delivering cash, resilience and growth going forward. The Group also set its first ever organic growth target, which reflects both the Board and executive team's confidence in Phoenix Group's future growth prospects, despite the challenging economic outlook for 2023.

I am proud to see that the journey Phoenix Group has been on during the ten years I have served on its Board is delivering such clear value to our customers, colleagues, shareholders and wider society, as we fully embrace our purpose of 'helping people secure a life of possibilities'.

### Our purpose drives all that we do

As the UK's largest long-term savings and retirement business, managing £259 billion of assets on behalf of our c.12 million customers, we have the responsibility and opportunity to make a real difference to our customers and to help drive a low carbon, fair and more secure future. That is why we are fully embedding ESG considerations across our business. Our strategic priorities are therefore informed by, and in support of, the key ESG themes where we can make the most difference, to both the planet, and to people.

If we are really going to help people secure a life of possibilities, we need to play our part in tackling the climate crisis affecting our planet. This means managing the financial risks that climate change poses to our customers, as well as maximising the opportunities it creates. We will do this by transitioning our business to net zero. And by being a leading voice, in calling for action, and driving system change.

We have therefore set clear targets for our journey to net zero across our investment portfolio, supply chain and operations, and with an estimated 24 million tonnes of CO<sub>2</sub> emissions from our investment portfolio, we really can make a difference.

We are taking an active approach to protecting our customers, by decarbonising our portfolios at scale, and through stewardship engagement. We also want to take advantage of the substantial investment opportunities, that moving to

a green economy presents, such as renewable energy and sustainable transport. A great example of which is the £330m of policyholders assets we have invested into an innovative multi-asset 'climate solutions' mandate.

I am also delighted with the progress we are making to decarbonise our supply chain and operations, with 82% of our suppliers committed to science-based or Race to Zero based targets, and an 80% reduction in the emissions intensity of our own operations since 2019.

Our second key theme is focused on people, through promoting financial wellness and the role of good work and skills. We are facing a growing pension savings gap, with research from our think tank, Phoenix Insights, revealing that only 14% of defined contribution pension savers are on track for a retirement income that maintains their current standard of living. Engaging people in their financial futures, and advocating for broader societal action to tackle under-saving, is a critical part of our commitment to our purpose. Phoenix is supporting better financial futures by meeting more of our customers' evolving needs on their journey to and through retirement, through our range of innovative products and services.

However, for people to have better, longer lives they also need access to good work and opportunities to upskill throughout their careers, increasing their incomes and ability to save for retirement. Phoenix

Insights advocates for change in working practices, careers advice and lifelong learning, as explained in more detail on pages 24–25. And as an employer, Phoenix is committed to being an exemplar inclusive, age-friendly workplace.

### Supporting our colleagues

We also have a broader role to play in society and against the backdrop of economic uncertainty, a key issue over the past year has been the Cost of Living Crisis. The Board has therefore been focused on ensuring our colleagues are supported throughout. Central to this has been a wide-ranging support package to help colleagues navigate the cost of living challenges, which included giving all colleagues, except our most senior staff, a net £1,000 payment in August 2022.

### Shareholder dividend increase

The Group has a clear dividend policy which is to pay a dividend that is sustainable and grows over time, with the Board prioritising the Group's long-term dividend sustainability at all times.

I am delighted to announce that the Board is recommending a 5% increase in the Group's 2022 Final dividend to 26.0 pence per share, meaning the Group's Total dividend for 2022 will be 50.8 pence per share. This reflects the Group's strong performance across a range of strategic and financial performance measures. It comprises a 2.5% organic dividend increase, and a 2.5% inorganic increase, reflecting the value from the acquisition of Sun Life of Canada UK.

Going forward, we expect the business to continue growing organically and we also remain committed to M&A. This in turn is expected to support a dividend that is sustainable and grows over time.

### Board changes

I am delighted to be fulfilling the role of Chair while Nicholas Lyons is on a 14-month sabbatical, which is enabling him to undertake the role of Lord Mayor of the City of London. Nicholas has resigned from the Board on a temporary basis for his sabbatical, but remains in contact with myself and our CEO, Andy Briggs, so that he can seamlessly resume his role as Chair from November 2023. In line with good corporate governance as it relates to the independence of Non-Executive Directors, having served ten years on the Phoenix Group Board, I will sadly be leaving the Board when Nicholas returns in November.

Elsewhere, during 2022 the Board was delighted to welcome Katie Murray as an independent Non-Executive Director and Chair of the Board Audit Committee, and



## The success of our “Let’s Get Ready” campaign

We’re living longer than our parents and grandparents’ generations, which presents huge opportunities for us all. To make the most of these opportunities, we need to think differently about how we work, learn, save and care for our families, and retire.

We need to reshape the systems that support and enable people to live better, longer lives. As the UK’s largest long-term savings and retirement business, we believe we have a critical role to play in helping to achieve this and are committed to advocating on behalf of our customers to deliver it.

That is why we launched a multi-media campaign during 2022 on stereotypes and perceptions of retirement to kickstart a national conversation on retirement and the impact of people living longer lives, with positive feedback across a variety of stakeholders.



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Maggie Semple as an independent Non-Executive Director and the Group's Designated Non-Executive Director for Workforce Engagement. Katie and Maggie have brought a diversity of experience and new perspectives, and both are already making valuable contributions. We also wished Wendy Mayall a fond farewell, as she retired from the Board in 2022, after diligently serving two three year terms and supporting us in navigating a number of key strategic initiatives during her time.

### Outlook

As we enter a challenging economic environment in 2023, the Board and I are confident that Phoenix's business model and risk management approach will ensure that we remain highly resilient to any

economic volatility. While our strategy will support us in delivering future growth, as we meet more of the needs of our existing customers and acquire new customers.

### Thank you

Finally, I would like to take the opportunity to thank the Board, our colleagues, our partners and all of our wider stakeholders for their hard work and dedication in delivering what has been another successful year for Phoenix Group.

**Alastair Barbour**  
Phoenix Group Chair