

 Phoenix

Sustainability Report 2022

Phoenix Group Holdings plc



Phoenix is a purpose-led organisation that strives to be an uncompromising force for good in our society, 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.

Our 2022 reporting suite



Annual Report



Sustainability Report



Climate Report

Further reports to be published in 2023:
Net Zero Transition Plan
Stewardship Report

[Access the full reporting suite at thephoenixgroup.com](https://thephoenixgroup.com) →

Assurance

The Group has appointed Ernst & Young LLP 'EY' to provide limited independent assurance over selected climate-related disclosures content within this report marked with ^ as at and for the year ended 31 December 2022. 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 101 of this report.

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Sustainability at Phoenix

Our purpose is helping people secure a life of possibilities. As the UK's largest long-term savings and retirement business, managing £259 billion of assets on behalf of our 12 million customers, we have the responsibility and opportunity to make a real difference to our customers' financial futures, and to help drive a low-carbon, fair and more secure future.

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Passionate leadership driving our purpose

Delivering on our sustainability strategy and commitments is something we are extremely passionate about as leaders and as individuals. We are focusing on the material issues including the climate emergency and financial wellness and inclusion.



Andy Briggs
Group Chief
Executive Officer

Karen Green
Board Sustainability
Committee Chair

Insights from our Group Chief Executive Officer

Our purpose is helping people secure a life of possibilities. As the UK's largest long-term savings and retirement business, managing £259 billion of assets on behalf of our 12 million customers, we have the responsibility and opportunity to make a real difference to our customers' financial futures. We want to support them on their journey to and through retirement and meet more of their existing needs, while helping to drive a low-carbon, fair and more secure future.

Today, only around 10% of customers are taking advice on their journey to and through retirement, and only 14% of defined contribution savers are on track for a retirement income that maintains their current standard of living. There is a significant social need: to help customers and broader society with their financial readiness, so that retirement is fit for the 21st century. For me, I can't think of a better reason to get out of bed in the morning and come to work, than to lead the organisation that plays a major role in meeting this.

We recognise that people can only save if they are earning and have access to good work and opportunities to upskill throughout their life. This is a key focus for Phoenix and for me in my role as the UK Government's Business Champion for Ageing Society. We are committed to leading and advocating for change in working practices and lifelong learning.

But we also have a broader role to play in society, and a key issue over the past year has been the cost of living crisis. In response we have delivered a package of targeted support for customers, colleagues and communities to help provide security and stability.

By transitioning our business to net zero, we aim to deliver better outcomes for our customers and stakeholders and play our part in tackling the climate emergency. In 2021, we set out our net zero targets defining our ambition over both the short and long-term through to 2050. In 2022 we started to integrate decarbonisation strategies into listed equity portfolios with the launch of our Sustainable Multi Asset (SMA)

Default Solution. We plan to expand our scope beyond SMA by applying customised decarbonising equity benchmarks to all our equity funds and listed credit in our control, where it is in the best interest of our customers. We believe this approach will reduce the carbon intensity of our investment portfolio and make it more resilient over the long-term. We are committed to investing in the low-carbon projects and technologies which will enable net zero to be delivered. Over the last two years, we've invested £2.3bn in sustainable infrastructure projects. With the right financial regulations and government policy in place we aim to increase our investment in illiquid assets, including sustainable investments at scale to support house building, green energy, and local communities.

You can't speak about climate change in isolation from nature. We have continued to develop our approach, piloting the Taskforce for Nature-related Financial Disclosures (TNFD) framework and taking action in our own offices. This is an area we will be building on in 2023 and beyond.

An important strand of our approach is working with others, for example, our collaborations to drive the proposed Solvency II reforms to enable insurance companies to allocate a greater proportion of their capital to support levelling up and the climate change agenda. We are also committed to following the principles of the United Nations Global Compact (UNGC) and embedding them into everything we do.

I'm proud that our commitment has been recognised, with a move from B to A- for the CDP Climate Change Questionnaire, being awarded the Sustainable Markets Initiative's Terra Carta Seal, and being ranked 12th in the FTSE 100 by the Tortoise Responsibility100 Index.

I look forward to working with all our stakeholders in 2023 as we embrace our purpose and play our part in building a better future.

Andy Briggs
Group Chief Executive Officer

Insights from our Board Sustainability Committee Chair

In such a fast-changing landscape we want to ensure Phoenix is focusing on the key sustainability issues that we can have the greatest impact on, and those that impact us too. Our 2022 materiality review highlighted our key issues as climate change, nature, financial wellness and inclusion, and longevity and evolving demographics. These are clearly linked to our organisational purpose and are driving the activity that you will read about in this report. The review also clarified the importance of responsible business activity and behaviours as the foundation of our approach – from how we govern ourselves to how we embed sustainability into everything we do.

We have been reviewing our governance processes and frameworks to ensure we have clear oversight and ownership of sustainability at all levels of the organisation. You can read more on page 77. Additionally we have been focusing on upskilling and engaging our people – from Board sessions on financial inclusion and net zero, to leadership sessions on our sustainability strategy. We have also expanded our sustainability network – colleagues from across our business helping to share and drive our priorities – and continued to engage our champions groups such as our Environmental and Volunteering Champions who challenge us to do more.

We have a vital role to play in the lives of our customers and I am pleased with all we have achieved so far in supporting them with their financial wellbeing – from our work on digital literacy to tackling the gender pension gap. We also recognise that in order for our customers to enjoy a full life, it is vital that we continue to tackle the big global issues such as climate change, nature loss and human rights.

My fellow Board members and I remain committed to delivering on our purpose through a leading sustainability strategy.

Karen Green
Board Sustainability Committee Chair

At a glance

Who we are

Phoenix Group is the UK's largest long-term savings and retirement business. We offer a broad range of pensions and savings products to support people across all stages of the savings life cycle.

Our vision

To grow a strong and sustainable business to help more people on their journey to and through retirement.

Our purpose drives everything we do:

**Helping people
secure a life
of possibilities.**

Our business

£259bn

total assets under
administration

c.12m

customers

c.6,800

colleagues as at 1 March 2023

FTSE 100

and FTSE All World

c.£6.4bn

market capitalisation
as at 1 March 2023

£12.1bn

of Group in-force long-term
free cash to emerge from
our current in-force business

Our family of brands

Standard Life
Part of Phoenix Group

SunLife
Part of Phoenix Group

PHOENIX LIFE
Part of Phoenix Group

ReAssure
Part of Phoenix Group

Our values



Growth

We grow our business through finding new ways to develop our expertise and innovate.



Passion

We're passionate about understanding and acting on what's important to our customers, colleagues and society.



Responsibility

We build trust by taking accountability and empowering others to do the right thing.



Courage

We're ambitious in the challenges we solve and we always speak up.



Difference

We collaborate across boundaries and embrace difference to deliver the best customer and colleague outcomes.

2022 highlights



Planet pages
14 to 36 →



People pages
37 to 63 →

Customer solutions

c.£15bn

assets and c.1.5m customers transitioned to Sustainable Multi Asset Default solution^



Sustainable investments

£1bn

origination of sustainable investments in shareholder funds



External accreditation

Awarded the Sustainable Markets Initiative's Terra Carta Seal for our commitment to sustainability



Digital literacy

1.2m

customers offered chance to review our digital literacy material^



Cost of living support

£1,000

cost of living support payment to colleagues



Operational emissions

80%

reduction in operational carbon emission intensity since 2019 (market-based)



Policy advocacy

Phoenix **Insights**

Phoenix Insights research published on economic inactivity among over 50s in the UK



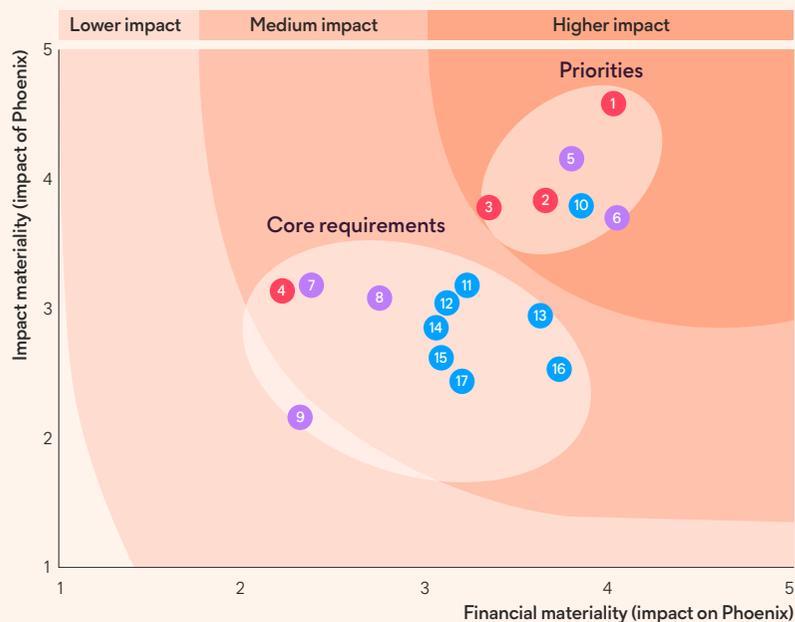
ESG themes we want to make a difference on

Sustainability topics and trends are constantly evolving. We want to ensure we are focusing our sustainability strategy on the issues that could impact Phoenix and those that we can have an impact on too.

Our double materiality review

In 2022 we carried out a double materiality review, which looked at:

- The actual or potential impact we can have on people or the environment over the short, medium or long-term.
- The risks or opportunities that could have a financial impact on Phoenix over the short, medium or long-term.



Environment

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

See page 81 for full details →

Key takeaways

As the UK's largest long-term savings and retirement business, we have chosen to focus on four priority themes where we can make the most material impact.



Planet

- 1 Climate change
- 3 Nature and biodiversity

How we invest and manage risk on behalf of our customers is where we can drive the biggest change on:

- climate change – the most material environmental theme
- nature and biodiversity – of increasing importance



People

- 5 Financial wellness and inclusion
- 6 Longevity and evolving demographics

We want to help people live better longer lives. We can contribute to better financial futures and support closing the pension savings gap through:

- delivering on financial wellness and inclusion
- supporting people to stay in good work for longer

Embedding sustainability and good governance

The other themes are key topics for Phoenix to deliver on as a leading insurer and responsible business.

Delivering on our purpose through our sustainability strategy

Our sustainability strategy is embedded in our Group strategic priorities and aims to deliver positive outcomes for our customers and society.



Planet: taking action on climate change



We want to manage our customers' exposure to climate risk, and have a strategy and journey to become a net zero business by 2050. We will publish our Net Zero Transition Plan in 2023.

Our rationale for action

- **It is essential to managing financial risk for our customers:** Failing to tackle climate change will create significant financial risk for our customers, and for the wider UK economy.
- **It offers substantial investment opportunities:** By investing in the growing sectors of the future, we can deliver long-term financial outcomes that will maximise value for our customers and investors if the policy environment is right.
- **It is the right thing to do:** Using our scale to tackle the climate crisis we can make a meaningful difference, fully aligned with our purpose of helping people secure a life of possibilities.

Areas of focus

Our investment portfolio

Constitutes ~99% of our total emissions, equivalent to **24 million tonnes CO₂e** for £238 billion footprinted to date for 2019[^]

Targets on journey to net zero

-25%

in the carbon emission intensity of our investments by 2025¹

-50%+

in the carbon emission intensity of our investments by 2030²

Key priorities

Decarbonising our portfolio

through tilting of assets towards the climate change leaders of today and the future, with a roadmap to apply across our £160 billion assets under administration in listed equity and credit portfolio in line with customer interests

Stewardship engagement

to encourage net zero-aligned strategies across the companies we invest in, with a priority focus on 25 high-emitting companies that account for 40%[^] of our listed assets financed emissions

Climate solutions investment

to scale required decarbonisation technology deployment and support low-carbon businesses, such as our £338 million investment into a new Multi Asset Climate Solution Fund

Our supply chain

Emissions from the purchase of IT and other services. These constitute an indicative **c.0.2 million tonnes CO₂e**

-50%

in supply chain emissions by 2030

Stretching supply chain standards

set for our key suppliers, and 82% committed to setting science-based or Race to Zero targets[^] and an ambition to increase to 90% of our key supplier base in 2023

Our own operations

Emissions from electricity supply, heating and cooling our buildings, and business travel. These constitute **c.10,000 tonnes CO₂e**[^]

Net zero

by 2025 for Scope 1, 2 and Scope 3 business travel

Achieved 2025 target of 80% emissions intensity reduction³

through our operational decarbonisation programme with investments such as the installation of Europe's largest integrated Photo Voltaic roof. Further engagement on sustainable colleague travel choices is underway.

¹ This will cover all listed equity and credit where Phoenix can exercise control and influence (c.£160 billion).

² This will cover all assets where Phoenix can exercise control and influence (c.£250 billion).

³ Scope 1 and 2 emissions intensity per full-time employee from occupied premises, using 2019 baseline.

People: supporting better financial futures



We want to help make retirement fit for the 21st century, and help people live better, longer lives through promoting financial wellness and the role of good work and skills.

We are driving change to tackle the savings gap through four key levers



Phoenix Insights

Only 14% of defined contribution savers are on track for a retirement income that maintains their current standard of living. Our longevity think tank, Phoenix Insights, contributed to research and public debate to tackle this key issue.

We are researching and promoting the issues, and advocating for positive change.

1.

Raising awareness of under saving

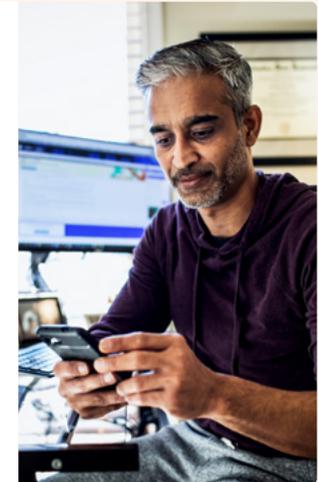
Delivering innovative solutions and tailored support to meet changing customer needs.

2.

Helping customers journey to and through retirement

Digital Literacy

In 2022 1.2 million customers were directly offered the chance to review our digital literacy material: Digital Essentials[^]. We targeted customers of all ages to offer help to those who need digital assistance and aid the more digitally savvy who might want to use these materials to help someone they know.



Pushing for state reform

We have been advocating for a proportion of any fiscal savings made by a further raising of the state pension age to be invested in supporting those most impacted by the transition, including those facing the greatest barriers to work in the five years leading up to state pension age.

4.

Advocating and supporting societal change

When people cannot save or cannot save enough we can still help support financial inclusion.

3.

Promoting good work and skills

To help people save more, we need to support them to stay in good work for longer.

Mid-life MOTs

We launched a pilot Mid-life MOT to some of our colleagues over the age of 40. This consisted of in-person or digital assessments across the topics of work, wealth and wellbeing, with a tailored report of tips and recommended actions. We will be extending to more colleagues in 2023.



Collaborating to unlock sustainable investment at scale

We want to collaborate with government, industry and NGOs to drive system change, with unlocking sustainable investment at scale being a key priority.

In 2022 we invested £1 billion in sustainable assets including affordable housing, access to healthcare and renewable energy



Affordable housing: £228 million

Supporting housing associations for some of society's most vulnerable people.

Example: Alliance Homes, a regulated housing association based in North Somerset with 6,500 homes; and 100% of revenues sourced from social housing lettings.



Healthcare and education: £75 million

Supporting communities to provide access to care homes, healthcare and education facilities.

Example: LSE funding to develop a new net zero academic building on campus.



Positive environmental impact: £483 million

Supporting renewable energy production and sustainable transport.

Example: Funding for Hines, a property fund investing in green buildings in the UK.



Other sustainable investment: £207 million

Including sustainability-linked loans and social impact investments.

Example: Sustainability-linked loan to help finance acquisition of The Brewery retail and leisure park in Romford, retrofit buildings to increase Energy Performance Certificate ratings and maintain BREEAM Excellent ratings.

We want to collaborate to overcome market, regulatory and policy barriers that will allow us and the market to scale up sustainable investments in future



“We are looking to scale our sustainable investments to support levelling up and the climate change agenda”

Mike Eakins
Chief Investment Officer

The UK lags behind other major developed nations in terms of its investment in alternative assets. Currently, only 9% of assets in UK pension funds are invested in this way compared to 23% in the other major pension markets. With the right regulatory framework and access to transformative investment projects that offer an attractive returns profile, Phoenix could invest up to £40bn in sustainable and/ or productive assets to support economic growth, levelling up and the climate change agenda. As ever, our key priority will be to deliver good outcomes for our customers and this will continue to inform our investment decision-making process.

We want to play a collaborative role to help achieve this by:

- **Overcoming regulatory barriers**
Building on the role we played in 2022 in driving the proposed Solvency II reforms to enable institutional investors to allocate a greater proportion of their capital to illiquid assets.
- **Unlocking investment opportunities**
Driving thought leadership to develop solutions to market and policy barriers to unlock investment at scale, with a particular focus on climate solutions.
- **Establishing routes to market**
Working with local and regional governments, metro mayors and regional enterprise zones to help them deliver major infrastructure projects to enable a sustainable and just future.

Looking back: progress against our 2022 targets

In 2022 we made great progress delivering against the targets we set out in our 2021 Sustainability Report.

[Read more about our targets and progress on page 82 →](#)

| Our sustainability strategy pillars | 2022 target | Met | Achievement |
|--|---|-----|--|
|  <p>Invest in a sustainable future</p> | Data gathering framework and tracking established for listed equity and credit where we exercise influence and control | ✓ | • Data gathering framework and tracking established |
| | Alignment to the UK Stewardship Code in readiness for full certification in 2023 | ✓ | • Alignment complete and Stewardship report to be published and submitted to FRC in 2023 |
| | 60% origination of sustainable investments (illiquid assets) | – | • 53% origination of sustainable investments [^] |
| | £250 million invested into climate solutions for the policyholder assets | ✓ | • We have developed a multi-asset climate solutions mandate to deploy over £330m of policyholder assets into in 2023 |
| | Submit for validation emission reduction targets in line with the Science Based Targets initiative (SBTi) financial sector guidance | ✓ | • Targets developed and submitted. Awaiting SBTi accreditation |
| | Working with partners to increase ambition, transparency, and tackle barriers to net zero investment | ✓ | • Worked with partners across 2022, transition plan developed and to be published in 2023 |
|  <p>Engage people in better financial futures</p> | Launch financial inclusion strategy, focused on a specific underserved customer group, providing targeted support to empower better financial decisions | ✓ | • Financial inclusion strategy launched, with an initial focus on mid-career women |
| | Directly offer one million customers the chance to review our digital literacy materials and/or initiatives | ✓ | • 1.2 million customers directly offered digital literacy materials [^] |
| | Transfer c.£15 billion AUM and c.1.5 million customers invested in the Active Plus and Passive Plus workplace default solutions to our Sustainable Multi Asset default solution | ✓ | • c.£15 billion AUM and c.1.5 million customers transitioned [^] |
| | Launch Longer Lives Index | ✓ | • Longer Lives Index launched |
| | Launch guidance gap campaign | ✓ | • Guidance gap campaign launched |
|  <p>Lead as a responsible business</p> | 7.8 out of 10 average colleague engagement score | – | • 7.7 out of 10 [^] |
| | 20% reduction (2022 versus 2021 target) in scope 1 and 2 emissions from occupied premises per full-time employee intensity – 0.79 CO ₂ /FTE | ✓ | • 26% reduction to 0.73 CO ₂ /FTE |
| | 75% key suppliers commit to SBTi or Race to Zero targets | ✓ | • 82% [^] |
| | 40% of colleagues actively involved in supporting community engagement activities | ✓ | • 42% [^] |

Looking forward

I'm proud of all we have collectively achieved with our stakeholders in 2022. As we look to 2023 and beyond, I want to continue this focus and ensure we use our size and scale to drive meaningful change.



James Wilde
Chief Sustainability Officer

We want to manage our customers' exposure to climate risk. In 2023 we will be publishing our Net Zero Transition Plan setting out our science-based decarbonisation trajectory consistent with our targets. We will, for example, apply customised decarbonising equity benchmarks to all our equity funds in our control, where this is in our customers' best interest. We believe this approach will reduce the carbon intensity of our investment portfolio and make it more resilient over the long-term. We will also work collaboratively to drive stable policy that enables us to invest at scale in productive assets to support economic growth, levelling up and the climate change agenda. We will additionally expand our work on nature, setting out our priority areas of focus to drive our nature investment opportunities and be an early adopter of the TNFD framework.

Core to our social purpose is our advocacy for change to support people to have better financial futures through our in-house think tank Phoenix Insights – and the action we are taking ourselves. What we call our 'Think-Do' approach. We will be focusing on engaging 1.5m customers on the power of their pensions as well as innovating to cater for changing needs, including ensuring all customers are supported by digital literacy hubs.

We will also continue our focus on diversity, equity and inclusion and meeting our aim for Phoenix to be the best place our colleagues have ever worked.

We continuously challenge ourselves to do more, so will develop a long-term target aligned to our objective of supporting our customers and broader society to have better financial futures.

I'm looking forward to 2023 and beyond, and all that we can achieve together.

[Read more about our targets and progress on page 82 →](#)

Key targets



Planet

see pages
14 to 36 →



People

see pages
37 to 63 →

2023

- 50–70% of illiquid asset origination in the shareholder portfolio to be sustainable and transition assets
- Publish comprehensive Net Zero Transition Plan
- Implement decarbonisation for shareholder liquid credit portfolio c.£13bn to meet our carbon reduction targets
- Maintain 75–85% intensity reduction vs 2019 baseline in operational carbon emissions¹
- 90% of key suppliers commit to SBTi or Race to Zero targets
- Develop nature strategy

- Provide access for 1.5 million Standard Life customers to an integrated financial wellness hub, Money Mindset
- Deliver awareness campaign reaching 4 million people on longer lives and under saving for retirement
- All customers supported by digital literacy hubs
- Reach 1.5 million customers to raise awareness about the impact of their investments
- 40% of senior leaders will be women
- 13% ethnic minority representation in our workforce

Long-term

- 2025 – Reduce carbon intensity of our listed equity and credit assets by 25%² and be net zero in our operations
- 2030 – Reduce carbon intensity of all assets by at least 50%² and reduce supply chain emissions by 50%
- 2050 – Achieve net zero

- Complete activities on developing a target to engage people in better financial futures

¹ In scope 1 and 2 emissions from occupied premises per full-time employee intensity market-based

² Where we can exercise control and influence

Planet

By transitioning our business to net zero and nature positive, we aim to deliver better outcomes for our customers and stakeholders and play our part in tackling the climate and nature emergency.

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2022 highlights

24m

tCO₂e

our expanded 2019
financed emissions
footprint^{1^}

25

high-emitting
companies targeted
by our climate change
stewardship
programme

£1bn

origination of
sustainable
investments in
shareholder
funds²

c.£15bn

assets and c.1.5m
customers
transitioned to
Sustainable
Multi Asset Default
solution[^]

82%

of key suppliers
committed to SBTi or
Race to Zero targets[^]

80%

reduction in
operational carbon
emission intensity since
2019 (market-based)

A-

CDP score increase
from B



¹Baseline expanded to include new asset classes (real estate and sovereign debt)

²Includes environmental and social-related sustainable investments

Connected Sustainable Development Goals (SDGs)

Our activity is supporting the delivery of the following SDGs:

- 
Industry, innovation and infrastructure
- 
Responsible consumption and production
- 
Climate action
- 
Life below water
- 
Life on land
- 
Partnerships for the goals

The SDGs are a collection of 17 non-legally binding interlinked global goals set forth by the UN for countries and governments. These are included only as indicative guidance for Phoenix's ambition to align its strategy to the UN SDGs. Phoenix makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to whether Phoenix's strategy furthers the objective or achieves the purpose of the indicated SDG.

Introduction



Sindhu Krishna
Head of Sustainable
Investments

As a large asset owner, with £259bn assets under administration, we have the responsibility and opportunity to help drive economy-wide decarbonisation and tackle the nature crisis, while maximising value for customers and shareholders.

We are committed to being net zero in our investment portfolio by 2050, and have set ourselves interim targets to achieve this. We want to reduce our customers' exposure to climate-related risk and help them take advantage of the exciting growth opportunities presented by the net zero transition. In the UK alone, the ABI estimates that £2.7 trillion needs to be deployed by 2035 to remain on track to deliver net zero by 2050¹.

By decarbonising our portfolio at the right pace, we can reduce our exposure to companies with significant climate risk and lack of management action – either because they have assets that are physically exposed to the risks of climate change, or because their business models will become obsolete as the world decarbonises. At the same time, we can increase our holdings in companies that are investing in the net zero transition and aligning their business models with low-carbon growth. We also invest in low-carbon solutions within private markets, from wind farms to energy-efficient housing, which offer long-term, stable, and reliable returns.

Phoenix is well positioned to manage the risks and seize the opportunities to drive value for our customers and help drive real-world solutions to the interlinked climate and nature crises.



Mariana Trusson,
Group Environmental
Manager

Our commitment to lead by example has undoubtedly changed the way we operate over the past couple of years, delivering improved environmental outcomes.

Our targets to be net zero in our operations by 2025 and in our supply chain by 2050 have been a catalyst influencing our supply chain to deliver better services and products.

Assessing building improvement projects in a more holistic manner to account for carbon and environmental benefits, as well as payback, has helped us to raise the bar for our buildings. By sharing knowledge acquired through the delivery of these projects and our operational plan, we have and can continue to help our colleagues and other stakeholders to deliver more sustainable outcomes.

Context

55%

of global GDP is dependent on the ecosystem services that nature provides²

Net zero requires huge investment up to

£2.7tn

to 2035 in the UK alone

Key focus areas

Climate change

[Read more on pages 17 to 31 →](#)

Nature

[Read more on pages 32 to 36 →](#)

1 www.abi.org.uk/news/blog-articles/2022/06/climate-change-demands-that-insurance-changes
2 www.swissre.com/media/press-release/nr-20200923-biodiversity-and-ecosystems-services

Climate change

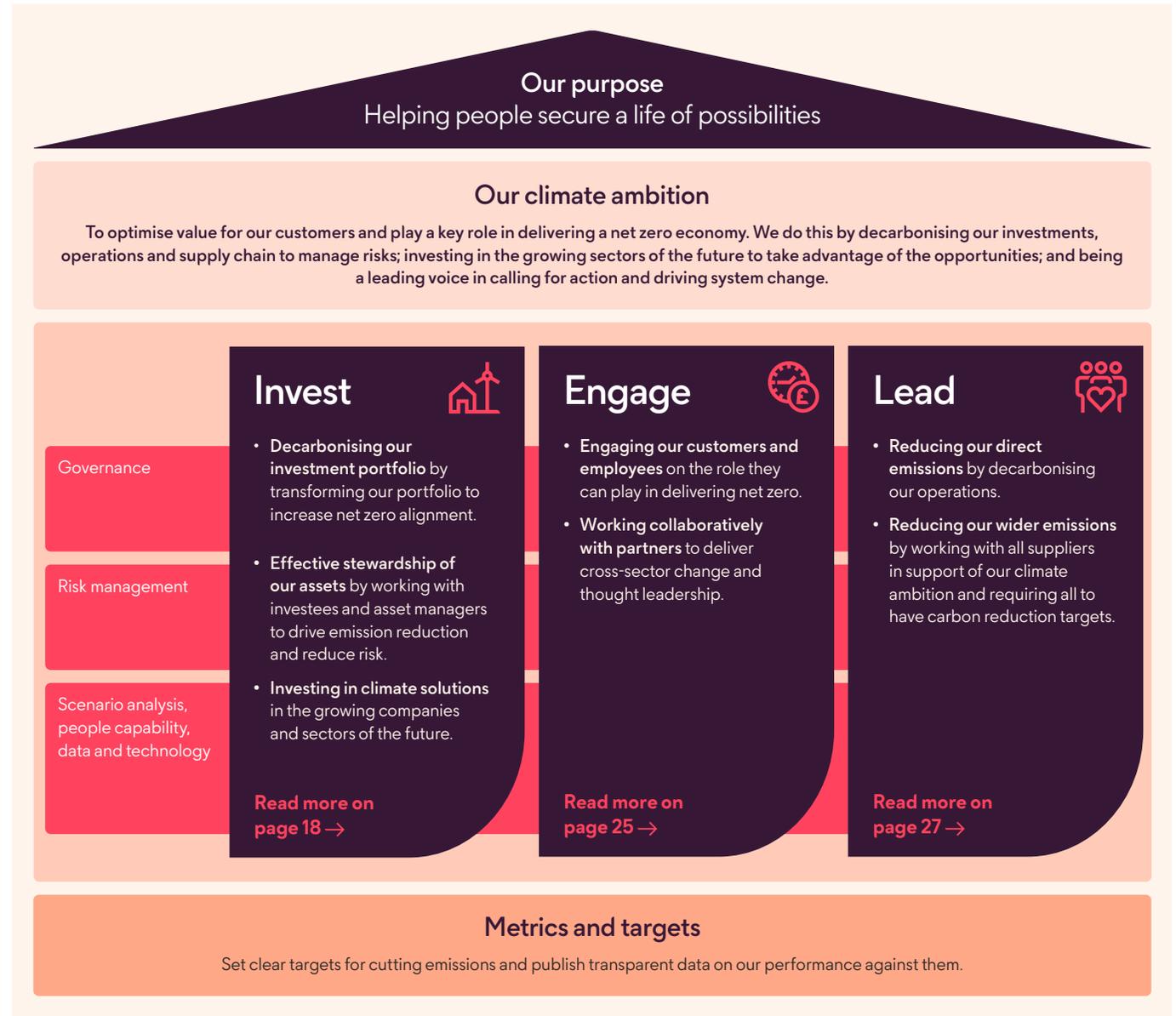
We invest and manage assets on behalf of our customers and shareholders. In doing so, we must balance the need for returns with the right level of risk.

Both of those elements – risk and return – point towards decarbonising our investments in a way that reduces our customers’ exposure to climate-related risk and ensures continued long-term stable financial returns.

We have put addressing climate change at the heart of our investment strategy and are committed to transitioning our investment portfolio to net zero by 2050, as well as hitting ambitious targets to cut emissions in the next decade. Our investment portfolio constitutes the vast majority of our carbon footprint – around 99%. Our commitment aims to protect our customers and shareholders from the financial risks of climate change, and support investment in the growing sectors of the future. We recognise that achieving our decarbonisation trajectory is dependent on the rate of change of the real economy, and we will describe this further in our Net Zero Transition Plan to be published in 2023.

We have developed a climate action model, that sets out the framework we are using to develop and deliver our Net Zero Transition Plan. A key component of the model is our climate strategy that is built on three priorities of invest for the future, engage to multiply our impact and lead by example. We are committed to setting clear targets and transparently reporting on our progress.

[Read more in our Climate Report →](#)



Climate change continued



Invest

We are committed to investing sustainably and are doing this in three ways:

1 Decarbonising our investment portfolio



We continue to design our portfolios in line with our climate goals, while maintaining the broad risk and return profile.

[Read more on page 19 →](#)

2 Effective stewardship of our assets



We have the potential to drive real world impact on key issues such as climate change through engagement with investee companies on decarbonising their business models.

[Read more on page 21 →](#)

3 Investment in climate solutions



We are committed to putting long-term money to work today to build a better future for all our stakeholders through increasing our investment in sustainable assets.

[Read more on page 22 →](#)

1 Decarbonising our investment portfolio

A key mechanism for decarbonising our investments is to support the leaders in the net zero transition and to reduce our exposure to companies that are most at risk. Our overall objectives in doing so are to manage the climate risks that customers are exposed to whilst maintaining the broad risk and return profile of their portfolios.

By reallocating assets in this way, we aim to reduce our investment portfolio's carbon emission intensity over time in line with our decarbonisation targets. Doing so also sends a clear signal to climate 'laggards' that should ultimately help to drive real change in their approach to climate change.

Actions we are taking

Last year we started to integrate decarbonisation strategies into listed equity portfolios with the launch of our Sustainable Multi Asset (SMA) Default Solution, which we describe in more detail on page 20.

We plan to expand our scope beyond SMA by applying customised decarbonising equity benchmarks to all our equity funds in our control. We are in the process of designing equity benchmarks for UK and US-listed equity exposures, that we believe will reduce the carbon intensity of our investment portfolio and make it more resilient over the long-term. It is critical that any changes to listed equity benchmarks are well

tested and managed so that we can continue to protect customers' financial outcomes. We will continue to evolve our approach in 2023 before ultimately rolling out equivalent benchmarks across other regions and asset classes where this is in the best interest of our customers.

In 2022, we also developed a climate transition strategy for liquid credit assets in our shareholder portfolio (representing c£13 billion of AUA). The strategy aims to deliver the decarbonisation trajectory required for these assets to meet our interim 2025 and 2030 decarbonisation targets; and also to increase the proportion of liquid credit assets in the shareholder portfolio that are 'net-zero aligned' per the IIGCC's Net Zero Investment Framework.

Our Net Zero Transition Plan will provide an overarching roadmap of the actions we will take on our journey to decarbonise our investment portfolio. It will also help us to track our progress towards our 2025 and 2030 decarbonisation targets and ensure we continue to take the necessary actions. We have regular monitoring frameworks in place and will work with our asset management partners to deliver this strategy.

A note on exclusions

Our desire to deliver real-economy decarbonisation means we view exclusions as a measure of last resort – albeit one that can send strong signals to the market. In 2022 we further embedded our Group Exclusion Policy – including our approach to thermal coal, oil sands, and arctic drilling – as part of integrating ESG considerations into the investment decision-making process and continue to implement this across our shareholder and policyholder assets.



Case study: Transitioning our customers to a new default

Customer insight

As we decarbonise our portfolio we must be guided by the views of our customers and ensure the continued delivery of good customer outcomes.

From surveying our customers, they tell us that returns and managing risk are their top priorities when it comes to sustainable investing. Most also want to avoid causing harm and to help drive positive change, while some want to support specific sustainable goals, with 80% of customers surveyed specifically concerned about climate change.

Despite this, customers are not fully aware of the impact their investments have in helping to shape our future world, with only 44% of customers surveyed having heard about sustainable investing in relation to their financial products. However, 60% of our customers tell us that they would like to understand more about sustainable investing and the decisions they can make. In 2023, we aim to reach 1.5 million people to raise awareness about the impact of their investments, whilst ensuring that we use clear and consistent language so that it is easy to understand.

Our research has led to the delivery of a range of sustainable investment solutions and the replacement of our workplace default offering with a solution that focuses on growth while considering ESG factors.

Investment design

We know the vast majority of our customers, including those who have been auto-enrolled, find it difficult to understand and therefore get involved with their pensions. That is why so many keep their money in a default investment option. In 2022, the Sustainable Multi Asset Universal Strategic Lifestyle Profile became our flagship default for new workplace customers. To make sure our existing customers could also benefit from this, we moved c.1.5 million customers and c.£15 billion of assets from our existing default options to ones that reflect the same thinking and outcomes-based approach as our new default option[^].

We aim to give customers the income they need in retirement, by focusing on investments that maintain the broad risk and return profiles of their portfolios while also taking into account ESG factors that can positively or negatively affect returns. This includes avoiding companies doing harm, driving change for the better and helping to address climate change.

We have also set clear targets for the equity allocations in the default that aim to:

- reduce carbon intensity (a measure of the carbon emissions of all the companies invested in) by 50% compared to the parent market index;
- increase green technology revenues by 50% compared to the parent market index; and
- enhance ESG scores by 10%–20% compared to the parent market index.

Our strategy to change members to our Sustainable Multi Asset default solution

won 'ESG initiative of the year (for corporates)'

at Environmental Finance's Sustainable Investment Awards 2022

During 2023 we will continue to enhance our Sustainable Multi Asset default and our core solutions for customers, while integrating ESG more broadly across the customer journeys and solutions.



2 Effective stewardship of our assets

Stewardship is critical to the delivery of our ambitions, and to meet our commitments on net zero and beyond.

As a large asset owner, we recognise our stewardship responsibilities and adopt an ‘engagement first’ approach with the objective of using our position of influence to bring about corporate change. This is why we have committed to apply to become a signatory to the UK Stewardship Code in 2023 and publish our first Stewardship report.

Climate change is one of our key engagement focus areas in 2022 and beyond. We have developed a climate change scorecard built across the four TCFD pillars, which we use to research and engage with top-emitting companies representing the largest holdings across material sectors, to support their transition to a low-carbon economy. We have also published our expectations of corporate management to manage both transition and physical risks and opportunities.

[Read Our Expectations →](#)

To support this activity we have defined our engagement list of 25 companies. These companies account for 40%[^] of our financed emissions in Net Zero Asset Owner Alliance (NZAOA) recommended material sectors. This spans our corporate fixed income and listed equity holdings using our 2019 carbon footprint baseline as reference. 19 of these 25 companies are targeted by Climate Action 100+ (CA100+), the largest collaborative initiative to engage with companies on climate change, where we play an active role as both leading and participating investors in coalitions.

In 2022, we further evolved our Group Stewardship Policy, that details our stewardship approach across all our asset classes. We have also published our first global voting principles that sets out the governance and sustainable principles we support when assessing the voting behaviour of our asset management partners. A section of this policy is dedicated to our approach to voting in relation to climate change considerations.



Case study: Asset manager abrdn engaging with Enel

During 2022 abrdn engaged with Enel directly and collectively as part of the CA100+ initiative. abrdn welcomed that Enel’s net zero target had been brought forward from 2050 to 2040, that the company planned to disclose emissions across all scopes and that targets had been submitted to SBTi. However, they had concerns the ESG weighting of the Long Term Incentive Plan (LTIP) was to be reduced from 25% to 20%, and as a consequence the metric related to renewable energy was to be removed.

The key objective of abrdn’s collaborative engagements was to seek alignment of Enel’s disclosures to the Net Zero Benchmark, which was launched by CA100+ in March 2021, and calls for robust and comparable information on how companies are realigning

their business strategies and operations with the goals of the Paris Agreement.

In view of abrdn’s concerns regarding the removal of the renewables metric, they decided to vote against the LTIP at the AGM. abrdn will review any changes made to the LTIP structure prior to voting at the 2023 AGM.

Together with the two CA100+ co-leads, abrdn was pleased to acknowledge that, in November 2022, Enel became the first and only company to fully align its corporate disclosures with the CA100+ Net Zero Company Benchmark.

Company selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

3 Investment in climate solutions

We are committed to investing in the low-carbon projects and technologies which will enable net zero to be delivered.

The opportunity is huge: it is estimated that around £2.7 trillion of investment will be required over the next 15 years to meet the UK's emission reduction goals, and that the insurance sector has the potential to fund a third of this investment.

In 2022, we invested c.£1 billion in sustainable assets (both environmental and social-related), representing 53% of illiquid assets originated in sustainable opportunities for the shareholder portfolio aligning with our Sustainability Framework[^]. We are making steady progress against our long-term ambition to invest £10 billion in direct investments in sustainable opportunities by 2026.

To support this activity we have developed a comprehensive framework that we use to classify sustainable investment in illiquid assets. Within the environmental component of this framework we consider themes such as renewable energy, energy efficiency, clean transportation, and green buildings.

£2.7tn

investment required over the next 15 years to meet UK emissions reductions

£1bn

the total amount we invested in sustainable assets in 2022

Looking ahead, we welcome the reforms to Solvency II regulations as an important component of the changes needed to the wider UK investment landscape to enable us to meet our ambition to invest more in the future. With the right regulatory framework and access to transformative investment projects that offer an attractive returns profile, Phoenix could invest up to £40bn in sustainable and/ or productive assets to support economic growth, levelling up and the climate change agenda. As ever, our key priority will be to deliver good outcomes for our customers and this will continue to inform our investment decision-making process. We aim to work with government and stakeholders across the market to help put in place the conditions required to unlock investment at the scale and pace needed to meet the UK's net zero transition pathway and support levelling up across all regions.



Case study: Designing a multi-asset climate solutions mandate

In 2022 we selected an asset management partner, Robeco, to support us in designing a multi-asset 'climate solutions' mandate, through which we will deploy over £330m of policyholder assets into in 2023. The portfolio will allocate capital to enable the transition to a low-carbon world, through both reducing emissions (mitigation) and increasing climate change resilience (adaptation). The portfolio will have an overarching SDG alignment, that will be skewed towards companies that have a high positive SDG score on environmental SDGs.

£330m+

of policyholder assets will be deployed into a multi-asset 'climate solutions' mandate

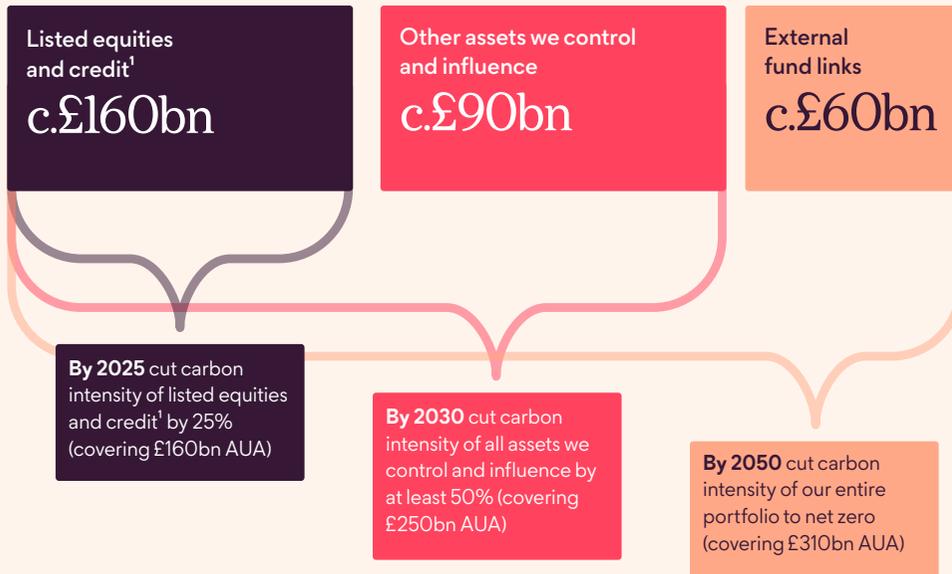
'Climate solutions' are investments in economic activities that contribute substantially to climate change mitigation. These are solutions that reduce greenhouse gases by avoiding emissions and/or by sequestering carbon dioxide already in the atmosphere, or investments in climate change adaptation that contributes to enhancing adaptive capacity, strengthens resilience and reduces vulnerability to climate change.

We are committed to ensuring that our approach reflects current best practice and that these objectives are in the best interests of our customers.



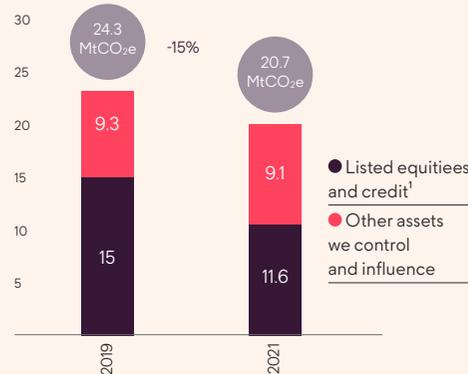
Emissions reduction targets coverage

Using the value of our AUA in 2021 for reference, the coverage of our emissions reduction targets grows from £160 billion (52%) of AUA in 2025 to c.£250 billion (81%) in 2030 and c.£310 billion (100%) in 2050.



Our progress

Our total financed emissions across listed equities and credit¹ and other assets we control and influence (which accounted for c.£250 billion AUA in 2021) fell by 15% between 2019 and 2021.



1. Where we exercise influence and control

Tracking our progress

In 2022 we expanded our carbon footprint baseline to include sovereign debt and real estate assets, which has increased the coverage of our carbon footprint baseline to £238 billion (77%) of our c.£310 billion assets under administration (AUA) in 2021.

Our carbon footprint now covers 100% of the c.£160 billion AUA in scope of our 2025 target and 95% of the c.£250 billion AUA in scope of our 2030 target (based on the value of our AUA in 2021).

Our baselined asset portfolio had a carbon footprint at year-end 2019 (our baseline year) of 24 million tonnes CO₂e[^], consisting of 15 million tonnes from our listed equity and credit¹ portfolio, and 9 million tonnes from our sovereign debt and real estate portfolios. For our listed equity and credit¹ portfolio our financed emissions of 15 million tonnes CO₂e a year in 2019, reduced by 4 million tonnes CO₂e to 11 million tonnes CO₂e a year in 2021.

This reduction is due to the 2021 year-end position using investee company emissions data which captures the economic slowdown due to Covid-19. As a result, it is not appropriate to use the reduction observed between these two time points as an indicator of our future trajectory, since subsequent years are likely to show an increase in absolute carbon emissions (relative to the 2021 year-end position) owing to the bounce-back of the global economy post Covid-19.

We have a real opportunity to drive down emissions and we are focused on developing decarbonisation pathways on an asset class and sector level, further expanding our baseline to include illiquid credit assets in 2023, and continuing to develop appropriate metrics to track our progress against our interim 2025 and 2030 milestones on our pathway to net zero by 2050, while ensuring we protect customers' interests.

Read more on in our Climate Report →



Engage

We use our insight and knowledge to lead the debate on key climate-related challenges: working with government, non-governmental organisations and across our industry and the economy to remove the barriers to net zero investment and define best practice.

We need to accelerate change to transform economies to combat the climate crisis. Decarbonising investment portfolios and financing climate solutions at scale is going to require new approaches to investment, government policy and financial regulation. And if we are to deliver real-world impact, we need the whole sector to act at a scale and pace commensurate with the urgency of the challenge.

In 2022, we participated in a wide range of sectoral initiatives including:



Association of British Insurers (ABI)

We are members of the ABI and our CEO, Andy Briggs, is chair of the ABI Board sub-group on Climate Change. We led the Solvency II industry consultation on widening the current Matching Adjustment asset eligibility to enable investment in net zero infrastructure.



UK Government Transition Plan Taskforce (TPT)

We have contributed to the TPT to shape the overarching framework currently open for consultation and prepare the sector guidance in the utilities and financial services sectors. We were members in three workstreams: Framework and Disclosure; Sector Templates; and Users and Preparers.



Institutional Investor Group on Climate Change (IIGCC)

Within the IIGCC, we are members of the Net Zero Stewardship Working Group, the Asset Owner Alignment Working Group and the Bondholder Stewardship Working Group to integrate climate change considerations in stewardship activities by institutional investors across asset classes and in the relationship between asset owners and asset managers.



Net Zero Asset Owner Alliance (NZAOA)

We have contributed to the NZAOA working group looking at the strategy for net zero implementation, the engagement track to set position papers on effective stewardship and hold collaborative dialogue with asset managers, and the policy dialogue working group to contribute to shape regulation internationally to facilitate the decarbonisation of the economy. Through this membership we are supportive of the Race to Zero campaign.

In 2022, we also developed our thought leadership strategy focusing on the areas where we can add the most value in identifying and addressing barriers to investment, and ensuring we enable change not just in Phoenix but across the sector. We focused on the economic case for net zero, our role as investors in innovation and clean growth, and alignment of response to the cost of living and energy crisis.



We will deliver against this strategy in 2023 with a series of thought leadership focused on unlocking investment in net zero. We want to drive policy that enables investment at scale in key sectors and supports actions by investee companies required for the net zero transition, a key factor that will enable us to invest at scale in illiquid assets including sustainable investments.



Above: James Wilde speaking at World Climate Summit alongside COP27

Our involvement in COP27

Ahead of COP27 we, alongside hundreds of investors around the world, signed the 2022 Global Investor Statement to Governments on the Climate Crisis. The statement called on governments to entrench five priority climate asks into their national legislation. Effective policies, in line with limiting global warming to no more than 1.5°C, are essential for accelerating and scaling up private capital flows needed for a climate-resilient, net zero transition.

[Find out more about the policy asks →](#)

We were also a proud sponsor of the World Climate Summit alongside COP27, and helped to push the conversation forward on how institutional investors could best support the transition to net zero.



[Find out more about the World Climate Summit →](#)

“We are delighted to have sponsored the World Climate Summit during COP27, and to have played an active role in the collaboration necessary for the innovation, investments and policies needed to achieve ambitious climate targets. The event demonstrated an increased sense of urgency and the critical role that the financial sector will play in climate mitigation and adaptation, and we are committed to continue to drive systemic change.”

James Wilde
Chief Sustainability Officer, Phoenix Group

“We need to make sure that the discussions taken at this COP aren’t for nothing, but inform meaningful, sustained, and impactful action that will move us forward towards a net zero economy. Only through strong collaboration with our valued partners such as Phoenix and other industry leaders can we master the climate challenge.”

Jens Nielsen
CEO, World Climate Foundation



Lead

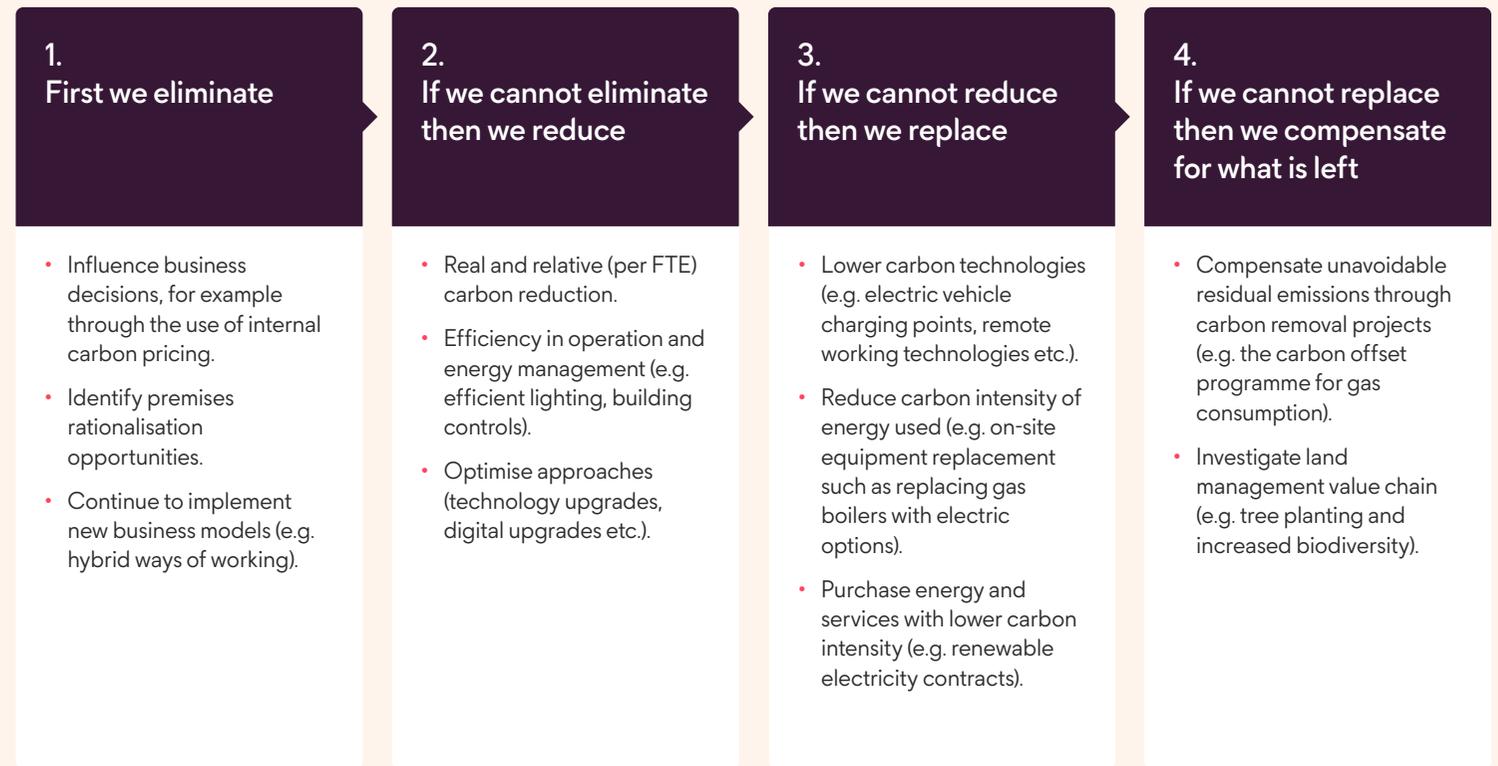
It is important that we adopt and drive the highest sustainability standards across our business and supply chain to enable real-world change and deliver positive impact.

Reducing the environmental impact of our operations

Our objective is for our operations to be net zero carbon by 2025. This target covers scope 1 and 2 emissions from our occupied premises and scope 3 emissions from our business travel and is the first phase of our wider plans to become a net zero Group by 2050.

Managing our carbon emissions

We are progressing well with our carbon reduction strategy based on the following principles and areas of focus for energy-efficient operations, business travel, renewable energy and carbon offsets.



In 2022, we took a number of steps to implement our carbon reduction strategy:

Continued

- To procure 100% renewable energy across all our occupied premises in line with our strategy.

Completed

- The installation of one of the largest building integrated photo voltaic (PV) glass installations in Europe at our Wythall office. The scheme replaced the existing atria roof glazing with new Velux commercial roof lights that incorporate innovative solar photo voltaic cells within the glass.
- A number of building improvements, including controls, lighting and heating systems that have helped reduce energy consumption by 43.5%.

Commenced

- The design of a gas to electric boiler system replacement for Standard Life House in Edinburgh.
- An update of internal plans and processes to align our Environmental Management System (EMS) within the framework of the International Standards ISO 14001 for which we began the accreditation process in 2022.



Case study: Our Environmental Champions

Our colleague-led Environmental Champion network has already made tangible environmental impact in the places we work. In 2022, the group has: trialled and begun implementing new recycling initiatives in our offices, such as blister pack recycling; introduced organic, locally grown produce to some of our canteens by working with Field to Fork; and promoted environmental awareness among colleagues by sharing personal blog posts and product reviews.

In 2023, the Champions will play an important part in reducing the impact of our operations by ensuring our EMS is run effectively, and will work with our Volunteering Champions on environmental projects in our local communities.

Building a sustainable supply chain

We want to work with our supply chain to generate value for all of our partners and stakeholders, and deliver meaningful action to create a more just and sustainable world.

Central to this is the transition to a net zero supply chain by 2050 with an interim objective to halve supply chain emissions by 2030.

In 2022, we have:

- Engaged with our key suppliers to ensure they have a climate change plan and targets for their business, with 82% committed to targets based on either the Science Based Target initiative (SBTi) or the UN's Race to Zero campaign^.
- Set our indicative estimated supply chain baseline of c.0.2m tonnes CO₂e and pathway to decarbonisation. This is modelled on current visibility of our supply chain and spend to provide context for our current scope of supply chain emissions, and has not yet been assured.
- Continued to encourage our suppliers to engage in our CDP supply chain programme, with participation increasing to 84%. We have started to engage with our high-risk suppliers, which will be an important focus for 2023.
- Rolled out training for colleagues on climate change and related nature issues.
- Developed our ESG Supply Chain Standards to reflect our expectations for partners around net zero and ongoing commitments.

In 2023 we will evolve our supply chain decarbonisation programme to develop a more targeted approach based on short and medium-term emissions reductions, starting with our top 100 material suppliers who account for c.95% of our supply chain emissions. We will also:

- Regularly update our ESG Supply Chain Standards to reflect our evolving net zero approach.
- Develop a dedicated, data-driven climate programme for our partners and suppliers.
- Roll out standardised ESG clauses into contracts with key suppliers to help drive positive behaviour change among our supplier base in terms of net zero.
- Demonstrate climate leadership by sharing knowledge on good practices and engaging in constructive dialogue with suppliers to overcome barriers.
- Take an action-based, systemic and collaborative approach on net zero and meaningful climate action, specifically when it comes to rapid decarbonisation and societal actions.



Case study: Working with suppliers to reduce e-waste across our offices

Our core offices previously operated on a five-year IT equipment refresh cycle, with all our desktop PCs (and other electronic equipment) replaced with higher-specification devices. Such a refresh cycle is common but leads to the generation of significant e-waste.

We worked with our IT providers to deliver a project to run IGEL on older desktop PCs

and laptops, extending the lifespan of our devices and reducing e-waste. IGEL is an operating system that allows colleagues to connect to virtual desktops from their home or office, allowing us to roll out our Virtual Desktop Infrastructure without needing to buy new hardware.

Repurposing 3,150 older devices using IGEL, has removed emissions of 425 tonnes CO₂e.

Case study: Delivering on ambitious targets with our suppliers to achieve net zero

A key partner to Phoenix, Milliman provides integral cloud-based solutions which support our actuarial activities and solutions.

An important element of our relationship over the last year has been to collaborate closely to align on Phoenix’s climate change strategy, first outlined in our open letter to key suppliers in December 2021. Through regular engagement, we assisted Milliman on its carbon reduction journey by providing our perspectives on the commercial and wider benefits that positive environmental action would have on its business.

In addition, we shared supplementary information on the importance of net zero in the fight against climate change and practical tools to help Milliman as it was developing its own ambitious net zero targets. This included guiding Milliman towards the SBTi framework and explaining how it could support Milliman define their own net zero targets in line with climate science.

A critical part of our engagement with Milliman was to have our executive team communicate with Milliman’s leadership team to assist them in their strategic conversations. We helped them secure a more ambitious long-term commitment than the original proposal, with a motion of net zero by 2040 with SBTi.

“Our historical and close collaboration with Phoenix has proved hugely beneficial both in terms of identifying mutual opportunities for improvement in terms of social impact and sustainability, and ensuring that we were able to secure ambitious commitments to meaningful climate action with our senior leadership team. Certainly, working with Phoenix was helpful in getting our Net Zero 2040 plan over the finish line, and we look forward to our continued engagement in 2023 and beyond as we work together to tackle issues and concerns that affect our supply chain and business relationships.”

Christal Morris
Chief Sustainability and
DEI Officer at Milliman

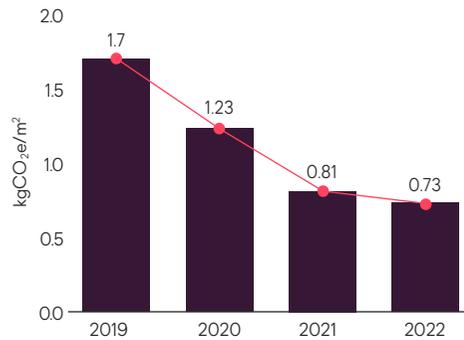


Tracking our progress

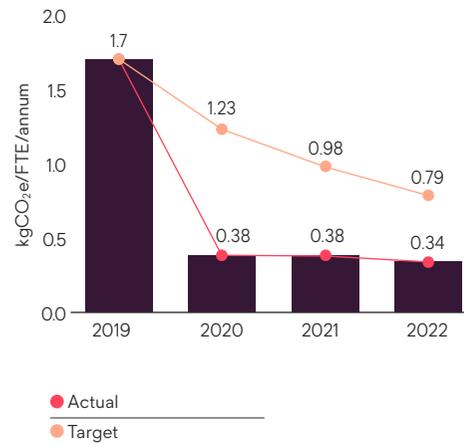
Environmental impact of our operations

We have made good progress in reducing our operational emissions and achieved a 26% year-on-year reduction in scope 1 and 2 operational emission intensity (2022 vs 2021 target). In order to recognise the contribution renewable energy makes to our net zero transition plan, and to align with our submitted SBTi targets, we are reporting our intensity on market-based emissions from this year going forward. On that basis we have met our 2025 intensity target by reducing our operational intensity emissions by 80% since 2019¹. Our target for 2023 is to maintain 75-85% intensity reduction vs our 2019 baseline in operational carbon emissions (based on our scope 1 and 2 emissions from occupied premises per full-time employee market-based).

Scope 1 and 2 emissions per FTE (location based) – kgCO₂e/FTE/annum



Scope 1 and 2 emissions per FTE (market based) – kgCO₂e/FTE/annum – accounting for renewable energy purchasing as a carbon reduction method[^]



1. A change in scope boundary from 2021 to 2022 resulted in some Phoenix properties moving out of scope 1 and 2 and into scope 3, this made a material contribution to the reduction in scope 1 and 2 emissions.



2022

We completed the installation of a new integrated PV Glazing Roofing system to our Wythall office

Nature

Nature is being degraded at an unprecedented rate and scale, with human activity significantly accelerating this change.

We recognise that protecting and restoring the planet's natural resources is an economic and environmental imperative, which presents both an exciting investment opportunity and a complex risk to manage on behalf of our customers.

Nature-related risks can emerge throughout our value chain, from the investments that we make to the companies that we engage with in our supply chain. Nature loss is interconnected with climate change and success in one fundamentally depends on the success of the other. As a result, we have developed a nature action model.

Our ambition for nature is to:

- Help deliver a nature positive economy, and develop and meet (or exceed) our own nature-related targets, whilst delivering business aims
- Be an exemplar on managing nature-related risks whilst maximising the related opportunities
- Be a leading voice in calling for action and driving change

We will deliver this through our Nature Action Model:

Invest

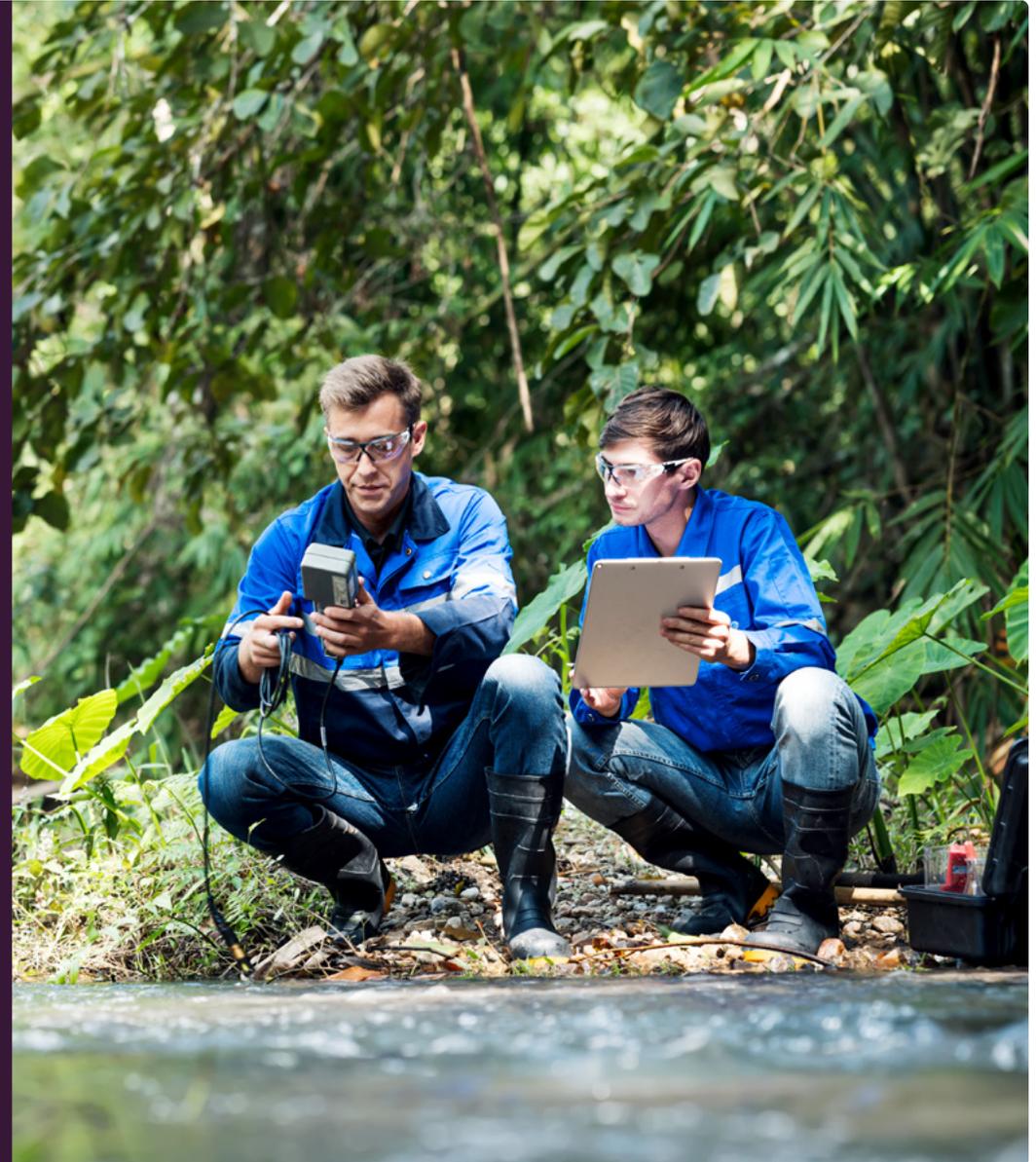
Working with investees, asset managers and community partners to make nature-related investments and address current risks and dependencies

Engage

Engaging with all stakeholders to deliver change

Lead

Reducing our impact and dependency on nature through our operational and supply chain activity



Nature continued



Invest

In 2022 we conducted initial analysis on a subset of our investment portfolio to better understand the potential materiality of portfolio exposures to nature-related impacts and dependencies. We will expand the coverage of this analysis in 2023.



Our analysis will provide us with the foundation to better identify, measure and manage our exposure to nature-related risks.

We also set out our nature-related expectations for companies, which will guide our dialogue with investee companies either directly or through collaborative initiatives. Our expectations include the establishment of a nature governance framework, assessment of dependency and impact on ecosystem services, integration of the management of any risks and opportunities, and the establishment of targets to measure progress.

We recognise the importance of the nature-related reporting framework being developed by the Taskforce on Nature-related Financial Disclosures (TNFD), which is expected to be finalised in 2023.

We are leading a project to pilot test the latest iteration of the TNFD beta framework for a selection of our investment portfolios with three asset management partners and three of our data providers. Our pilot exercise brings together organisations from across the financial ecosystem to support the TNFD in shaping its thinking. This project will help us to better understand our exposure to nature-related impacts, dependencies and risks, and also to help identify possible investment opportunities.

Nature continued



Engage

We recognise that supporting the transition to a nature positive economy will require the whole sector to act at scale and pace. In 2022, we participated in a wide range of sectoral initiatives.



TNFD

We are members of the TNFD forum and are leading a pilot testing project of the TNFD beta framework with support from our asset management partners and data providers.



Terra Carta

We are a Supporter of the Terra Carta (part of the Sustainable Markets Initiative) which puts nature, people and planet at the heart of global value creation. Our commitment has been recognised through being awarded the Terra Carta Seal.



Get Nature Positive Campaign

We support the Get Nature Positive Campaign, led by the Council for Sustainable Business. The campaign calls on businesses to start the journey to achieve nature positivity by 2030, and maps out ten 'Actions for Nature' to drive forward activity.



Deforestation Free Finance Initiative

We contributed to the working group that developed deforestation free pensions guidance in collaboration with Global Canopy, Make My Money Matter and SYSTEMIQ. We continue to participate as a member of this working group, focusing on effective solutions to guidance implementation.



Make it Mandatory Campaign

We are a signatory to Business for Nature's Make it Mandatory Campaign Statement, that calls for mandatory requirements for large companies to assess and disclose their impacts and dependencies on nature by 2030.

Investor Statement on Nature

We signed a public letter, co-ordinated by the UNEP FI, UN PRI and Finance for Biodiversity Foundation, that called on world leaders to agree a global biodiversity framework for halting and reversing nature loss at COP15.

[Read the letter here →](#)



Case study: Make My Money Matter

In November 2022, we hosted the Make My Money Matter Deforestation Free Roundtable, that convened firms from across our industry to discuss and share emerging best practice on how to achieve a deforestation-free investment portfolio. We will continue to develop our approach in 2023, using the Deforestation Free Finance Initiative Pensions Guidance.

Nature continued



Lead

We are committed to reducing our impact and dependency on nature in our operations.



We have delivered the following activities in 2022:

- Completed biodiversity assessments for each of our core operational sites, which we will use to develop a more detailed site-specific biodiversity strategy.
- Delivered training to colleagues to support the development and implementation of our nature strategy.

In addition, we have taken specific action against each of these nature themes:



Sustainable food systems

We offer nature-friendly, and where possible locally sourced, vegetarian and vegan options at catering facilities in our core offices and for our events. We also have a Field to Fork initiative at our Wythall office, where seasonal ingredients for our on-site office restaurant are provided from our edible garden.



Sustainable forests

We have supported the Heart of England Forest since 2013, with the 'Phoenix Way Wood' containing over 6,000 trees. The charity has continued to provide opportunities for colleagues to get involved in woodland management, tree planting and conservation. Through our collaboration with the Heart of England Forest, pupils from partner school Ark Kings Academy in Birmingham also support the charity with its aim of 'creating the largest broadleaf forest in the UK'.



Sustainable water

We use sustainable urban drainage techniques and ensure our landscaping requires no or minimum irrigation where applicable. We use a number of water-saving devices across our estate, including dual flush cisterns, low-flow sensor controlled taps (to avoid leaks), and leak detection systems in the buildings we own and occupy.



Sustainable oceans

We are continuing to work with our colleagues and suppliers to minimise the use of virgin single-use and non-recyclable plastic in the consumable products we purchase.



Circular economy

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 will continue to develop our approach to further commit to a circular economy in 2023 in support of both our climate and nature focus.

100%

waste diverted from landfill from core operational sites[^]

Our resource donation programme resulted in

95m³

of waste diverted from the waste stream and instead benefitted communities

Design out waste and pollution

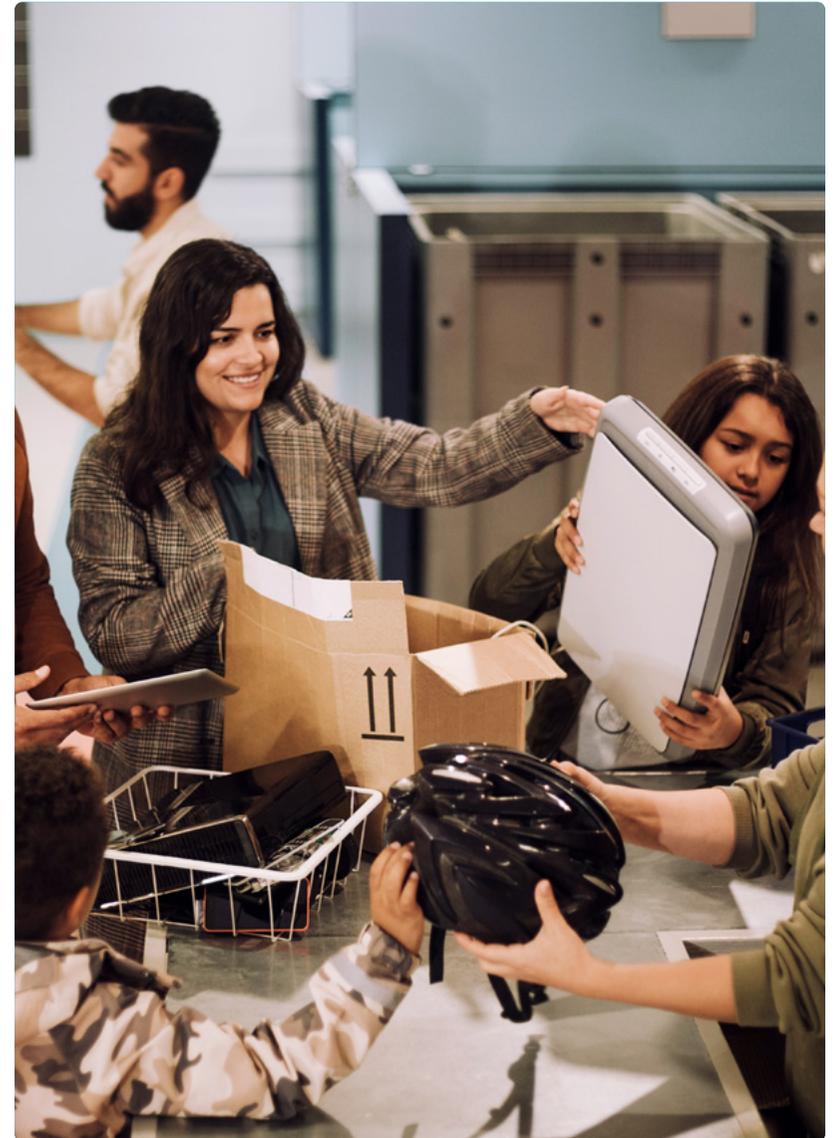
Waste management forms part of our wider resource management actions to help reduce our environmental impact. We follow a waste management hierarchy that adopts the following principles listed in order of preference:

- 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.

We see waste management as forming the disposal part of the resource cycle and are in the process of adopting processes that will also address the ways in which we source, use, reuse and dispose of materials across the Group.

We are actively aiming to increase recycling of waste from our operations and are utilising site-specific minimisation and management plans alongside circular economy initiatives to enhance our waste management. All our core operational sites across the company continue to have 100% waste diverted from landfill[^].

In 2022 we provided new waste disposal streams in our offices, including battery and printer cartridge recycling for colleagues. We also now have a biodigester and waste compactor in our 20 Old Bailey office to improve our recycling rate and reduce waste uplift frequency (resulting in fewer waste removal vehicles on the road).



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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2022 highlights

Phoenix Insights research

contributed to the debate on economic inactivity among over 50s in the UK

'Let's Get Ready'

campaign launched challenging stereotypes around retirement

1.2m

customers directly offered chance to review our digital literacy material^

Mid-life MOT

pilot launched for colleagues

39%

of senior leadership is female^

7.7

out of 10 for colleague engagement^

42%

of colleagues involved in community engagement activities^



Connected SDGs

Our activity is supporting the delivery of the following SDGs:

- 
Quality education
- 
Gender equality
- 
Decent work and economic growth
- 
Reduced inequality
- 
Sustainable cities and communities
- 
Partnerships for the goals

The SDGs are a collection of 17 non-legally binding interlinked global goals set forth by the UN for countries and governments. These are included only as indicative guidance for Phoenix's ambition to align its strategy to the UN SDGs. Phoenix makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to whether Phoenix's strategy furthers the objective or achieves the purpose of the indicated SDG.

Introduction



Catherine Foot
Director of
Phoenix Insights

Our research has revealed that only 14% of direct contribution pension savers are on track for a retirement income that maintains their current standard of living. Additionally, around 18 million people express low confidence in saving enough to meet their financial goals in retirement.

Better financial futures

Engaging people in their financial futures, and advocating for broader societal action to tackle the pension savings gap, is critical in helping them live better, longer lives.

As the UK's largest long-term saving and retirement business, we want to help meet the evolving needs of our 12 million customers, supporting them to journey to and through retirement and achieve financial wellness. This is particularly important when people experience periods of vulnerability and when taking action in response to the cost of living crisis.

To help many millions more to be able to save enough for their future, we need action in areas such as employment, skills and social security. For people to have better, longer lives they need access to good work and opportunities to upskill throughout their careers, supporting them to extend their working lives and increase their income and ability to save.

Our think tank, Phoenix Insights, advocates for change in working practices, careers advice and lifelong learning. As an employer, Phoenix is committed to being an exemplar inclusive and age-friendly workplace, and be the best place our colleagues have ever worked.

When people cannot save or cannot save enough we can still help support financial inclusion through advocating and supporting societal change.

Supporting inclusive and sustainable communities

Phoenix also plays a broader role in supporting sustainable communities. We are integrating social sustainability considerations into our investment decision-making and are focused on regional development and investing in critical infrastructure, such as social housing. Additionally, we recognise that we have an important role to play in respecting human rights, across our organisation and within our value chain.

The ongoing cost of living crisis has left many feeling increased financial pressure and we've delivered a programme of activity to help ease the burden. We are supporting our communities through our charity partnerships and volunteering and will continue to monitor and respond to the societal challenges facing our customers, colleagues, and wider communities.

Key statistics from our research

14%

of direct contribution savers are on track for a retirement income that maintains their current standard of living¹

c.18m

consumers aged 25 to 75 express low confidence about saving enough to meet their financial goals in retirement²

30.5m

UK workers will lack the necessary skills required to do their jobs well in 2030³

1 in 3

people do not think they will get a state pension when they retire⁴

- 1 www.thephoenixgroup.com/sites/phoenix-group/files/phoenix-group/Phoenix%20Insights/Publications/Great%20expectations/Phoenix%20Insights%20Great%20Expectations%20Report.pdf
- 2 www.thephoenixgroup.com/sites/phoenix-group/files/phoenix-group/Phoenix%20Insights/Longer%20Lives%20Index/Phoenix%20Insights%20Longer%20Lives%20Index%20Crisis%20of%20Confidence.pdf
- 3 www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-economic-case-for-reskilling-in-the-uk-how-employers-can-thrive-by-boosting-workers-skills#
- 4 www.thephoenixgroup.com/views-insights/phoenix-insights/publications/public-attitudes-state-pension

Key focus areas

Better financial futures

Read more on pages 40 to 57 →

Supporting inclusive and sustainable communities

Read more on pages 58 to 63 →

Better financial futures

We are focusing on tackling the pension savings gap and support better longer lives through four key levers

We are researching and promoting the issues, and advocating for positive change.

[Read more on pages 41 to 42 →](#)

1

Raising awareness of under saving

2

Helping customers journey to and through retirement

Delivering innovative solutions and tailored support to meet changing customer needs.

[Read more on pages 43 to 48 →](#)

When people cannot save or cannot save enough we can still help support financial inclusion.

[Read more on pages 57 to 63 →](#)

4

Advocating and supporting societal change

3

Promoting good work and skills

To help people save more, we need to support them to stay in good work for longer.

[Read more on pages 49 to 56 →](#)



Raising awareness of under saving

Phoenix is committed to raising awareness and understanding of under saving and the implications of longer lives to help drive positive change for both current and future generations.

We want to kickstart a national conversation on retirement and the impact of people living longer lives. In 2022 we launched a multimedia campaign, which reached nearly two million people, called Let's Get Ready on the stereotypes and perceptions of retirement.

Our longevity think tank, Phoenix Insights, combines research and public engagement to build evidence to identify, test and advocate solutions to the challenges and opportunities presented by longer lives.

Through collaboration with peers, government, and regulators, we want to ensure that the approach to retirement is fit for the 21st century.

During 2022 we published research on a range of key issues. You can browse our recent reports and policy responses on our website.

[Phoenix Insights website](#) →

Revealing the longer lives reality

We are now living far longer than previous generations, and the path to and through retirement is not built around this reality. One in three children born today have a good chance of living to 100.

The Longer Lives Index: A Crisis of Confidence

Our report, in collaboration with Frontier Economics, uses Phoenix Insights Longer Lives Index data. It was based on a survey of 16,500 people aged 25 and over who are not yet retired and spanned five critical areas for living longer: saving; health; work; housing; and family support. It found that nearly half of the population is not confident about their ability to save enough for retirement, largely due to money pressures elsewhere. In addition, as many as 18 million people in the UK are not adequately financially prepared for later life.

Following our research, we have called on the government and employers to initiate a range of measures such as investing in mid-life upskilling, supporting age-inclusive workplaces, bolstering access to pension advice at a younger age, expanding auto-enrolment to the self-employed, and strengthening rights for renters.

[Read our report](#) →



Driving better retirement readiness

We are building an understanding of the need to plan for retirement more effectively. This includes finding ways to optimise auto-enrolment, promoting pension consolidation, and tackling the guidance gap.

Great Expectations

We explored the adequacy and achievability of people's retirement income expectations.

We found causes for concern, for different reasons, about most savers in defined contribution pension schemes.

To bring people on track for their retirement income targets, we explored whether working longer (to 68) or saving more (12% of salary pension contributions) could be sufficient, or whether other actions or policies may be needed.

We found that whilst this can bring many more in line with their expectations it mainly benefits middle and higher earners, and may not be realistic for many. Nearly four in ten people worry about working for longer because of the impact on their physical health.

We identified that industry and Government must do more to address this mismatch between expectation and likely reality, including engaging people much more effectively in their future finances; making working for longer more feasible, attractive and rewarding; and creating a safety net of support for those unable to work longer or save more.

[Read our report](#) →

Case study: Standard Life has been researching and raising further awareness

Joint research initiative with the OECD

Standard Life has launched a joint initiative with the Organisation for Economic Cooperation and Development (OECD) with the goal of fostering innovation in the way we meet the diverse needs and wants of savers. The three-year programme enables a team of OECD researchers, and policy experts, to explore two of the major challenges facing not just our customers but savers more generally in the UK and worldwide: retirement income; and diversity, equity and inclusion.

[Read more information →](#)
[Joint Research Initiative | Standard Life](#)



Working towards a better Second Life

At Standard Life Ireland we believe retirement is not an ending. It is the beginning of your Second Life. Our Second Life platform helps our customers plan for and live their best life in retirement, whatever shape that might take. We conduct research to inform our thinking and bring this to life.

Our quarterly 'Retirement Pulse' survey tracks behaviours and attitudes towards pension saving and retirement planning. In addition to this our Second Life Panel consists of 150 adults near or in retirement. They provide context and colour to the retirement experience and enables us to evolve our Second Life platform in a meaningful way.

'Bringing retirement into focus' is our second annual study exploring behaviours and attitudes of adults in Ireland. The findings highlight how gender, geography, generation and private pension ownership each play a role. This year's results demonstrate that owning a pension not only has a significant impact on those planning for and living in retirement, but it also positively influences a person's emotional well-being regardless of age.

This insight supports the development of content and tools for our online Retirement Hub for customers, such as our End of Career Guidance.





Helping customers journey to and through retirement

Recognising the need to support people as they live longer lives, we want to engage our customers in their financial futures.

We want to meet more of the needs of our customers and support them as they journey to and through retirement. We will empower customers to make better-informed financial decisions through the continued evolution of innovative solutions and tailored support.



We are doing this in the following ways:

Improving our customers' financial wellbeing
[Read more on page 44 →](#)

Championing inclusion and access
[Read more on pages 45 to 46 →](#)

Closing the digital divide
[Read more on page 47 →](#)

Delivering future-focused products and solutions
[Read more on page 48 →](#)

“We are committed to continuing to evolve solutions to ensure the best possible outcomes for our customers. We will do so whilst addressing economic and social changes such as the current rise in cost of living and wealth disparities, the climate crisis and increased digitalisation.”

Colin Williams
Managing Director Pensions and Savings
Standard Life



Improving our customers' financial wellbeing

Our research continues to show that for most people their pension is just one part of a complex set of financial challenges they are looking to manage. We want to help our customers to feel secure and in control of their finances. We are developing solutions that empower customers to confidently manage daily expenditure and unexpected costs, whilst remaining on track to secure a better financial future.

Our Standard Life customers continue to benefit from our financial wellbeing proposition. This includes the Money Mindset platform, which provides access to open finance technology. It allows customers to see their financial accounts all in one place – providing a truly holistic view of their finances. The system provides smart, actionable nudges to help customers make small financial changes that could make a long-term difference in their financial wellbeing.

In December we announced a £15 million strategic investment, taking a minority stake in Moneyhub, the FinTech powering Money Mindset, signalling our continued commitment and desire to partner with best-in-class FinTech to support our customers across a broad range of issues.

Additionally Standard Life is developing a wide range of tools to support customers with their financial needs. This will include help to trace lost pensions, build financial resilience and support to buy their first home.

In 2022 we also began to extend some of our Standard Life customer offerings to customers in our other brands, included inviting some of our ReAssure customers to attend our retirement webinars, providing them with support on preparing for retirement.

Addressing the guidance and advice gap

Despite the complex decisions people are expected to take at retirement, very few people are getting the support they need.

- Only 20% of 50 to 64-year-olds report they have spoken to a financial adviser about their pension¹
- Just 14% of 50 to 64-year-olds have used the government's Pension Wise service when accessing their pension for the first time²

This means there is a huge guidance gap where many who cannot afford advice are not getting the crucial support they need when planning for retirement.

That is why we sponsored the research produced by The Social Market Foundation 'A Guiding Hand: Improving access to pensions guidance and advice' and have used the findings to help raise awareness and drive forward action.

¹ www.smf.co.uk/wp-content/uploads/2022/02/A-Guiding-Hand-February-2022.pdf

² www.gov.uk/government/consultations/stronger-nudge-to-pensions-guidance/stronger-nudge-to-pensions-guidance

Specifically we called for HM Treasury and Department for Work & Pensions to establish a joint working group with all interested stakeholders (Money and Pension Service (MaPs), FCA, industry and consumer groups) to explore the complexities and find solutions to enable all consumers to get sufficient help and support so they can enjoy better financial outcomes. We proposed that Government and MaPs expand the scope of Pension Wise to allow earlier and broader support to be provided, and the FCA to give concrete examples of what 'common sense' help providers can give to customers in some specific scenarios.

We welcome both the FCA's and UK government's recently announced reviews into the advice boundary and will continue to support these to enable more people to get the help they need at a cost they can afford.

We implemented the Stronger Nudge to Pensions Guidance rules to increase awareness of, and to help customers access, guidance and advice before accessing pension savings. In 2023 we will refine processes based on customer feedback and work with the industry to assess the impact of these changes on customer outcomes.

Innovation forum

Behavioural Finance was announced as the inaugural winner of the Phoenix Group Innovation Forum. Launched in May 2022, in partnership with TCS Coin and FinTech Scotland, the Forum asked FinTech companies around the world to pitch for the opportunity to partner with us; launching innovative solutions and new tools that improve financial wellbeing, engagement and make a genuine positive impact on customers' lives. The winning solution uses psychometric testing so users can see how their personality will affect their relationship with money. The judging panel said Behavioural Finance's Wealth Personality concept stood out for its ingenuity, creativity, and ability to engage customers.



Championing inclusion and access

We want everyone to benefit from financial services, regardless of their means or abilities. We are embedding financial inclusion into our proposition across all our consumer brands.

During 2022 we launched our financial inclusion strategy, which aims to identify and overcome barriers that customers face in accessing and understanding financial services, and to proactively support underserved cohorts who are not otherwise well provided for. This means enhancing and scaling existing initiatives that can help to improve financial inclusion, whilst also identifying new opportunities to fill gaps and support more customers.

A key customer group we are focused on is 'mid-career' women, as our analysis shows that many key events occur in this period of life that exclusively or disproportionately impact women, and which can often occur simultaneously. This can compound the impact on a woman's ability to work and save, increasing the gender pension gap and worsening women's retirement outcomes over time.

In response we have established a number of new initiatives as well as expanding existing ones, seeking to provide greater financial education for our female customers, more support for customers with caring responsibilities, and working with colleagues to create a holistic approach to menopause within the workplace. In doing so we hope to improve our inclusivity both as an employer and a provider, whilst also supporting our workplace clients to do so as well.



Case study: Taking on the gender pension gap

The UK has a significant gender pension gap at 40%¹, the gap between the pension earnings of women and men, and currently around twice the gender pay gap. Many factors can affect a woman's pension contributions, but we know from our research that it can be exacerbated by life stages that may impact a woman's earning power – such as taking time out to look after children, getting divorced, becoming a carer or experiencing the menopause. These life events not only affect a woman's finances today but also in the future.

To support our customers with these challenges we have launched a number of initiatives in 2022.

- Bridging the Gap: Standard Life launched a series of webinars in partnership with financial education experts Better With Money to provide insight and guidance to customers to help them feel more confident about their finances, focusing on key life moments that disproportionately affect women.
- Supporting those with caring responsibilities: ReAssure launched a tool to help customers understand the financial impacts of caring and explore available support, with the aim to do more to help the one in five of us who help care for someone.

Our focus for 2023 will be to enhance the support we offer women at key life moments and widen the reach of this support. We will also drive awareness of the challenges that women face amongst employers, trustees and the wider industry, highlighting the steps that can be taken to improve outcomes.

40%

The size of the UK gender pension gap

¹ prospect.org.uk/news/gender-pension-gap-increases-to-40-3-new-prospect-research-shows



Better financial futures continued

Supporting our customers when they need it most

Our vulnerable customer strategy provides support for those most at risk of harm, and aims to drive up standards for the treatment of vulnerability across the Group. We also want to help others improve their standards by sharing our insights and best practice.

Our vulnerable customer strategy has been recognised as industry leading:

UK CXA 2022 Winner –
Customer at the heart of everything

Winner

Collaboration Network 2022 Winner –
Best Vulnerability Approach

Winner

During 2022 we have been educating colleagues on vulnerability in three ways:

Behavioural – Working with Behavioural Science experts Cowry Consulting to develop our award-winning colleague e-learning to help close the empathy gap.

Physical – Using accessibility simulation aides 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 and how we care in the moments that matter.

We also held our first Vulnerability Summit which brought together over 50 leaders across Phoenix with industry experts to raise awareness of societal challenges and the impact vulnerability has on our customers. Attendees were fully immersed in the real-life experience of the difficulties that some customers face, and they left with improved insight into what is required to achieve good outcomes for vulnerable customers.

2022

We held an immersive experience in customer vulnerabilities



Closing the digital divide

We want our customers to benefit from the use of digital in managing their finances, with Phoenix digital tools and beyond.

We are focusing on:

- upskilling our colleagues to support our customers with digital skills and increasing awareness of digital barriers; and
- working with expert partners to provide tailored digital resources and guidance addressing the barriers to our customers getting online.

In 2022 we directly offered 1.2 million customers the chance to review digital literacy material: Digital Essentials[^]. We targeted customers of all ages to offer help to those who need digital assistance and aid the more digitally savvy who might want to use these materials to help someone they know.

In 2023 we will continue to evolve our Digital Essentials solution, launching new and improved digital inclusion support hubs which will host Digital Unite guides and resources to improve customers' digital literacy. We will also roll out 'how to' videos to support customers with accessing our online services whilst developing bespoke digital inclusion training to upskill our colleagues to support our customers with digital skills – creating a Digital Champions Network.

We will also consider how to remove barriers for customers who need additional support from

loved ones when interacting with us and how we can encourage greater customer disclosure of vulnerability online so we can ensure we are providing the tailored support needed.

Ensuring digital access for everyone

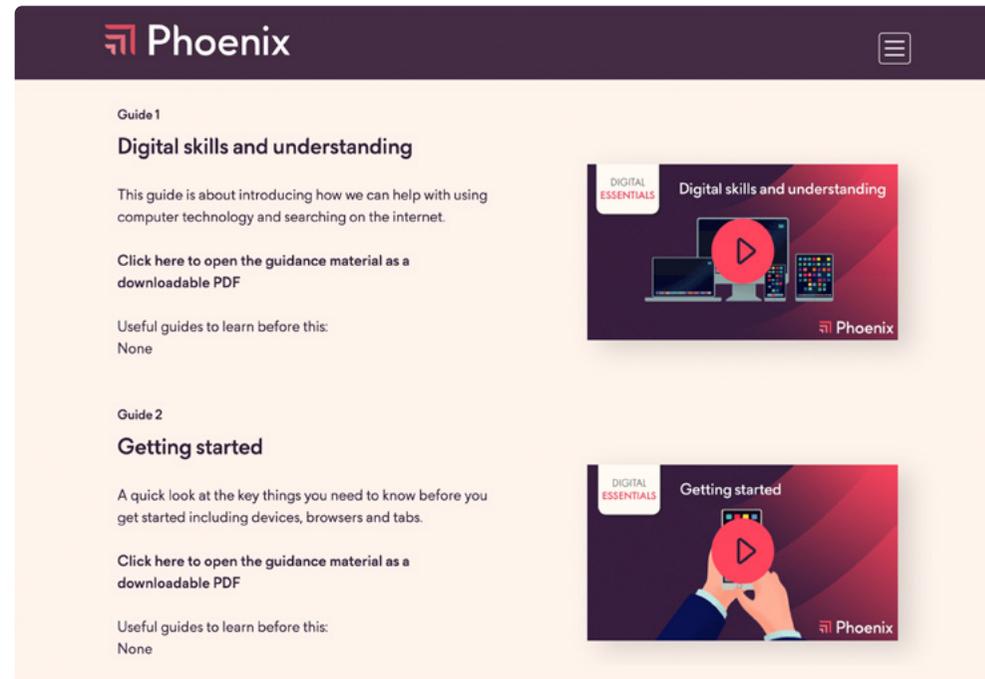
An important part of our pledge to close the digital divide and support customers in managing their finances online is to ensure every user can access a brilliant digital experience so we are committed to closing any accessibility gaps across our digital estate. We aim to provide a consistent user experience for every customer by having sites that meet WCAG AA standards and the Plain English Internet Watermark.

- AA accessibility standard – guidelines and resources to help make the web accessible for all users. Complying will ensure our websites meet these high standards developed by experts.
- Plain English Internet Watermark – established by the Plain English Campaign, that campaigns against jargon and misleading information. Adhering to this watermark will ensure that our websites are more accessible, and clearly navigate the complex language of the world of finance.

We will complete an audit of our entire Group estate against these standards by the end of 2023.

1.2m

customers directly offered chance to review our digital literacy material[^]



[Click here to go to our online resource →](#)

Delivering future-focused products and solutions

We are innovating and delivering new products and solutions, aiming to address the future needs of our customers and support them in a changing world.

Supported more than

10,000

people to fulfil their retirement aspirations through funding of solutions

Integrating ESG into our solutions and communications

In 2022, we transitioned c.1.5 million customers and c.£15 billion of assets from our existing default funds to our flagship default Sustainable Multi Asset Universal Strategic Lifestyle Profile. Read more on page 20.

Fund factsheets are one of our largest customer touchpoints, with around 80,000 downloads each quarter. Factsheets help ensure customers' expectations are aligned to likely outcomes at all times and to ensure customers have an appropriate level of information to make informed decisions about their investments.

In 2022, we evolved our factsheets for our core solutions, and re-designed them for customers, providing:

- ESG metrics aligned to our sustainable investment targets
- behavioural economic overlays
- action-orientated headers
- visual icons and cues

Development of innovative mortgage solutions

We provide long-term funding to the mortgage industry to enable individuals to access their property wealth in retirement. As one of the largest funders of lifetime mortgages in the UK, in 2022 we supported more than 10,000 people fulfil their retirement aspirations by accessing some of their property wealth. Through the newly launched Standard Life Home Finance (SLHF) brand, with our lending partner, more than 6,000 customers across the UK were able to clear outstanding debts, provide financial support and living inheritances to family members, undertake home improvements and enjoy a more comfortable retirement lifestyle.

One in three of SLHF customers use their released funds to make their home more comfortable, functional and energy efficient in their retirement.

In 2023 we will focus on developing mortgage funding for products that support retirement planning, broadening appeal of lifetime mortgages, and promoting energy efficient home improvements. Aligning with the UK Government's efforts to decarbonise the UK housing stock, we have an ambition to invest in research and development for sustainable solutions.

Providing income solutions for customers in retirement

We are seeing rising numbers of customers converting their pension pot into an annuity and our ambition is to support this growth in demand. Through our Retirement Income Solutions business, we will be providing secure income solutions to customers in retirement. In 2023 we will provide competitive open market income solutions to meet the needs of our current and future customers. We are also developing a range of innovative retirement solutions for the drawdown market, the first of which we are aiming to launch later in 2023. These products will meet the differing income needs of customers throughout all stages of their retirement, packaged together in a way that is simple to understand.





Promoting good work and skills

To save enough for their future, people need access to good work and opportunities to upskill throughout their careers, supporting them to extend their working lives and increase their incomes.

We are committed to leading and advocating for change in working practices, employment support and lifelong learning. We also want Phoenix to be an exemplar inclusive and age-friendly workplace.

In 2021, we set out our vision to make Phoenix the best place any of us have ever worked by 2026 and we are committed to creating an outstanding culture for colleagues.



We are doing this in the following ways:

Diversity, equity and inclusion
[Read more on pages 50 to 52 →](#)

Reimagining good work for longer lives
[Read more on pages 53 to 54 →](#)

An inclusive culture shaped by our colleagues
[Read more on pages 55 to 56 →](#)

Diversity, equity and inclusion

We want to support diversity, equity and inclusion, and for our colleagues to be treated with respect and dignity. We are also working with our partners to advocate, drive action and promote best practice.

Our approach

Our DEI activity has four main aims:

- 1. Diversity** – ensuring our recruitment processes are barrier free and fair so we can increase our workforce diversity to reflect our customers and the communities in which we operate.
- 2. Equity** – ensuring that career development and progression within Phoenix is barrier free and fair for all our colleagues.
- 3. Inclusion** – creating an inclusive workplace where everyone can achieve their potential and is able to speak up freely.
- 4. Becoming an industry leader in DEI** – we want to actively contribute to market and UK-wide DEI initiatives and be at the forefront of inclusive policy and benefit design, helping not just our employees and customers but the wider UK society and economy.

Our DEI targets

We are a stronger business because we are all uniquely different. We know that diverse companies perform better and we have set a number of DEI targets to reinforce this. We are making good progress against our targets and have either already met them or are on track to achieve them by the end of 2023. We recognise that reaching these targets is just the start of DEI work.

A review of our existing targets will be undertaken in 2023, and as a result of the data from the ONS Census 2021, we will be considering our ethnicity representation target by office location.

Social mobility

Accelerating social mobility is important to us at Phoenix. In 2022 we increased our ranking in the Social Mobility Employer Index from 41st to 24th due to our targeted actions. We have been working to identify development areas to further champion socioeconomic diversity and will be continuing this work across 2023, and beyond, with additional funding and a dedicated DEI Project Lead for Social Mobility.

Our stats and targets

Women in senior leadership[^]



Women in Finance – Women in top 100 roles (FTE salary)



Gender pay gap (FTE salary)

2022 mean GPG
22.9%

Ethnicity representation[^]

End of 2022
12.5%
With a target of 13% by end of 2023

Our first Gender and Ethnicity Pay Gap Report



This year we will be publishing our first combined gender and ethnicity pay gap report. Across 2023 we will be doing a deep dive into our ethnicity data and will be using the results to inform our DEI plan of action to ensure that our work is targeted and has the greatest impact. We will also create the first multi-year Phoenix Race Action Plan.

[Read the full document here →](#)

Our colleague networks

This year we were delighted to grow our colleague networks to ten with the addition of iBelieve network focusing on faith and belief. Each of our networks is championed by a member of our Executive Committee.

Our objective

Our networks have four core objectives:

1. Raise awareness of the issues and challenges faced by colleagues.
2. Build allyship across the organisation.
3. Connect and support colleagues facing issues or challenges relevant to the network.
4. Make recommendations to our Inclusion Forum and Steering Group about areas of focus.



Enable
Our colleague-led disability network



Balance
Promotes an inclusive working environment



Ignite
To be a force for change that enhances the colleague and customer experience



Armed forces
Explores 'Forces to Business' related topics



Carers
Support for colleagues with caring responsibilities



Mosaic
Enhancing cultural awareness of Black, Asian and Minority Ethnic communities



Affinity
Promotes LGBTQ+ inclusion in the workplace



Mind Matters
A platform for support and ideas on mental health



PYPN
Promotes equal access to opportunities for 'early careers' experiences



iBelieve
Focusing on faith, religion and belief

Our industry-leading inclusive policies

Our policies reflect our ambition to be a truly diverse and inclusive employer. We have made some changes to our family-friendly policies, these include:

- Paid time off for expectant parents to attend antenatal or adoption appointments.
- We recognise the link between the gender pay gap and motherhood, and offer 26 weeks of parental paid leave, as a day one right, 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 to, for example, take time out with family, while remaining employed by Phoenix.
- 10 days' paid carer's leave provided to help our colleagues provide support to someone who depends on them.
- 10 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 through injury, illness or death.



DEI focus for our investments

Our ambition is to be an industry leader in DEI. This means we are committed to advocating for higher standards within the companies we invest in.

In 2022, we became a signatory to the Asset Owner Diversity Charter. This flagship initiative aims to formalise a set of actions that asset owners can commit to in order to improve diversity in all forms across the investment sector.

As a signatory, we are committed to support a more balanced and fair representation across the asset management workforce. Members of the initiative commit to incorporating diversity questions into their individual manager selection and monitoring processes, in addition to collaborating with others in the investment industry to promote diversity, equity and inclusion best practice. 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.

Our external DEI partnerships and pledges

We recognise that we will not move the dial on DEI on our own. In 2022, we joined Progress Together, a new UK Financial Services membership body focusing on progression, retention and socioeconomic diversity.

Additionally, we signed the Age Friendly Employer Pledge, and contributed to the Association of British Insurer's first DEI Blueprint which sets out a multi-year strategy and work plan to improve DEI across the UK insurance industry.

We aim to establish new partnerships with the following external organisations:

- GAIN – The Group for Autism, Insurance, Investments and Neurodiversity.
- Link – the cross insurance industry LGBTQ+ network.
- iCAN– the cross insurance industry culture, race and ethnicity inclusion.
- Working Families – for family-friendly inclusion and work/life balance.

Reimagining good work for longer lives

As an economy and society we need to benefit from the experience and perspectives of the more than 30% of the UK working age population who are over 50.

Promoting age-inclusive work

We know that with a later state retirement age, longer lives and an increasing need for self-reliance in retirement savings, it is inevitable that many people will want to work for longer. We believe that to enable people to enjoy good work, for as long as they want, changes need to be made. Recruitment and employment policies need to be reconsidered with a multigenerational lens to support all the five generations we have in the workplace. Training and career progression needs to be inclusive of all ages and all life stages. Research from Chartered Management Institute shows that 58% of employers are less likely to hire someone over 50 and over 30% of people say they have experienced age discrimination¹.

Our CEO, Andy Briggs, is the UK Government's Business Champion for Ageing Society and we were one of the first organisations to sign the Age-friendly Employer Pledge, a nationwide programme run by the Centre for Ageing Better. By signing the pledge we are showing our commitment to older workers and making our workplace age-friendly. This means we are taking action to improve our recruitment, retention and development of workers aged 50 and over.

Being a part of the pledge means we draw on a wider pool of applicants for each job. It means older workers can continue to thrive and contribute within our organisation. And it means we can benefit from the innovation and productivity boost that a multigenerational workforce brings.

Read more about the Pledge →

Our age-inclusive actions include:

- We launched a pilot Mid-life MOT to some of our colleagues over the age of 40. This consisted of a digital self-assessment across the topics of work, wealth and wellbeing, with a tailored report of tips and recommended actions. We also piloted a workshop series for colleagues who are within ten years from transition to later life. Feedback received is being used to support a wider roll out to colleagues in 2023.
- We aim to treat menopause as a normal part of life, rather than have it as a policy. We offer training to managers and colleagues, have Menopause Champions who are there to listen and talk, run wellbeing events and offer access to dedicated medical advice.

- In advertising our job vacancies, we focus on the words we use, the imagery that appears and the places we promote the vacancies so they appeal to older workers.
- In August 2022, we began a partnership with Restless – the UK's fastest-growing digital community for the over 50s. All our vacancies are now advertised on Restless and we started this partnership by promoting our customer service roles.
- We were lead sponsors of National Older Workers Week 2022 and used this as an opportunity to engage colleagues through a series of internal events and activities.

Highlights

Age-friendly

Employer Pledge

signatory

Piloted

Mid-life MOTs

to colleagues over 40



¹ www.managers.org.uk/wp-content/uploads/2022/06/CMI-75th-Anniversary-Age-in-the-workplace-discussion-paper.pdf

Better financial futures continued

Never too late to learn

With many people living and working for longer, the need for high-quality opportunities to retrain and upskill at all ages has never been more important. Lifelong learning helps people to build their career, make career switches and improve health and wellbeing.

Phoenix Insights published a report 'Never too late to learn' which explores attitudes, behaviours and how to overcome barriers to lifelong learning for mid-life and older people. The report is based on original polling and focus groups independently commissioned from Public First and also looks at practical recommendations for key policy initiatives such as the Lifelong Loan Entitlement scheme due to launch in 2025.

Key statistics

Number of UK workers lack the full suite of skills they will require in 2030 to perform their jobs well

30.5m¹

Percentage of businesses that hadn't offered their employees formal training over the last 12 months

69%²

Number of people who agreed government should only expect people to retrain if employment is guaranteed

3 in 5³

The research found that many people face significant barriers to taking part in lifelong learning, such as paying for training, aversion to taking on debt, a lack of confidence or familiarity with the education system, and a need to balance work, caring responsibilities, or health needs. For many the idea of training, or moving careers feels like too much of a 'gamble'.

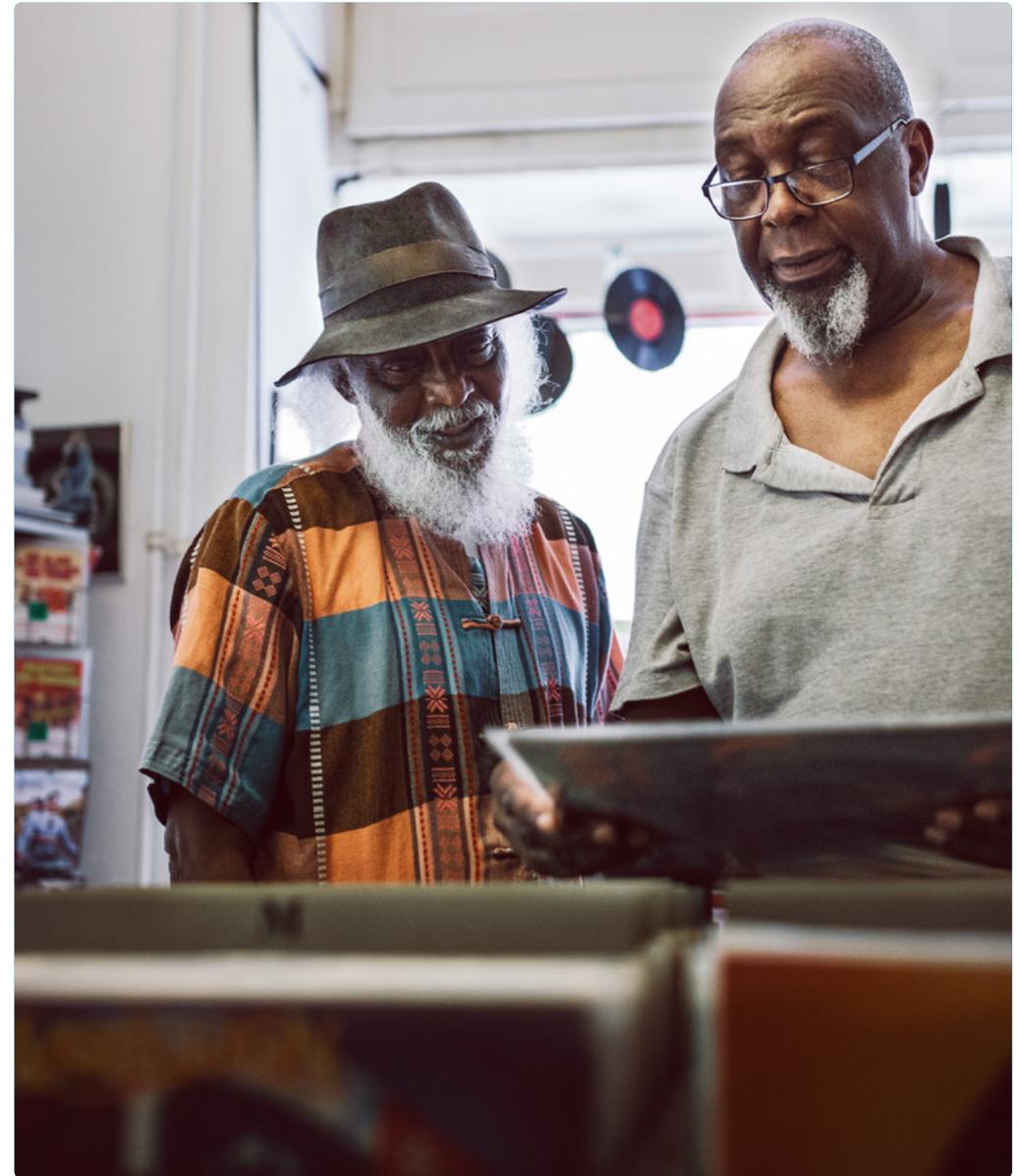
Employers too have embraced stereotypes that mid-life and older workers do not want or need training, and they face a lack of engagement with the education and training system.

We are also advocating for the role of access to high-quality independent careers advice, and financial incentives – including co-funding options for employers, access to paid time to train, and clear and accurate information for both individuals and employers to make informed decisions about engaging in lifelong learning.

Moving into 2023 we will continue our work and research into the value of lifelong learning and will be raising awareness of the topic through extensive stakeholder engagement and exploring opportunities to engage and challenge current perceptions.

¹ The economic case for reskilling in the UK: How employers can thrive by boosting workers' skills | McKinsey (2020)

^{2 & 3} www.thephoenixgroup.com/views-insights/phoenix-insights/publications/never-too-late-learn



An inclusive culture shaped by our colleagues

We want to ensure that all colleagues feel listened to and empowered to speak openly and honestly about their experiences at work.

Colleague engagement

Peakon is one of the main ways we enable this. It is a short monthly survey, which gives colleagues the opportunity to anonymously feed back on their experience of working at Phoenix and say what is working well and what is not. By continuously listening to their views on their experience, we can together protect what works and change those things which prevent us from achieving our full potential.

We also created an industry-leading survey called Who We Are: a simple and confidential way for colleagues to share their diversity data with us, to help us build up a true picture of Phoenix today. This helps us identify how we can improve the experience for our colleagues, and for those joining us in the future.

Our Phoenix Colleague Representation Forum (PCRFR) is there to support colleagues throughout different aspects of their working life, providing guidance and support through any challenges they are facing. The PCRFR gathers views on topics that matter most to colleagues, and discusses these with senior leaders across Phoenix to influence change and propose improvements.

We are also an Employee Engagement Advocate with Engage for Success (EFS). EFS is a growing, dynamic, voluntary movement promoting employee engagement as a better way to work, not only for colleagues but for teams and organisations as a whole. 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.

Going forward, we will report on our colleague culture through an eNPS score, a broadly used and holistic metric that indicates how colleagues feel about working for Phoenix.

Highlights

Engagement score[^]

7.7/10

Thrive at Phoenix programme attendees

4,270

New colleagues attending our induction programme

1,384

Colleague development

We are committed to enabling the professional development and growth of colleagues during their time at Phoenix.

We believe through investing in our colleagues' development we can help equip them with the skills required throughout their working lives. That is why we have created our Thrive at Phoenix programme that brings together all the resources colleagues need to grow their own future, move forward in their career and reach development goals. There is a wide range of learning and development offerings, from mentoring to academy workshops.

Over the course of 2022, colleagues have attended a total of 4,270 programme places. 1,384 new joiners to the company have undertaken our Join and Thrive induction programme. Specific training is also offered on a needs basis with colleagues booked onto 1,832 training courses.

In November 2022 we launched a new dynamic, online mentoring platform, Connectr. The tool is open to all UK and Ireland colleagues who can tailor the relationship relative to their needs. Mentees choose their mentors, and are encouraged to create wider connections across our Group. The tool also offers agile mentoring to enable both instant and in-depth engagement – from a quick message to a full meeting.



Better financial futures continued

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.

Our focus is to provide the 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 of the workplace:

- **Mental** – Having a healthy mind is just as important as being physically fit. 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. We support our colleagues to make informed and healthy choices to reduce the possibility or impact of future ill health.
- **Financial** – Our financial needs can change around key life-stage events. Financial wellbeing is about supporting our colleagues to better understand how they can manage their money, reviewing their day-to-day finances and preparing for possible future financial shock.

Our wellbeing activity is underpinned by our Employee Assistance Programme. This programme includes a confidential 24-hour helpline for colleagues to share problems and receive actionable advice, and legal information services including debt and financial information.

Operating a safe working environment is a key commitment, therefore all colleagues complete annual mandatory training on health and safety. We had zero Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) reportable events in 2022. Our injury frequency rate (IFR), which confirms the number of lost time injuries per million hours worked was 0.064 in the year – the world-class measure for business is an IFR at 0.1 or below. We reduced our lost time injuries this year by 83% from six to one. We also know colleagues sometimes need time off work. UK colleagues can take six months' sick leave at full pay and after 26 weeks of absence may apply for Group Income Protection (GIP) at 75% of their salary.





Advocating and supporting societal change for those who cannot save enough

As the UK's largest long-term savings and retirement business we are committed to helping those who cannot save or cannot save enough. The pension savings gap is material and growing and without fundamental system change, millions will be relying on the state for financial support in their later lives.



Pushing for state reform

The state pension matters to a lot of people. 12.5 million (and rising) adults in the UK receive it. The UK spends £110 billion a year on the state pension, and it provides the majority of the income for nearly half of pensioners.

With the state pension age under review, Phoenix Insights commissioned research with YouGov to explore public perceptions of the state pension – what it is for, who it is for and who pays. 'Reaching a certain age: Public attitudes to the state pension' found that 84% of people believe that it is an essential role of government to provide the state pension, yet one in three people (and half of under 50s) think that there probably won't be a state pension by the time they retire.

The research also found that raising the state pension age does not automatically lead to people being able to work for longer. The most recent rise resulted in more 65-year-olds in poverty, and on out of work benefits. We recommend that a fraction of the savings on public spending from any future rises to the state pension age should be reinvested to support those most impacted and boost opportunities for better, longer working lives for everyone.

[See our report here →](#)

Supporting inclusive and sustainable communities

To support better financial futures we know we must also play our part in supporting the response to a wide range of social issues. We are doing this by embedding respect for human rights across our organisation, channelling investments in regional development, and engaging and supporting our local communities.



We are doing this in the following ways:

Investing to deliver more inclusive and sustainable communities

[Read more on page 59](#) →

Respecting human rights

[Read more on page 60](#) →

Support through the cost of living crisis

[Read more on page 61](#) →

Community engagement

[Read more on pages 62 to 63](#) →

Supporting inclusive and sustainable communities continued

Investing to deliver more inclusive and sustainable communities

Investing in regional development

As part of integrating sustainability considerations into our investment decision-making, we select the key issues where we can make a difference. We want to play a leading role in supporting the UK government's plans to bolster regional development across the country. We proactively engage with local and regional stakeholders across the UK to invest in illiquid and sustainable assets and will continue to seek opportunities to invest in infrastructure projects such as social housing, education and healthcare.

Social factors in ESG investing

Phoenix is proud to be a member of the Department for Work and Pensions' new minister-led taskforce to support pension scheme engagement with social factors in ESG investing. The taskforce will support pension scheme trustees and the wider pensions industry with some of the challenges around managing social factors, including:

- Making the case for the consideration of social factors in investment decision-making and establishing the roles and responsibilities of those across the industry.
- Mapping data sources to identify, assess and manage financially material social risks and opportunities.
- Understanding how to manage risks posed by modern slavery.



Case study: Alliance Homes

In June 2022, we provided £90 million of long-term funding by means of a private placement to Alliance Homes, a regulated social housing provider. We were chosen as lead investor with funding provided through Macquarie Asset Management, a key asset management partner.

Our investment will support Alliance in developing c.2,000 affordable homes over the next ten years to help address the regional housing crisis. Alliance will use part of the funds to invest in improving the sustainability of its current housing stock by bringing all homes to an Energy Performance Certificate (EPC) rating of C or better. The funding for the private placement, which was heavily oversubscribed through a tender process, was for a total value of £100 million and will be drawn in tranches aligned with Alliance's business needs, giving long-term certainty of funding as it pursues its housing ambitions.

This investment further underlines our commitment to help tackle the UK's housing crisis and support the levelling up of the whole of the UK in a sustainable manner.

Supporting inclusive and sustainable communities continued

Respecting human rights

We are ambitious in our desire to lead the way in respecting human rights. We are committed to proactively addressing harm that may occur through our operations and in our 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
- The International Labour Organization's (ILO) Core Conventions

As an asset owner we endeavour, where appropriate, to align 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.

Our commitment

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, and our ambition is to encourage other organisations to do the same.

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 have developed a roadmap to address gaps and are committed to closing these within the next three years.

During 2023 we will further develop existing policies and procedures to include human rights considerations.

We recognise that our colleagues are responsible for respecting human right in their roles, and as a result we will conduct internal human rights engagement and training for employees, relevant to their role and function.

Identification of our human rights risks

We commissioned a high-level saliency scan by an independent third party to identify and assess our potentially salient human rights issues that we should prioritise for further action.

We intend to enhance 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; 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 labour¹.

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.

[Read our Modern Slavery Statement →](#)

Investment collaboration on human rights

We are members of the 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 focused on respect for human rights within the mining and utilities sectors. An introductory letter to target companies was sent in December 2022 and dialogue will fully start in 2023.

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.

[Read more on PRI Advance \(unpri.org\) →](#)

¹ www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf

Supporting inclusive and sustainable communities continued

Support through the cost of living crisis

The cost of living challenges mean that many of our customers, colleagues and communities have felt increased financial pressure. In response to this, we have developed targeted approaches to help ease the burden.

40%

of customers are exhibiting signs of multiple vulnerabilities

Cost of living support net payment to colleagues

£1,000

Customers

Our ongoing vulnerable customer research showed the significant impact the cost of living crisis is having, with the scale of potential vulnerability increasing across all our customer brands. It also highlighted an increase in the proportion of customers having lower financial resilience. Overall, around 40% of customers are exhibiting signs of multiple vulnerabilities, including lower financial capability and confidence, health conditions and negative life events, demonstrating the widespread nature of the problem and the importance of supporting all our customers facing difficult circumstances.

In light of this research and to ensure we continued to support our customers throughout this time, we took multiple actions including monitoring customer data on a regular basis to understand trends, creation of financial difficulty pages across all customer websites and review of our product terms and conditions to identify opportunities to provide increased flexibility.

In addition, Standard Life has trialled new support with customers who call to access money from their pension plan, providing coaching to enable them to check for any entitlement to state benefits to increase income and easy ways to review outgoings to reduce household spending to help them budget. This support has been positively received and during 2023 we will look at opportunities to expand across more customer interactions, servicing channels and brands.



Colleagues

We listened to what colleagues told us through our regular Peakon survey about the challenges they face and the support they would like, and we asked for insight from our PCRf colleagues. As a result, our additional support measures included:

- A one-off payment – in August 2022, we provided colleagues, except Business Leaders, with a one-off £1,000 net lump sum.
- Assistance with the costs of food at work – from September 2022 through to at least Easter 2023 we offered all colleagues in all our offices a free meal option at lunchtime.
- Immediately providing the increase in the Real Living Wage for those impacted.
- Free personalised financial coaching and planning.
- Assistance with the costs of travelling to work.
- Providing free sanitary items in all our offices.
- A Cost of Living online hub – providing a single point of access for relevant financial and wellbeing resources.



Community

We designed a suite of support, including:

- Monetary donations to selected charities across the UK, Germany and Ireland that provide access to food, essential goods, and support mental wellbeing.
- Supported local community pantries located within ten miles of our office locations to provide essential goods for a minimal fee.
- Targeted volunteering at local community pantries through selected partners, and provided surplus equipment donations.
- Deepened school partnerships to understand cost of living impacts on pupils and families, to identify how we can support.
- Provided onsite colleague collection boxes for donations of new and unwanted essential items needed by our local communities.

Supporting inclusive and sustainable communities continued

Community engagement

Our community engagement activity is aligned to our purpose and aims to find ways to support those in need in the communities in which we work and operate. Giving back is part of our culture and by fundraising, volunteering and knowledge sharing we can help more people enjoy a life of possibilities.

42%

of our colleagues took part in community initiatives throughout 2022[^]

Monetary donations

In addition to company donations, we offer a range of ways for colleagues to donate to registered charities¹ across the UK and Europe. Colleagues can support our four charitable partners – Samaritans in the UK, Alone in Ireland, Hilfe für krebskranke Kinder Frankfurt e.V. in Germany, and Österreichische Krebshilfe Wien in Austria – or donate through payroll giving schemes or personal fundraising for any charity of their choice. We match fundraising donations colleagues make to registered charities¹ across the year.

Through our collective efforts², over £850,000 has been donated to charities across the Group during 2022.

Samaritans Training School partner

Standard Life became a founding partner for the new Samaritans Training School, with a donation enabling around 400 more listening volunteers to be trained.

Standard Life
Part of Phoenix Group



Charity partnerships and sponsorships

Our charity partners support us in our mission to help people secure a life of possibilities by focusing on some of the barriers our communities face in living better, healthier, longer lives.

Samaritans

Samaritans has been our UK corporate charity partner since 2021 and was extended to March 2024 as we continue to realise the benefits for our customers, colleagues, and wider communities.

During the year colleagues from our customer teams have received training from Samaritans using its listening wheel model, which its own volunteers use in interactions with members of the public in their time of need. Our colleagues have found this valuable in supporting our vulnerable customers.

We have continued our fundraising activity across the year, with colleagues donating through monthly payroll giving and participating in a range of fundraisers. We also held a charitable dinner, which raised almost £125,000 from our key partners and suppliers.

- 1 In line with our policy, no charities deemed political or benefitting a single faith were supported in 2022
- 2 Donations and fundraising from colleagues, Group matching and donations, and third-party donations

Cancer Research UK's Race for Life

Standard Life is the headline sponsor for Cancer Research UK's Race for Life from 2023. We care about people's futures and through this sponsorship, we will help our local communities, colleagues and customers join the movement to beat cancer.

“Working together on this new partnership with Standard Life we can continue the incredible success of Race for Life and raise more money to help fund life-saving research. Sadly 1 in 2 of us will get cancer in our lifetime, but thanks to brilliant partnerships like these, we can continue our vital work to bring about a world where everybody can lead longer, better lives, free from the fear of cancer.”

Michelle Mitchell
Chief executive of Cancer Research UK

Standard Life
Part of Phoenix Group

British Heart Foundation

Around one in four people die from heart and circulatory disease in the UK, and 7.6 million people across the country are affected by these conditions. That's why SunLife donates £1 from every plan bought to the British Heart Foundation – the UK's biggest independent, publicly funded charity for heart and circulatory disease science.



Volunteering

Volunteering is embedded into our culture and 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. All colleagues across the UK and Ireland are entitled to two days' volunteering during business hours for individual activities and an additional day for participating in a team volunteering challenge.

Volunteering is a great way for colleagues to develop new skills, utilise the knowledge they have to help others outside of the workplace and collaborate with colleagues from different departments.

Across the year, 6,455 hours have been donated within our communities providing an indicative social value of c.£120,000.



School partnerships

We launched our third formal school partnership with The Telford Priory School in Telford, adding to our two established relationships with Ark Kings Academy in Birmingham and Ferryhill Primary in Edinburgh. The aim of our partnerships is to promote the importance of financial education, literacy support and wellbeing through a structured programme of monetary donations, volunteering, career development days and outdoor biodiversity activities. These partnerships link directly to our Vision for Literacy Business Pledge to improve literacy levels.

During 2022 we launched a partnership with Everfi to deliver workshop sessions in our partnership schools on sustainability, financial education, wellbeing, and resilience. Our colleague volunteers will be trained to visit schools to help launch and deliver the learning content.

Embedding sustainability and good governance

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

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| Our governance framework | 77 |

Introduction



Claire Hawkins
Corporate Affairs and
Investor Relations Director

To help create a life of possibilities, we need to embed sustainability and good governance into everything we do as a business.

Maintaining high standards of conduct and transparency in how we operate are vital foundations of our approach, helping us build trusted relationships. We have the same expectation of those we work with and collectively aim to drive up standards.

We integrate sustainability into our investment approach and supply chain management, we respect the human rights of those we interact with, and we ensure we manage key risks such as cyber crime, financial crime, and bribery and corruption.

As a steward of our customers' assets, we expect companies and other assets we invest in to behave in a responsible way, so it is vital that we practice what we preach.

Key focus areas

Embedding sustainability

[Read more on pages 66 to 69 →](#)

Responsible and ethical practices

[Read more on pages 70 to 76 →](#)

Our governance framework

[Read more on pages 77 to 79 →](#)



Sustainable investing

We believe that considering ESG factors in the investment analysis and decision-making process helps to deliver better risk management and strong long-term financial returns for our customers and shareholders.

Integration and exclusions

Combining a top-down approach coupled with bottom-up analysis is more effective than either approach in isolation, which is why we also consider ESG factors in the Group's investment framework including in the design of investment strategies, manager selection and ongoing monitoring and reporting. Our overall approach to ESG integration is described in our Responsible Investment Philosophy and further described in our Group Exclusion Policy and Asset Management Partner Open Letter.

[Responsible Investment Philosophy →](#)

[Group Exclusion policy →](#)

[Asset Management Partner Open Letter →](#)

Alongside ESG integration and engagement, we apply our Group exclusion policy as a high-profile and forceful way of evidencing commitment to responsible investment. Whilst our overarching approach remains 'engagement first', a focused exclusion policy has been adopted. The exclusion policy is driven by four key principles and is applied to either revenue thresholds or an involvement in the sectors. We expect the thresholds to tighten and the sectors excluded

to widen over time. In this way, exclusion will become an important part of our engagement strategy and a way of forcing the pace of decarbonising investment portfolios in line with our climate ambitions.

Effective integration of ESG considerations into portfolio monitoring and screening is dependent on good-quality data and analytics. We obtain ESG data from a range of third-party vendors, which we then analyse, consolidate and integrate into our own data system. This provides us with a central platform from which we can extract the ESG data we need to support us with investment monitoring and stewardship.

We recognise that the quality and coverage of our ESG data will continue to evolve, particularly as additional datasets become available and as our understanding of the ESG credentials of different asset classes continues to mature. We work closely with our asset management partners and data providers to ensure that the ESG data we use is in line with emerging best practice.

Stewardship

Our Stewardship Policy sets out our definition of effective stewardship and the framework to hold ourselves and our asset management partners accountable for embracing such definition. Stewardship is the use of the rights and position of ownership to influence the activity or behaviour of investee companies.

Different interpretations of engagement exist in the market. We believe that engagement refers to a two-way interaction between the investor and

investees in relation to the corporate business strategy and ESG practices. Asking a question on ESG issues during a meeting does not necessarily characterise the interaction as an engagement. Providing feedback on information collected, sharing best practice by peers and defining engagement objectives with focus companies better define an engagement activity.

While we ordinarily conduct dialogue with investee companies through our asset management partners, we also undertake direct engagements with corporate representatives conducted by members of our Stewardship team, and join collaborative engagements with other investors based on our financial exposure and internal research on priority ESG issues. In 2022, we have prioritised climate change, nature, human rights and breaches related to the UNGC principles as focus topics for engagement supported by a set of expectations of companies in relation to these priority ESG risks and opportunities.

In 2022, we published our first global voting principles which summarise our high-level beliefs and expectations of good corporate governance, environmental and social practices, which we support in the long-term interest of our customers. We are not involved in voting decisions directly, either by casting votes or sending voting instructions to our asset management partners. We will monitor the voting directions of our asset managers using our voting principles as a framework of reference after the votes are cast. We are committed to engaging with our asset management partners to reduce the divergence of their voting from the expectations underpinning our voting principles and engagement activities.





Asset management partner selection and monitoring

We expect our asset management partners to integrate ESG issues in their investment decisions and exercise constructive influence on companies and other issuers in our portfolios to encourage long-term performance, good corporate governance and sound sustainability practices.

We require asset management partners to:

- rely on internal and external research to monitor and assess investee companies' strategies; capital structure; financial and non-financial performance and risk; ESG risks and opportunities; and impact;
- define a relevant engagement focus list based on the above monitoring system;
- engage with identified priority companies, set engagement objectives and, in case of lack of progress, escalate engagement to drive better medium- and long-term performance from the business as a whole;
- exercise voting rights on our behalf in companies in which we have holdings through the application of a customised voting policy which is monitored and regularly updated to reflect clients' views;
- track systematically and report regularly on their engagement activities, including details on the factors they discuss, company representatives they met, investment professionals involved, outcomes achieved and investment implications, when applicable; and

- track systematically and report regularly on their voting activities including details on use of proxy advisers, votes against management, topics addressed by voting, support of ESG shareholder resolutions and voting rationales.

We also expect our asset management partners to be aligned with our minimum requirements.

For managers with mandates in public markets:

- being a signatory to the PRI;
- adopting the 2020 UK Stewardship Code or an equivalent local stewardship code applicable in their jurisdictions;
- supporting our net zero strategy and portfolio decarbonisation goals; and
- implementing our exclusion policy.

For managers with mandates in private markets:

- being a signatory to the PRI;
- implementing our exclusion policy; and
- supporting our net zero strategy.

We use our manager selection process to understand how capable an asset manager is to integrate, vote and engage on our behalf. We then formally delegate these activities to them. We also conduct an annual due diligence exercise on all of our asset management partners to evaluate whether their policies, integration, stewardship and reporting practices are meeting our expectations.

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, 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.

Stewardship policy →

Voting principles →

Sustainable supply chain

We are committed to transforming our supply chain into a dynamic, connected ecosystem that generates value for all our partners and stakeholders and delivers action and impact to create a more just and sustainable world.

Our strategy has evolved to deliver change across four key areas:

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

[Read more on pages 29 to 30 →](#)

Human rights and modern slavery: We are working with suppliers to ensure that they adopt best practices in tackling and eliminating modern slavery from their own operations and supply chains.

[Read more on page 60 →](#)

Nature and biodiversity: We will undertake an assessment to identify material risks and salient issues and develop a strategy and approach based on these findings, including consideration of supplier pilots around key issues in the supply chain.

Living wage: We want to support financial inclusion through the design and development of a dedicated living wage supply chain programme beyond our operational suppliers. Following a gap analysis, our approach will be developed in 2023, in collaboration with key partners and in line with best practice.

Our vision for our supply chain

We are committed to transforming our supply chain into a dynamic, connected ecosystem that generates value for all our partners and stakeholders to create a more just and sustainable world. We want to collaborate with our partners to make meaningful collective progress on the biggest issues facing society and the planet.

Our Supplier Code of Conduct

- Regulations and legislation
 - Gifts and entertainment
 - Using information responsibly
 - Conflicts of interest
 - Anti-competitive behaviour
 - The Bribery Act 2010
 - Tax evasion and the Criminal Finances Act 2017
- [Read our Supplier Code of Conduct →](#)

Our Environmental Standards

Our key and high-risk partners and suppliers must:

- Adopt Science Based Targets initiative (SBTi) carbon reduction targets
- Procure wholly renewable energy
- Participate in CDP supplier survey
- Undertake carbon reporting annually
- Establish sustainability governance

Our SME partners and suppliers must:

- Adopt SME SBTi carbon reduction targets
- Procure wholly renewable energy
- Participate in CDP supplier survey

Our Social Standards

Our key and high-risk partners and suppliers must:

- Prevent child labour
- Establish human rights due diligence
- Prevent modern slavery
- Comply with the UK Modern Slavery Act
- Uphold the rights of workers
- Hire employees with a legal right to work

Our SME partners and suppliers must:

- Prevent child labour
- Prevent modern slavery
- Develop Modern Slavery Statement and training

All suppliers must:

- Comply with health and safety laws
- Provide health and safety training
- Identify and eliminate health and safety risks

Our Governance Standards

Our key and high-risk partners and suppliers must:

- Have a clear sustainability governance process and representative(s) in place
- Have a clear governance structure in place
- Have a risk management process in place to ensure that any key environmental or social risks are dealt with swiftly and effectively

Sustainable supply chain continued

We are committed to integrating ESG factors fully into our procurement and supplier management processes, so that we can not only meet our regulatory and risk management requirements but also effect longer-term behaviour change and deliver mutual value throughout our supply chain. Embedding ESG more widely into supplier management will also help us to make our business more sustainable and responsible in the long-term, ultimately delivering better value not just for customers and shareholders but for all of our key stakeholders.

We have integrated key ESG risk factors into our Supplier Management Model. This model covers oversight of all key third parties to actively monitor their performance and ensure that they are following the requirements set out in our Sourcing and Procurement Policy and Framework, and our ESG Supply Chain Standards. Working through this Framework enables us to monitor ESG progress via relationship managers and business functions, alongside direct supplier engagement.

Our ESG approach to our supply chain is outlined in our Supplier Open Letter and detailed more comprehensively in our ESG Supply Chain Standards, which includes key areas of focus and how we are working with suppliers to drive best practice.

[Read our Supplier Open Letter →](#)

Case study: Embedding ESG into our suppliers' business strategies

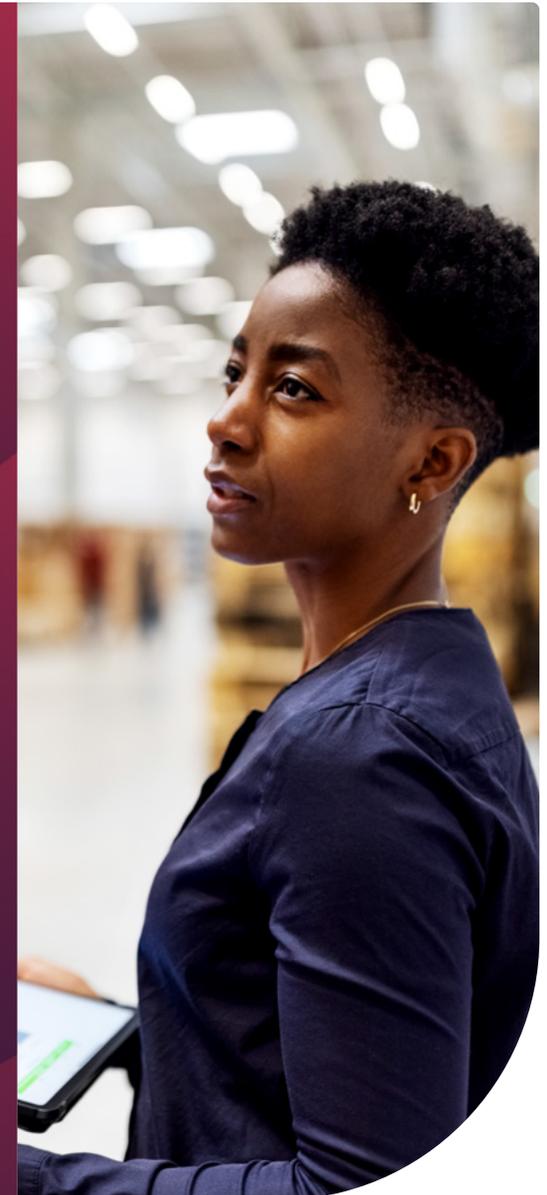
FNZ is a long-term strategic partner to Phoenix and provides us with policy administration support that is integral to our business. Our strong relationship allowed us to effectively support FNZ in developing its ESG approach and integrating it into its corporate strategy.

FNZ wanted to better understand the requirements for a successful ESG strategy, particularly in relation to modern slavery under the social pillar and net zero targets under the environmental pillar. Working together we helped it to identify gaps and opportunities, provided recommended content for its modern slavery statement, and insight on how to consider human rights more broadly in its strategy.

Most recently, we facilitated discussions on how to effectively communicate targets and initiatives to key internal stakeholders and establish effective governance to oversee the implementation of its ESG strategy. As a direct result of our collaboration, FNZ has put in place additional Board and Executive Committee oversight of its commitments, via appropriate governance mechanisms, and will be publishing their first ever sustainability report in early 2023 to acknowledge its long-term commitments and demonstrate its progress.

"The FNZ and Phoenix teams have been working closely together to both build out FNZ's ESG strategy and to ensure that it is effectively embedded and integrated throughout our business. While we started this journey with a sustainability framework based on learnings and knowledge from our own ESG product development, the support of Phoenix has been invaluable in terms of providing clear guidance, actionable steps, and insights from both their own business and externally. We are proud to be working alongside Phoenix and our other partners to make a positive contribution to society and the planet. We look forward to continuing our ESG efforts together in 2023."

Dr Vian Sharif
Group Head of Sustainability, FNZ



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* are responsible for complying with it. Our Code has been independently reviewed and benchmarked by the Institute of Business Ethics.

21

Speak Up reports received in 2022

Our Code has been independently reviewed and benchmarked by the

Institute of Business Ethics

Our Code forms an important part of our employment contract's terms and conditions. Colleagues 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.

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 we operate in. Independent external guidance and support are also available to our colleagues from our partner Protect, the UK's leading whistleblowing charity.

Code of Conduct



[Read our Code →](#)

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.

* The Code does not apply to colleagues located in Germany and Austria. A Code is being developed to respond to country-specific employment laws in these locations.

Financial crime, bribery and corruption

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 effectively manage any breaches of regulatory or legislative compliance on money laundering, fraud, bribery and corruption.

In order to ensure that any financial crime matters or occurrences are effectively managed, we have a number of policies and practices.

Adherence to our Financial Crime Policy is managed by the Financial Crime team via assessments of the minimum control standards that make up the policy, as well as themed financial crime reviews and assurance testing. Colleagues are required to complete annual computer-based training in financial crime prevention and are also required to complete a Gifts and Hospitality Register which is overseen and managed by the Financial Crime team.

0

bribery breaches in 2022

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.

We are committed to countering bribery and corruption with suitable policies and procedures. Our anti-bribery programme is designed to prevent the occurrence of bribery. This includes, for example, an Anti-Bribery Policy and mandatory training for our employees covering compliance with the UK Bribery Act 2022. The Group Board Risk Committee has oversight of the anti-bribery and anti-corruption programme.

We had no bribery and corruption breaches in 2022.

[Criminal Finance Act Statement →](#)

[Anti-money Laundering and Sanctions Statement →](#)

[Anti-bribery Statement →](#)



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 Risk Management Framework.

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

We disclose our total tax contribution, 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.

[Group tax strategy →](#)

£1,462m

Global tax contribution in 2021



Data privacy

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 who advise and support the wider business, including our outsourced partners, on the Group's obligations. The team also undertake and support Group assurance activities to ensure ongoing compliance with data protection legislation. They also act 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 perform 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. Whilst errors occur from time to time, we have not experienced any significant or wide-spread data breaches that have compromised the security of the personal information we are custodians of.



Our Privacy Hub

We recently launched a new Privacy Hub on our Phoenix Group website, to support 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.

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 are:

[See our Privacy Hub →](#)

- 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 our products and services we provide you.
- Your rights: we will support you in exercising your data rights.

Cyber crime

The safety of our customers and colleagues is paramount. As a responsible business, 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.

A Group-wide security programme enables the Group to operate safely and within appetite in a rapidly changing environment. Our cyber security framework is ISO 27001 certified* and our Cyber Security Policy is annually reviewed and made available to all colleagues. We have enhanced our data leakage controls to reduce the risk of data leaving the organisation or being shared inappropriately. We deploy layered security controls to protect the Group from cyber-related incidents. We also have insurance for information security risk.

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

We have continued to increase colleague awareness of online threats through a mandatory annual training programme, and regular themed 'spotlight' campaigns have highlighted cyber security safety in the workplace. A Group-wide programme of phishing simulations along with enhanced technical controls has helped our people recognise these emails and reduce our risk in this area.

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. Whilst the likelihood of a cyber-attack may be low, our business continuity team focuses on ensuring we are able to continue to operate. Our incidence response plans are tested on at least an annual basis. We have had no significant cyber-related incidents over 2022.

ISO 27001

certified*

0

We have had no significant cyber-related incidents over 2022.

* for employees, systems, data and processes for collecting data, processing payments, administration of workplace pension and benefits schemes from our Standard Life House office.

Supporting good customer outcomes

The new FCA Consumer Duty seeks to increase consumer protection in the retail market, foster effective competition in the interest of consumers, and for the industry to do more to foresee and prevent harm before it happens.

We have invested significantly in focusing on good customer treatment and outcomes across our businesses 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 are supportive of 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, key priorities have been identified to be addressed to ensure compliance with the Consumer Duty requirements within the relevant timescales. This plan has been approved by the Board and shared with the FCA.



Engagement with government, trade bodies and regulators

We want to drive policy and market change that enable people to have better, longer lives. That is why we are advocating for change on the issues that matter most to our customers and society.

We are an apolitical organisation, but we think it is important that we engage with policymakers and governments to be part of driving positive change for our stakeholders. We also have a long-standing policy of not making political donations. We have limited authorisation from shareholders to make political donations and incur political expenditure (Resolution 20, 2021 AGM). This is requested as a precaution against any inadvertent technical breach of political donations legislation in the Companies Act.

We are using our insight and knowledge to lead the debate around key societal and environmental challenges, working with government, non-governmental organisations and across our industry and the economy. We actively contribute to policy developments impacting long-term savings and insurance, and these are often linked to sustainability related topics. It is clear that we need a step change in action, to transform economies to embed sustainability into every financial decision and combat the climate crisis. Decarbonising investment portfolios and financing climate solutions at scale is going to require new approaches to investment, government policy and financial regulation.

We engage with various political stakeholders at Westminster and Holyrood, along with key trade bodies representing the industry, and regulators including the PRA, FCA, ABI, CBI and TPR. We also have a comprehensive and robust programme of proactive engagement across all regulators, which is co-ordinated through our centralised regulatory relationships team.

Key areas of focus

Our Regulatory Change Management Forum and public affairs team identify 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 2022 were:

Net zero and sustainable finance

[More on page 25 →](#)

Addressing the pension savings gap

[More on page 41 →](#)

Solvency II (SII) – SII reforms will have significant implications for our business and the wider industry. Phoenix supports the UK Government's proposals to remove some of the existing barriers to investment in sustainable assets. We believe the proposals can increase investment from the pensions and insurance industry and help the UK Government to achieve its goal of protecting policyholders and spurring investment in the UK. We continue to engage closely with HM Treasury and the PRA through a series of meetings with officials and ministers, as well as responding to detailed public consultations. As part of our engagement in 2022, we sponsored the Policy Exchange 'Unleashing Capital' Report. This report considers the opportunities for pensions and insurance firms to invest more in productive and sustainable assets, and makes a series of recommendations aimed to spur investment in the UK.



Senior leader involvement

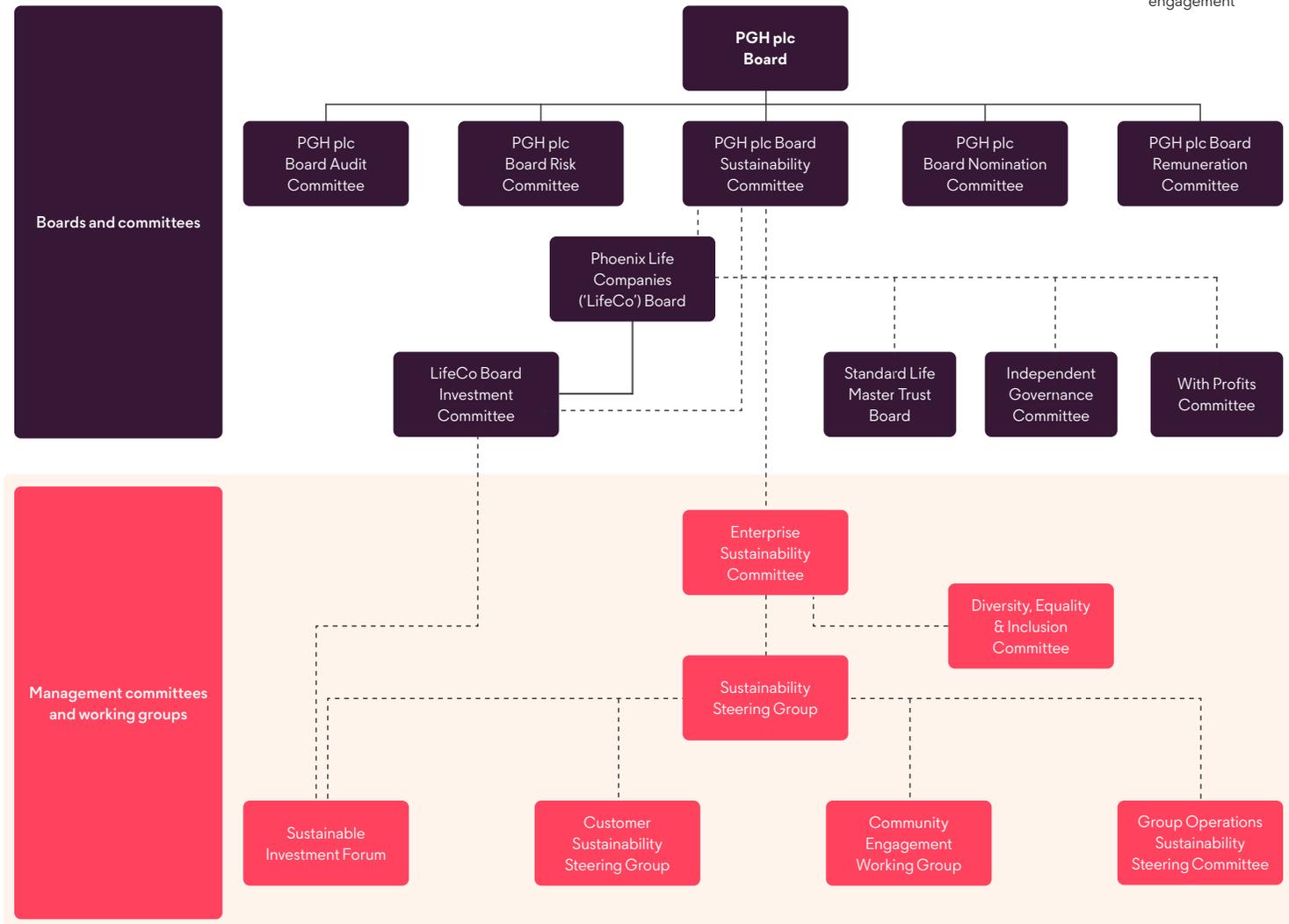
Andy Briggs, Group CEO, is Chair of the ABI Climate Change Board Committee, co-chairs an employer trade organisation roundtable with the Minister for Employment and sits on a number of other industry forums. Andy Curran, CEO Savings and Retirement UK & Europe, is chair of the ABI's Long-Term Savings Committee, and also sits on the ABI Board.

Our governance framework

The Group's governance framework is the foundation enabling the achievement of our purpose and sustainability strategy.

Ensuring the highest standards of governance within Phoenix is key to enabling robust and virtuous decision-making. Our governance framework also provides the support and agility needed to operate as a successful and sustainable business for the benefit of our stakeholders.

Our sustainability governance framework



Our governance framework continued

Phoenix Group Holdings plc Board

In accordance with its matters reserved, Phoenix Group Holdings plc Board ('Group Board') is responsible for the overall strategy of the Group, including the Group's sustainability strategy. The Group Board has a robust Board committee structure in place to assist in the discharge of its responsibilities, through delegations within approved terms of reference of these committees. Sustainability-related responsibilities are allocated to certain committees dependent on their overall purpose and remit.

Board Sustainability Committee

Chaired by Karen Green (an Independent Non-Executive Director of Phoenix Group Holdings plc), the Board Sustainability Committee 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 2022, the Board Sustainability Committee met six times and discussions included:

- The Group's 2022 sustainability KPIs and Science Based Targets initiative targets.
- PRA feedback on the Groups' submission for the Climate Biennial Exploratory Scenarios and review of the Group's round 2 submission (jointly with the Board Risk Committee).
- Oversight of the implementation of Mid-life MOT for colleagues and consideration of the impact on the Group's culture.
- Reviewing the Group's 2022 Modern Slavery and Human Rights Statement, for approval by the Board.

In addition to the Board Sustainability Committee, sustainability-related duties are also distributed between the following Board committees.

The **Board Audit Committee**, chaired by Katie Murray (Independent Non-Executive Director of Phoenix Group Holdings plc), is responsible for reviewing reporting in the annual report and accounts and such other material documents in respect of climate change and ESG matters for compliance with relevant regulations and legislation and standards set by the Board Sustainability Committee.

The **Board Risk Committee**, chaired by John Pollock (Independent Non-Executive Director of Phoenix Group Holdings plc), is responsible for overseeing the identification, assessment, management and reporting of climate-related risks within the Group Risk Management Framework, including oversight of the Group's climate-related stress and scenario testing; and oversight of risk disclosures in respect of climate related risks co-ordinating with the Board Sustainability Committee and Board Audit Committee as appropriate.

The **Board Nomination Committee**, chaired by Alastair Barbour (Interim Chairman of Phoenix Group Holdings plc), is responsible for engaging with the Board Sustainability Committee as appropriate, in particular in relation to diversity and inclusion matters, to drive a consistent approach to the execution of the sustainability strategy across the Group and to ensure appropriate ESG reporting on matters within the remit of the Committee.

The **Board Remuneration Committee**, chaired by Kory Sorensen (Independent Non-Executive Director of Phoenix Group Holdings plc), is responsible for engaging with the Board Sustainability Committee and Board Risk Committee, as appropriate, to drive a consistent approach to the execution of the sustainability strategy across the Group and to ensure that there are appropriate ESG elements included within the Group remuneration framework.

For more information



For more detail about the activities of the Board Sustainability Committee and its activities during 2022, please see pages 105 to 107 of Phoenix Group Holdings plc 2022 Annual Report and Accounts.

[Read the full document here →](#)

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

[Read online here →](#)

6

[Board Sustainability Committee meetings](#)

Our governance framework continued

Executive and management's role

The Group's Chief Executive Officer, 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**, led by Claire Hawkins (Director of Corporate Affairs and Investor Relations), acts to support the fulfilment of this responsibility. The Enterprise Sustainability Committee is comprised of key senior and Executive Committee members, including sustainability pillar, risk and TCFD sponsors and the Chief Sustainability Officer. The Committee meets at least five times a year (it met on six occasions in 2022) and supports the Board Sustainability Committee, providing updates on progress against strategy, KPIs and targets.

Individual responsibility for ensuring the appropriate identification, assessment, management and reporting of climate-related financial risks and opportunities that could impact the Group sits with the Group's Chief Financial Officer ('CFO') and the Group's Chief Risk Officer ('CRO'), both appointed as joint Senior Managers responsible for climate-related financial risk under the UK Prudential Regulation Authority's ('PRA') and Financial Conduct Authority's ('FCA') Senior Managers and Certification Regime. As part of wider financial reporting responsibilities, the Group CFO is responsible for reporting metrics and 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 Risk Management Framework.

A network of management committees and working groups including 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 and monitoring of progress against the different elements of the sustainability strategy and the Group's implementation of the TCFD recommendations. Updates are provided to our executive and Board level committees.

The Group's Risk Management Framework ('RMF') embeds proactive and effective risk management across the Group. It seeks to ensure that all material risks are identified, assessed, controlled, 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-wide Sustainability Risk Policy has been developed to identify the Group's key inherent risks, risk appetite for running these risks, and the controls to mitigate those risks to operate within the Board appetite. Read more about the Group's Risk Management Framework in the Group's Annual Report and Accounts.

Additional information

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Materiality review

ESG topics and trends are constantly evolving. We want to ensure we are focusing our sustainability strategy on the issues that could impact Phoenix and that we could have an impact on too.

In 2022 we carried out a double materiality review, which looks at:

1

Impact materiality (impact of Phoenix)

The actual or potential impact we can have on people or the environment over the short, medium or long-term.

2

Financial materiality (impact on Phoenix)

The risks or opportunities that could have a financial impact on Phoenix over the short, medium or long-term.

We followed a structured approach with independent support from the Boston Consultancy Group:

Themes – we created a long list of 30+ ESG themes by looking at broader trends and frameworks such as the UN SDGs. We consolidated this into a shortlist, based on industry standards and our business model.

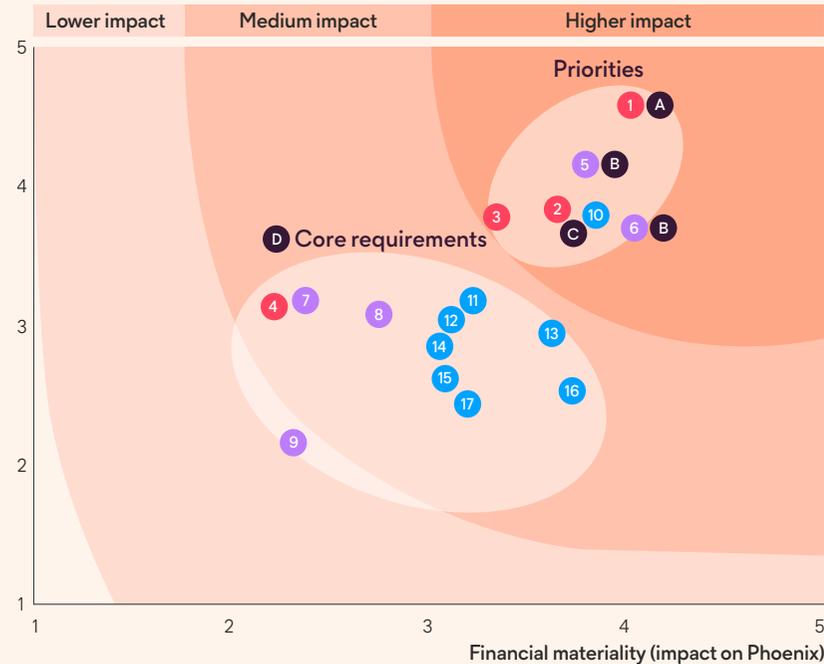
Stakeholders – we identified our key stakeholders – customers, senior managers, investors, employees, broader public, and peers – and provided relative weights for each group.

Materiality survey – we created and ran an online survey, and gathered insights in interviews with Phoenix senior leaders.

Consolidation – we clustered ESG themes into ‘priorities’ and ‘core requirements’ from the perspective of key stakeholder groups. We held dedicated workshops and refined our outputs to create our materiality assessment.

Output

Impact materiality (impact of Phoenix)



Environment

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

Social

- 5 Financial wellness and inclusion
- 6 Longevity and evolving demographic
- 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 and next steps

A. **Climate change** remains the most material environmental theme, and nature & biodiversity is increasing in importance – how we invest on behalf of our customers is where we can drive the biggest change on these themes

B. **Financial wellness & inclusion and longevity & changing demographics** are prioritised as key social themes, aligning with our focus on financial wellness and the role of good work and skills to enable better financial futures

C. **Digital innovation and responsible products and investments** are recognised as vital business enablers

D. Other themes identified are key topics we need to deliver on as a responsible business

- There is strong alignment between our sustainability strategy and the material ESG themes identified. Where we have identified changes in importance of themes, we are integrating these into our strategy and have aligned key targets and actions.
- We commit to review megatrends at least annually to ensure our focus reflects the current environment and material factors.

Our targets

| Pillar | Objective | Target year | Material issue | SDG | Progress in 2022 | Achieved |
|---|---|----------------------|----------------|---------|---|---|
| Planet | | | | | | |
|  | 60% origination of sustainable investments (illiquid assets within our shareholder portfolio) | 2022 | 2 | 9,11,13 | 53% origination of sustainable investments |  |
|  | £250m invested into climate solutions for the policyholder assets | 2022 | 1 2 | 9,11,13 | We have designed a mandate to deploy over £330m of policyholder assets in 2023 |  |
|  | Develop and submit for validation emission reduction targets in line with the SBTi financial sector guidance | 2022 | 1 | 13 | Targets developed and submitted (awaiting validation) |  |
|  | Publish comprehensive Net Zero Transition Plan | 2023 | 1 | 13 | <i>*New*</i> | |
|  | 50–70% of illiquid asset origination in the shareholder portfolio to be sustainable and transition assets | 2023 | 1 2 | 13 | <i>*New*</i> | |
|  | Completion of TNFD pilot and develop strategy | 2023 | 3 | 14,15 | <i>*New*</i> | |
|  | Implement decarbonisation for shareholder liquid credit portfolio c.£13bn to meet our carbon reduction targets | 2023 | 1 2 | 13 | <i>*New*</i> | |
|  | Establish a decarbonisation glide path monitoring framework | 2023 | 1 2 | 13 | <i>*New*</i> | |
|  | We are committed to achieving net zero in investment portfolio We will cut the carbon intensity of all assets where we can exercise control and influence by at least 50% We will reduce the carbon intensity of our listed equity and credit assets by 25% where we exercise influence and control | 2050 2030 2025 | 1 | 13 | Emissions from our listed equity and credit portfolio have decreased by 22% from 2019 to 2021 | In progress |
|  | At least £10 billion invested over five years into sustainable assets (subject to regulatory and market conditions) | 2026 | 1 2 | 9,11,13 | £2.3bn invested since 2021 | In progress |
|  | 1–3 thought leadership projects to support implementation of net zero transition and long-term targets with bold impactful recommendations for call to action | 2023 | 1 | 13 | <i>*New*</i> | |
|  | Work with partners to increase ambition, transparency and tackle barriers to net zero investment | 2022 | 1 | 13,17 | Worked with partners across 2022 |  |
|  | 20% reduction (2022 versus 2021 target) in scope 1 and 2 emission intensity from occupied premises per full-time employee | 2022 | 1 | 13 | Reduction in emissions of 26% vs target |  |
|  | Maintain 75–85% intensity reduction vs 2019 baseline in operational carbon emissions | 2023 | 1 | 13 | <i>*New*</i> | |
|  | Net zero carbon in operations (covering scope 1 and 2 emissions from our occupied premises and Scope 3 emissions from our business travel) – location-based | 2025 | 1 | 13 | Our emissions have reduced by 50% since 2019 | In progress |
|  | 75% key suppliers committed to SBTi or Race to Zero | 2022 | 1 | 13 | 82% committed to SBTi or Race to Zero |  |
|  | 90% key suppliers committed to SBTi or Race to Zero | 2023 | 1 | 13 | <i>*New*</i> | |
|  | Net zero in our supply chain 50% reduction in our supply chain emissions intensity | 2050 2030 | 1 | 13 | Developed indicative estimated baseline of our supply chain emissions | In progress |

Our targets continued

| Pillar | Objective | Target year | Material issue | SDG | Progress in 2022 | Achieved |
|---|---|-------------|----------------|--------|--|---|
| People | | | | | | |
|  | Launch a programme of public engagement on longer lives | 2022 | 5 6 | 5,8,10 | Public engagement activity underway and publications launched |  |
|  | Launch Longer Lives Index | 2022 | 5 6 | 5,8,10 | Launched |  |
|  | Launch guidance gap campaign | 2022 | 5 | 4,10 | Launched |  |
|  | Transfer c.£15 billion AUM and c.1.5 million customers invested in the Active Plus and Passive Plus workplace default solutions to our new Sustainable Multi Asset default solution | 2022 | 1 2 | 13 | c.1.5m customers and c.£15bn assets transferred |  |
|  | Launch financial inclusion strategy, focused on a specific underserved customer group, providing targeted support to empower better financial decisions | 2022 | 5 | 10 | Financial inclusion strategy launched |  |
|  | Directly offer one million customers the chance to review our digital literacy materials and/or initiatives | 2022 | 10 | 4,10 | 1.2m customers offered chance to review digital literacy materials |  |
|  | 95% of key suppliers with a modern slavery statement | 2022 | 7 | 10 | 96% with modern slavery statement |  |
|  | 40% of colleagues actively involved in supporting community engagement activity | 2022 | 9 | 10 | 42% actively involved |  |
|  | 7.8 out of 10 average colleague engagement score | 2022 | 8 12 | 8 | 7.7 out of 10 engagement score |  |
|  | 40% of senior leaders will be women | 2023 | 8 12 | 5 | 39% | In progress |
|  | 13% ethnic minority representation in our workforce | 2023 | 8 | 8 | 12.5% | In progress |
|  | Launch awareness campaign reaching 4m people on longer lives and under saving for retirement | 2023 | 5 6 | 4,10 | *New* | |
|  | Provide access for 1.5 million customers to an integrated financial wellness hub, Money Mindset | 2023 | 5 6 | 4,10 | *New* | |
|  | All customers supported by digital literacy hubs | 2023 | 6 | 4,10 | *New* | |
|  | Reach 1.5 million customers to raise awareness about the impact of their investments | 2023 | 6 | 4 | *New* | |

Our targets continued

| Pillar | Objective | Target year | Material issue | SDG | Progress in 2022 | Achieved |
|---|--|-------------|----------------|---------|--|---|
| People | | | | | | |
|  | Test and learn pilot webinar series providing financial education and guidance at key life stages for women | 2023 | 6 | 4,5,10 | *New* | |
|  | Roll out mid-life MOT to all UK colleagues and assess effectiveness and further application | 2023 | 5 8 | 10 | *New* | |
|  | 40% of colleagues actively involved in supporting community engagement activities | 2023 | 9 | 10 | *New* | |
|  | Colleague engagement Employee Net Promoter Score (eNPS) of 13 | 2023 | 8 12 | 8 | *New* | |
|  | Reimagining the State Pension for the 21st century Report and develop bold impactful recommendations for call to actions/policy call | 2023 | 5 6 | 8,10 | *New* | |
|  | To be the best place our colleagues have ever worked | 2026 | 8 12 | 8 | 7.7 out of 10 engagement score | In progress |
| Governance | | | | | | |
|  | Data gathering framework and tracking established for listed equity and credit where we exercise influence and control | 2022 | 2 | – | Data gathering framework and tracking established |  |
|  | Alignment to the UK Stewardship Code in readiness for full certification in 2023 | 2022 | 2 | – | Alignment complete and Stewardship report to be published and submitted to FRC in May 2023 |  |
|  | Stewardship report to be published and accredited by FRC | 2023 | 2 | – | *New* | |
|  | Invoke our voting policy by successfully testing for 100 companies | 2023 | 1 2 | 9,11,13 | *New* | |

ESG memberships, accreditations and awards

| Topic | Description |
|---|---|
| Planet | |
| Taskforce on Climate-related Financial Disclosure | The Taskforce developed a framework of recommendations to help public companies and financial institutions more effectively disclose climate-related risks and opportunities. Supporters demonstrate that they are taking action to build a more resilient financial system through climate-related disclosure. |
| ABI Board Climate Change Committee | The Committee focuses on delivering an ambitious sector-wide approach to reaching Net Zero, identifying how the industry's investments and underwriting can enable the 'Green Industrial Revolution' and how insurance and long-term savings customers can be supported to make more sustainable choices. |
| Partnership for Carbon Accounting Financials (PCAF) | A global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. |
| Climate Action 100+ | An investor-led initiative to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change including aligning with the goals of the Paris Agreement. |
| Institutional Investor Group on Climate Change | IIGCC is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. |
| The Green Finance Institute | An independent, commercially focussed organisation that sits at the nexus of the public and private sectors, and whose purpose is to design, develop and launch portfolios of scalable financial solutions that accelerate sector-specific transitions to a low-carbon future. |
| Net Zero Asset Owner Alliance | A member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5°C. |
| Race to Zero campaign | The campaign mobilizes leading net zero initiatives and real economy actors to commit to achieving net zero carbon emissions by 2050 at the latest. |
| Paris Aligned Investment Initiative | PAII translates the goals of the Paris Agreement into practical guidance for asset owners and asset managers, establishing a common understanding of approaches and methodologies to guide action. |
| Glasgow Financial Alliance for Net Zero | An initiative that unites net-zero financial sector-specific alliances from across the globe into one industry-wide strategic alliance. |
| Global Impact Investing Network | GIIN is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. |
| Transition Pathway Initiative | TPI provides investors with tools and guidance to support the assessment of company preparedness for the low carbon transition. |
| Participant in WWF Earth Hour | Earth Hour is a worldwide event is held annually, encouraging individuals, communities, and businesses to turn off non-essential electric lights, for one hour. |
| Get Nature Positive Campaign | A campaign that mobilises organisations to put nature and biodiversity gain at the heart of decision-making and is designed to demonstrate the business community's collective focus on protecting and restoring nature. |
| Taskforce on Nature-related Financial Disclosures | A global initiative that aims to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes by delivering a framework for organisations to report and act on evolving nature-related risks. |
| SMI Global Supply Chain Pledge | A commitment by members of the SMI Insurance Task Force to take action to encourage and support their supply chain partners to make the green transition. |
| ABI Sustainable Supply Chain Working Group | ABI members and industry stakeholders work together to drive action to reduce emissions in the supply chain. |
| UN PRI | The leading proponent of responsible investment, supporting its signatories to understand and incorporate ESG factors into investment decision making. |

ESG memberships, accreditations and awards continued

| Topic | Description |
|--|---|
| Planet | |
| Sustainable Markets Initiative Insurance Taskforce | The Taskforce brings together leaders from a number of the largest and most influential global insurance firms to accelerate the pace of industry transitions towards a more resilient and sustainable future, putting Nature, People and Planet at the heart of global value creation. |
| Make My Money Matter Campaign | A campaign to engage customers and pension providers to invest for a better future and ensure a positive impact on people and planet. |
| UK Sustainable Investment & Finance Association | UKSIF brings together the UK's sustainable finance and investment community and supports members to expand, enhance and promote this key sector. |
| EP100 | A global corporate energy efficiency initiative bringing together over 120 ambitious businesses committed to measuring and reporting on efficiency improvements. |
| UK Government Transition Plan Taskforce | The TPT was launched by HM Treasury in April 2022 to develop the gold standard for private sector climate transition plans. |
| Scottish Government Green Finance Taskforce | The Taskforce aims to transition Scotland into a global leader for Green and Sustainable Financial Services. |
| Chamber of Commerce in Edinburgh | The Edinburgh Chamber is an independent membership organisation which supports the business community in Edinburgh to grow and achieve success. |

ESG memberships, accreditations and awards continued

| Topic | Description | 2022 | 2021 |
|---|---|---------------------------|---------------------------|
| People | | | |
| Business in the Community | BITC is a network of business members who are leading a movement to create a fair and sustainable world in which to live and work. | | |
| Living Wage Employer | The Living Wage Foundation offers accreditation to the leadership of responsible employers who choose to go further and pay a real Living Wage based on the cost of living, not just the government minimum. | | |
| Mental Health at Work Commitment | The Commitment, and the standards which underpin it, are a roadmap to achieving better mental health outcomes for those in work. Signatories make a public commitment to implement the six standards. | | |
| Race at Work Charter | A public commitment to improving equality of opportunity in the workplace. Signatories commit to seven calls to action to ensure that ethnic minority employees are represented at all levels in an organisation. | | |
| The Valuable 500 | The Valuable 500's mission is to use the power of business to drive lasting change for the 1.3 billion people around the world, living with a disability. | | |
| 10,000 Black Interns | The programme offers paid internship opportunities across more than 25 sectors, in addition to training and development opportunities. Its purpose is to address the underrepresentation of Black talent in industry. | | |
| Carer Positive Employer in Scotland | Carer Positive aims to encourage employers to create a supportive working environment for carers in the workplace. | Exemplary – level 3 award | Exemplary – level 3 award |
| Disability Confident Scheme | The Scheme supports employers to make the most of the talents disabled people can bring to your workplace. Disability Confident Employers are recognised as going the extra mile to make sure disabled people get a fair chance. | Committed | Committed |
| Business Disability Forum Member | The leading business membership organisation in disability inclusion. Members work to improve the life experiences of disabled employees and consumers, by removing barriers to inclusion. | | |
| Women in Finance Business Charter | A commitment by HM Treasury and signatory firms to work together to build a more balanced and fair financial services industry. | | |
| Social Mobility Pledge | A coalition of 550 businesses globally employing over 5 million people. It encourages organisations to be a force for good by putting social mobility at the heart of their purpose. | | |
| Social Mobility Foundation Employer Index | A rigorous assessment of the steps being taken to ensure talent from all social backgrounds can get 'in' and 'on' in organisations. The Index ranks employers performance in eight areas of social mobility. | 24 | 41 |
| Vision for Literacy Business Pledge | The Pledge calls on UK businesses to join the national literacy campaign to help close the nation's literacy gap and boost social mobility. | | |
| Asset Owner Diversity Charter | A commitment by signatory firms to build an investment industry which represents a more balanced and fair representation of diverse societies. | | |
| Compassionate Employers Programme – Hospice UK | A programme that enables employers to support their employees through grief, caring responsibilities or a life changing diagnosis. The programme ensures continuous progress towards becoming a gold standard Compassionate Employer. | | |
| Wellbeing of Women – Menopause Workplace Pledge | Signatories commit to: recognising that the menopause can be an issue in the workplace and women need support; talking openly, positively and respectfully about the menopause; actively supporting and informing your employees affected by the menopause. | | |
| Scottish Business Pledge | A values-led partnership between Government and business that is based on boosting productivity and competitiveness through fairness, equality and sustainable employment. | | |
| Carers Confident Accreditation | The certificate of achievement is presented to employers with a UK presence who have demonstrated that they have built an inclusive workplace where carers are recognised, respected and supported. | | |

ESG memberships, accreditations and awards continued

| Topic | Description | 2022 | 2021 |
|--|--|-------------------|----------|
| People | | | |
| Working Families Best Practice Awards | The Best Practice Awards recognise and celebrate employers who are offering flexibility for all their people and going above and beyond in their support for parents and carers. | Winner | |
| Worcestershire Works Well – Healthy Choice Food Award – Wythall Office | An accreditation scheme designed to support businesses to improve the health and wellbeing of their employees. | Gold Award | |
| Governance | | | |
| S&P CSA | S&P Global ESG Scores are based on the assessment of corporate sustainability performance in the S&P Global Corporate Sustainability Assessment (CSA). Scores are from 0 – 100 (best). Leading companies are included in relevant Dow Jones Sustainability Indices. | 57 | 52 |
| CDP | CDP scores companies from A to D- across climate change, deforestation and water security. The scoring methodology incentivizes companies to measure and manage environmental impacts through the climate change, forests and water security questionnaires. | A- | B |
| MSCI ESG Ratings | MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities. A rules-based methodology is used to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC) | A | A |
| The Tortoise Responsibility100 Index | A ranking of the FTSE 100 companies on their commitment to key social, environmental and ethical objectives, inspired by the UN Sustainable Development Goals. | 12 | 27 |
| Sustainalytics ESG Risk Ratings | Sustainalytics ESG Risk Ratings span more than 14,000 companies and covers most major global indices. ESG Risk Ratings are categorized across five risk levels: negligible, low, medium, high, and severe. | Low Risk | Low Risk |
| UN Global Compact Membership | The world's largest corporate sustainability initiative. The United Nations Global Compact is a call to companies to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. | | |
| UK Prompt Payment Code | A voluntary code of practice for businesses, designed to encourage supplier payment in 30 to 60 days, depending on the supplier size. Paying suppliers or partners promptly and within the agreed payment terms is not only an ethical responsibility but economically beneficial for all parties and the wider economy. | | |

ESG data tables

Planet

AS Assured

| Measure | 2022 | 2021 | 2020 | 2019 (Baseline) |
|---|------|------------|------|-----------------|
| Investment | | | | |
| AS Absolute financed emissions (scope 3, category 15 – emissions from investments) for all assets in carbon emissions baseline (tCO ₂ e) | – | 20,771,411 | – | 24,424,897 |
| AS Economic emissions intensity (EVIC) for listed equity and credit (tCO ₂ e/£m invested) | – | 74 | – | 105 |
| AS Economic emissions intensity (EVIC) for sovereign debt (tCO ₂ e/£m invested) | – | 219 | – | 234 |
| AS Economic emissions intensity (EVIC) for real estate (tCO ₂ e/£m invested) | – | 19 | – | 21 |
| AS Revenue emissions intensity (WACI) for listed equity and credit (tCO ₂ e/\$m invested) | – | 139 | – | 158 |
| AS Total percentage of financed emissions in high emitting sectors associated with target list of companies for climate engagement | 40% | – | – | – |
| AS Percentage of illiquid asset originations in sustainable investments for the shareholder portfolio (% of AUA) | 53% | 67% | – | – |
| AS Percentage of equity/credit portfolio invested in companies with SBTi targets (% of AUA) | – | 47% | – | – |
| Data quality score – PCAF emissions data quality hierarchy (high =1, low=5) | – | 1.9 | – | 1.8 |
| AS Percentage of assets exposed to high transition risk sectors (% of AUA) | – | 20% | – | – |
| AS Percentage of assets exposed to the fossil fuel industry (% of AUA) | – | 8% | – | – |

Planet continued

AS Assured

| Measure | 2022 | 2021 | 2020 | 2019 (Baseline) |
|--|--------|--------|--------|-----------------|
| Operational | | | | |
| AS Total Scope 1, 2 and 3 emissions exc. Cat 15 (tCO ₂ e) – voluntary | 15,395 | 24,014 | 22,236 | 21,523 |
| AS Scope 1 and 2 emissions (tCO ₂ e) – location-based – mandatory | 7,121 | 13,154 | 14,978 | 17,255 |
| Scope 1 and 2 emissions (tCO ₂ e) – market-based | 2,692 | 4,833 | 8,178 | 7,905 |
| AS Emissions (Scope 1 and 2) on a per floor area intensity (kgCO ₂ e/m ²) – market-based | 26 | 30 | – | – |
| Emissions (Scope 1 and 2) on a per floor area intensity (kgCO ₂ e/m ²) – location-based | 57 | 62 | 80 | 101 |
| AS Emissions (Scope 1 and 2) on a per full-time equivalent employee (FTE) intensity (tCO ₂ e/FTE) – market-based | 0.34 | 0.38 | – | – |
| Emissions (Scope 1 and 2) on a per full-time equivalent employee (FTE) intensity (tCO ₂ e/FTE) – location-based | 0.73 | 0.81 | 1.23 | 1.7 |
| AS Percentage reduction in Scope 1 and 2 emissions from occupied premises (per FTE) from prior year | 10% | 34% | 28% | – |
| Percentage reduction in Scope 1 and 2 emissions from occupied premises (per FTE) from 2019 – market-based | 80% | 78% | 28% | – |
| AS Scope 3 emissions from leased property (energy sub-metered to tenants), business travel in employees' cars, transmissions and distribution losses from electricity, employee homeworking emissions (tCO ₂ e) | 8,275 | 8,207 | 5,312 | 4,267 |
| AS Energy consumption (GWh) | 67.6 | 104.3 | 87.9 | 66.6 |
| AS Percentage of key suppliers committed to SBTi or UN Race to Zero campaign | 82% | – | – | – |
| Total waste produced (tonnes) | 581.65 | – | – | – |
| AS Percentage of waste diverted away from landfill | 100% | 100% | 100% | – |
| Volume of waste diverted from landfill through resource donation programme (m ³) | 95.12 | 41.53 | – | – |
| Percentage of total waste recycled or re-used | 67% | – | – | – |

ESG data tables continued

People

AS Assured

| Measure | 2022 | 2021 | 2020 |
|---|----------------------------------|------------|------------|
| Customer | | | |
| AS Group customer satisfaction score (Phoenix Life, Standard Life and ReAssure) | 92% | 92% | – |
| AS Number of Phoenix Group customers directly offered the chance to review our digital literacy materials and/or initiatives in 2022 | 1.2 million | – | – |
| AS Value of AUM and number of customers invested in the Active Plus and Passive Plus workplace default solutions transferred to the new sustainable default | c.£15bn AUM/ c.1.5m customers | – | – |
| Community | | | |
| AS Percentage of employees involved in community engagement programmes | 42% | 35% | – |
| Employee volunteering hours donated in local community | 6,455 | 2,672 | 1,747 |
| Percentage of employees involved in volunteering programme | 12.2% | 5.1% | 5.3% |
| Number of beneficiaries reached across community engagement programme | 371 | 263 | – |
| Total donations by employees – UK (£) | £202,981 | £389,247 | – |
| Total donations by employees – EU (€) | € 47,956 | €51,178 | – |
| Total donations by employees – combined UK/EU (£) | £245,973 | – | – |
| Total donations from Phoenix Group (£) | £470,387 | – | – |
| Total donations from Phoenix Group suppliers (£) | £141,282 | – | – |
| AS Total donations benefitting charities – inc. Group, employees and suppliers – UK (£) | £814,650 | £1,008,767 | £2,141,605 |
| Total donations benefitting charities – EU (€) – inc. employees | € 47,956 | € 67,178 | € 44,233 |
| Grand total donations benefitting charities – combined UK/EU (£) | £857,198 | – | – |
| Social Value provided to community through colleague volunteering programme (£) | c.£120,000 | – | – |
| Supply chain | | | |
| AS Percentage of key suppliers with modern slavery statement | 96% | 96% | 95% |

People continued

AS Assured

| Measure | 2022 | 2021 | 2020 |
|--|-------|-------|-------|
| Employee | | | |
| Staff turnover – voluntary | 10.8% | 10.8% | 6.8% |
| Staff turnover – involuntary | 2.8% | – | – |
| Staff turnover – total | 13.7% | – | – |
| Days lost through sickness absence | 3.4% | 2.7% | 2.6% |
| Average employee sickness absence rates per FTE (days) | 8.7 | 6.9 | 6.4 |
| Number of reportable accidents under Reporting of Incidents, Disease and Dangerous Occurrence Regulations ('RIDDOR') | 0 | 0 | 0 |
| Number of fatalities | 0 | 0 | 0 |
| AS Average employee engagement score (Peakon survey 1–10) | 7.7 | 7.5 | – |
| Colleague engagement Employee Net Promoter Score (eNPS) | 30 | 23 | – |
| How likely is it you would recommend Phoenix Group as a place to work (1–10) | 7.9 | 7.7 | – |
| If you were offered the same job at another organisation, how likely is it you would stay at Phoenix Group? (1–10) | 7.4 | 7.1 | – |
| Overall, how satisfied are you working at Phoenix Group? (1–10) | 7.8 | 7.6 | – |
| Percentage of employees represented by staff representation body | 100% | – | – |
| Percentage of employees who have a formalised annual appraisal | 100% | 100% | 100% |
| Number of employees that participate in Phoenix Group's Sharesave scheme | 2,720 | 2,949 | 2,115 |
| Number of employees that participate in Phoenix Group's share incentive plan | 2,965 | 2,063 | 2,652 |
| Number of employees | 8,333 | 8,045 | 7,653 |
| Percentage of employees aged 16 to 18 years | 0.3% | 0.3% | 0.01% |
| Percentage of employees aged 19 to 25 years | 9.9% | 12.0% | 11.9% |
| Percentage of employees aged 26 to 35 years | 25.5% | 24.5% | 23.9% |
| Percentage of employees aged 36 to 45 years | 27.3% | 27.4% | 27.9% |
| Percentage of employees aged 46 to 55 years | 26.2% | 25.5% | 26.2% |

People continued

 Assured

| Measure | 2022 | 2021 | 2020 |
|---|-------|-------|-------|
| Employee | | | |
| Percentage of employees aged 56 to 65 years | 10.3% | 9.9% | 9.5% |
| Percentage of employees aged over 65 years | 0.5% | 0.4% | 0.5% |
| Percentage of employees working on permanent contract terms | 98% | 96% | 94% |
| Percentage of employees working on fixed term contracts | 2.1% | 3.8% | 6.0% |
| Percentage of employees opting to work part-time | 14.9% | 15.0% | 16.1% |
| Number of graduate hires | 38 | – | – |
| Percentage of graduate hires that are women | 34% | – | – |
| Number of apprentice hires | 122 | – | – |
| Percentage of apprentice hires that are women | 49% | – | – |
| Ethnicity | | | |
|  Percentage of Board that is of Black, Asian or Minority Ethnic background | 23% | – | – |
|  Percentage of Executive Committee that is of Black, Asian or Minority Ethnic background | 0% | – | – |
| Percentage of senior leadership that is of Black, Asian or Minority Ethnic background | 9.9% | – | – |
|  Percentage of employees of Black, Asian or Minority Ethnic background | 12.5% | 11.9% | – |
| Group Black, Asian or Minority Ethnic pay gap | -0.9% | – | – |

People continued

 Assured

| Measure | 2022 | 2021 | 2020 |
|---|------|------|------|
| Gender | | | |
|  Percentage of Board of Directors that are women | 54% | 33% | 31% |
|  Percentage of Executive Committee that are women | 56% | 20% | 20% |
|  Percentage of senior leadership roles occupied by women | 39% | 47% | – |
|  Percentage of employees that are women | 52% | 52% | 52% |
| Percentage of top 100 roles occupied by women | 32% | 27% | 21% |
| Percentage of green/amber successors that are women | 54% | 42% | 36% |
| Group gender pay gap | 23% | 26% | 24% |

Governance



| Measure | 2022 | 2021 | 2020 |
|---|------|----------------|----------------|
| Governance | | | |
| Number of policies (million) | 11.8 | 12.9 | 13.7 |
| Percentage of invoices paid within 60 days | 92% | 95% | – |
| Percentage of demand processed within Service Level Agreement (SLA) | 92% | 90% | – |
| Percentage of complaints closed within 8 weeks | 94% | 93% | – |
| Political spend/contributions (£) | £0 | £0 | £0 |
| Tax reporting on a tax jurisdiction basis (£): | | | |
| Global tax contribution | – | £1,462,183,066 | £1,356,202,905 |
| UK | – | £1,422,201,108 | £1,318,074,352 |
| Ireland | – | £16,577,892 | £17,832,565 |
| Germany | – | £23,404,066 | £20,295,988 |
| Number of IT security/data breaches | 0 | – | – |
| Number of bribery and corruption breaches | 0 | – | – |
| Percentage completion of code of conduct training and attestation | 98% | – | – |
| Number of Speak Up reports | 21 | – | – |

SASB disclosures

Insurance – Sustainability Accounting Standard

| Topic | Accounting Metric | Code | Disclosure |
|---|--|--------------|--|
| Transparent Information & Fair Advice for Customers | Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers. | FN-IN-270a.1 | 0 |
| | Complaints-to-claims ratio | FN-IN-270a.2 | 11.42 |
| | Customer retention rate | FN-IN-270a.3 | 0.93 |
| | Description of approach to informing customers about products | FN-IN-270a.4 | <p>Phoenix is committed to giving its customers the information required to be fully informed about the products they hold with the Group, allowing them to make good decisions regarding their financial future. This applies to customers at the point of purchase and existing customers throughout their financial journey with the company. Documents are reviewed on a regular basis to ensure they meet all required legislation and contain the information required to keep customers fully informed on the costs, benefits and values associated with their product. Any guarantees or restrictions that apply are clearly pointed out to customers.</p> <p>Phoenix continues to move towards conducting more business through its online capability. Significant investment is being made to further enhance this offering which we believe will drive our long term sustainability goals and lead to better customer engagement.</p> <p>Documents at the point of claim are designed to support customers at a time when they may be vulnerable and we signpost that help is always available to any customers who require it.</p> |
| Incorporation of Environmental, Social, and Governance Factors in Investment Management | Total invested assets, by industry and asset class | FN-IN-410a.1 | Annual Report and Accounts, page 170–171 |
| | Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies | FN-IN-410a.2 | Responsible Investment Philosophy, page 7 |
| Environmental Risk Exposure | Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy | FN-IN-450a.3 | Climate (TCFD) Report, page 45–47 |
| Systemic Risk Management | Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives | FN-IN-550a.1 | Annual Report and Accounts, page 213–215 |
| | Total fair value of securities lending collateral assets | FN-IN-550a.2 | Annual Report and Accounts, page 214–215 |
| | Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities | FN-IN-550a.3 | Annual Report and Accounts, page 56–67 |
| Activity metrics | Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance | FN-IN-000.A | <p>Heritage: 5.5m</p> <p>Pensions & Savings: 3m</p> <p>Retirement Solutions: 1.5m</p> <p>Europe: 0.6m</p> <p>SunLife: 1.2m</p> <p>Grand Total 11.8m</p> |

Asset Management and Custody – Sustainability Accounting Standard

| Topic | Accounting Metric | Code | Disclosure |
|---|--|--------------|--|
| Transparent Information & Fair Advice for Customers | 1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings | FN-AC-270a.1 | 0 |
| | Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers | FN-AC-270a.2 | 0 |
| Employee Diversity & Inclusion | Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees | FN-AC-330a.1 | Sustainability Report, pages 93–94 |
| Incorporation of Environmental, Social and Governance Factors in Investment Management & Advisory | Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability theme investing, and (3) screening | FN-AC-410a.1 | 1. Not currently reported 2. £1billion originated in sustainable illiquid assets 3. Not currently reported |
| | Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies | FN-AC-410a.2 | Responsible Investment Philosophy, page 7 |
| | Description of proxy voting and investee engagement policies and procedures | FN-AC-410a.3 | Stewardship Policy, page 4 |
| Business Ethics | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations | FN-AC-510a.1 | 0 |
| | Description of whistle-blower policies and procedures | FN-AC-510a.2 | Code of Conduct, page 40 |
| Activity Metrics | (1) Total registered and (2) total unregistered assets under management (AUM) | FN-AC-000.A | Annual Report and Accounts, page 170 |
| | Total assets under custody and supervision | FN-AC-000.B | Annual Report and Accounts, page 170 |

Assured data methodology

This section sets out the ESG Key Performance Indicators (KPI) and accompanying assumptions, scope and definitions used to calculate and report each KPI.

Unless otherwise stated all figures in our report cover the period from 1 January to 31 December 2022.

Absolute financed emissions (tCO₂e)

Defined as the investment portfolio's fair share of emissions of investee companies, calculated using the PCAF methodology for 2019 and 2021 baselines. For further details please see the "Investments Metrics Framework" section in our Climate Report.

Economic emissions intensity (EVIC) (tCO₂e/£m invested)

Expresses portfolio emissions per unit of capital invested – calculated using the PCAF methodology for 2019 and 2021 baselines.

Revenue emissions intensity on weighted average carbon intensity (WACI) (tCO₂e/\$m revenue)

Expresses portfolio emissions per unit of sales revenue of the investee companies – calculated using Weighted Average Carbon Intensity, according to TCFD guidance for 2019 and 2021 baselines.

Total percentage of financed emissions in high emitting sectors associated with target list of companies for climate engagement

High emitting sectors as defined by the UN-convened Asset Owner Alliance Protocol and IIGCC Net Zero Stewardship Framework.

Percentage of illiquid asset originations in sustainable investments for the shareholder portfolio (% of AUA)

"Sustainable investments" are defined by the Group's Sustainable Finance Classification Framework. The criteria of the Framework were developed by Phoenix with support from Sustainalytics, 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.

Percentage of equity/credit portfolio invested in companies with Science Based Targets (SBT) (% of AUA)

Proportion of the 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 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.

A number of subindustries within 4 carbon intensive GICS sectors were qualitatively identified 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. Calculated for 2021 baselines.

Percentage of 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 $\geq 20\%$ 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. Calculated for 2021 baselines.

Total Scope 1, 2 and 3 emissions exc. Cat 15 (tCO₂e)

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 (tCO₂e). 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.

Assured data methodology continued

Scope 1 and 2 emissions (tCO₂e)

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 (tCO₂e). 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.

Emissions (Scope 1 and 2) – CO₂e/m² and CO₂e/FTE

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.

Percentage reduction in Scope 1 and 2 emissions from occupied premises (per FTE)

This relates to overall year-on-year emissions reductions from properties defined as under operational control.

Scope 3 emissions from leased property (energy sub-metered to tenants), business travel in employees' cars, transmissions and distribution losses from electricity, employee homeworking emissions (tCO₂e)

In addition to reporting estimated employee homeworking emissions (using the EcoAct Homeworking Emissions Whitepaper 2020) as part of Scope 3 emissions, Phoenix has also chosen to estimate employee commuting, as well as reporting on business travel from other third party owned/operated sources, including air, taxi and rail travel, to provide a complete picture on this category of emissions. Reported data relates to property investment portfolios as well as the occupied premises in UK, Ireland, Germany, Austria, and the Netherlands, where Phoenix procures energy. Where energy consumption is submetered to or procured by tenants (where data is available and shared) and in occupied assets that Phoenix does not directly own or operate (i.e. serviced offices), this falls into Scope 3 reporting, whereas all other landlord obtained consumption remains as Scope 1 or 2 emissions.

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 key suppliers committed to SBTi or UN Race to Zero campaign

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 ≥ £1m (suppliers which are numerous but where value to Phoenix is significant). Suppliers included in this % may not have 'submitted' to SBTi but have been included if they are working toward setting SBTi targets in the future.

Percentage of waste diverted away from landfill

Includes all our UK and German sites, excluding ReAssure. Waste data is collected from 10 different office-based waste streams. Where we are able to segregate waste and recycle it, we do so. Waste is measured to the nearest rounded up tonne. Most of our waste figures are extrapolated from available invoices or estimated from data within the market. For reporting purposes, we class any waste that is not sent to landfill as recycled. We classify recycled as waste, which is reused, recycled, processed through anaerobic digestion, or waste to energy. Properties where the lease has ended within the reporting year have not been included.

Combined Group customer satisfaction

Customer satisfaction scores from entities across the group are combined, each entity currently takes different approaches to measurement: Standard Life telephone customer feedback surveys 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 % of responses of 4 or 5; for Phoenix Life, the rating is a customer satisfaction score based on the results of a satisfaction survey following telephony interaction managed by Ipsos MORI, customers surveyed were asked to give a satisfaction rating of between 1 and 5 to a number of questions (with a rating of 4 or 5 regarded as satisfied); and ReAssure surveys use the Feedback Ferret solution to ask customers a similar question rated on a scale of 1–5, with 4 or 5 regarded as satisfactory.

Assured data methodology continued

Number of customers directly offered the chance to review our digital literacy materials and/or initiatives in 2022

Directly offered means Phoenix are proactively taking an action to provide support with adopting digital through our existing channels of communications (email, mail and socials). This is evidenced by number of customers in receipt of emails, direct mail and hard data realised through social media or web page reach.

Value of AUM and number of customers invested in the Active Plus and Passive Plus workplace default solutions transferred to the new Sustainable Multi Asset default solution

Strategic Review of Investments Propositions (SRIP) has a defined population of existing customers who will have their current investments switched or evolved into the Sustainable Multi Asset (SMA) default. Customers in Active/Passive Plus (AP/PP) III investments will be evolved into a version of SMA and customers in AP/PP I,II,IV & V will be switched from their current investment into the SMA default investment or the Sustainable Focus range.

Percentage of employees involved in community engagement programmes

Community engagement programmes include fundraising, payroll giving schemes, volunteering, school partnerships and other community-based initiatives.

Total monetary donations benefitting charities

Value includes Group donations and matching, colleague fundraising, payroll giving and third-party donations paid in £ Sterling.

Percentage of key suppliers with modern slavery statement

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 is limited in the market and barriers to change are complex) and operational (suppliers which are numerous but where value to Phoenix is significant).

Average employee engagement score

Score taken from December 2022 Peakon survey – scores are on a 10-point scale calculated as an average result of all responses.

Percentage of Board 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, inclusive of where we do not hold any data.

Percentage of Executive Committee 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 Executive Committee population, inclusive of where we do not hold any data. Executive Committee is defined as anyone at Executive grade. 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.

Percentage of employees of Black, Asian or Minority Ethnic background

The percentage of individuals out of the disclosed population who identify as being from a Black, Asian or Minority Ethnic background – UK and Ireland only.

Percentage of Board of Directors that are women

The percentage of females out of the total Board population.

Percentage of Executive Committee that are women

Executive Committee is defined as anyone at Executive grade. 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.

Percentage of senior leadership roles occupied by women

Based on the Group 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. Calculated as percentage of females out of that total population.

*Excludes Germany/Austria and SunLife.

Percentage of employees that are women

The percentage of females out of total Group population.

Assurance statement

Independent Assurance Statement 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 "AS" symbol within the "ESG Data Tables" section (pages 89–94) in Phoenix's Sustainability Report 2022 (the "Report").

We have only sought evidence to support the performance data indicated. We do not provide conclusions on any data from other years. 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 Report, 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 featured in Phoenix's "Sustainable Finance Classification Framework" and "Assured data methodology" (page 98 of the 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 24th November 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented 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 conclusion.

Our Independence and Quality Control

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 Control 1, Quality Control for Firms that Perform

Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and 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 the steps outlined:

- Interviewed a selection of specialists responsible for managing environmental, people, responsible investment, supplier and community performance in the business, and for collating and checking sustainability data for internal and public reporting purposes. We did this to obtain an understanding of the internal control environment for the data, performance of KPIs in the period and reporting processes both at a group and site level.
- Checked a selection of management documentation and reporting tools, including guidance documents, to understand internal controls, reporting processes and policies to further inform our assurance approach and procedures.
- Performed analytical reviews to understand trends in the data and whether they align to our expectations based on our knowledge gained from the procedures above.
- Reperformed calculations to check the accuracy of the data collation and KPIs reported.
- Tested underlying documentation for a sample, based on professional judgement, of site-level, environmental, health and safety, and supplier data points to determine the accuracy and completeness of data points within the data sets.
- Evaluated the suitability and application of the Criteria and that the Criteria have been applied appropriately to the Subject Matter.

Assurance statement continued

- Challenged the validation and collation processes undertaken by Phoenix management in relation to the Subject Matter.
- Examined the Report for the appropriate presentation of the Subject Matter, including the discussion of limitations and assumptions relating to the data presented.

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 need to be made to the Subject Matter as of 31st December 2022, 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

10th March 2023
London

Forward looking 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 2022 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 time frames 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 and ESG 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 and ESG reporting 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.

Forward looking statements

The 2022 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.

Forward looking statements may be affected by:

- 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;
- 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 2022 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 2022 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 2022 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-related metrics 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 52 and 324 of the 2022 Annual Report and Accounts respectively.

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:

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.

thephoenixgroup.com/site-services/email-alerts



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