

Corporate and Social
Responsibility Report 2017



PHOENIX GROUP

THE GROUP HAS SEVERAL KEY STAKEHOLDERS THAT TOGETHER HELP SHAPE AND DIRECT ITS SUSTAINABILITY AGENDA – THIS IN TURN CONTRIBUTES TOWARDS BEING PERCEIVED AS A ‘GOOD CORPORATE CITIZEN’, A ‘GOOD EMPLOYER’, AND A ‘SAFE PAIR OF HANDS’ FOR POLICYHOLDERS’ INVESTMENTS.

The Group’s mission is to improve returns for policyholders, whilst delivering value for shareholders. Its people underpin everything that is achieved, through attracting, retaining and developing talented individuals to deliver strategic and operational objectives. This is all conducted alongside an established community programme that aims to ‘give back’ and address societal needs.

OUR CUSTOMERS

5.6 million policyholders with £74 billion of assets held by the Group’s life companies. Key products include with-profit, unit-linked, non-profit (annuities) and non-profit (protection).



Read more on p1

OUR SUPPLIERS

Phoenix has c.800 suppliers of which 16 are considered Strategic and Critical Service Providers.



Read more on p2

OUR EMPLOYEES

1,249 staff supporting Phoenix Group, Phoenix Life and SunLife, based across operational sites: Wythall, London, Basingstoke, Bournemouth, Bristol, Glasgow and Jersey.



Read more on p3

OUR COMMUNITY PARTNERS

36 partners including charities, schools, hospices and local community groups. The Group provides time, skills, resources and monetary donations to the cause.



Read more on p6

OUR ENVIRONMENT

The Group aims to minimise its impact on the environment – putting back what it takes out.



Read more on p8

ECONOMIC, SOCIAL AND GOVERNANCE MEASURES

See at a glance the Group’s ESG measures from 2016 and 2017.



Read more on p10



For further information on our stakeholders, including shareholders, visit www.thephoenixgroup.com

OUR CUSTOMERS

The Group recognises the responsibility it has to all of its customers, as both custodian of their financial assets and supplier of their pension needs or life cover. Treating Customers Fairly is at the heart of the business, aiming to provide a responsible, fair and helpful service.

CUSTOMERS IN VULNERABLE CIRCUMSTANCES

Phoenix recognises the diversity of its customers and appreciates that a proportion could be living with issues that make them vulnerable and in need of support with their decision-making.

The Group's goal is to ensure that customer vulnerability is recognised and acted upon appropriately, to ensure that it does not have a negative impact on customer outcomes.

Whilst it is appreciated that the majority of staff have minimal direct interaction with customers, it is important that everyone is aware how the decisions and activities they are involved in on a daily basis may consequently have an impact on customers. To help raise awareness an online training module on customer vulnerability was designed and delivered by Money Advice Trust. The completion of this training is a mandatory requirement for staff.

PROTECTING CUSTOMERS FROM PENSION SCAMS

The Group is dedicated to protecting its customers from pension scams. The Group continues to engage with Regulatory Authorities and Industry Working Groups on pension scams and looks at ways to better protect customers from becoming victims of pension scams. A dedicated phone line was set up with The Pension Advisory Service to refer customers when concerns were raised around wanting to transfer their pension funds. The Group continues to raise awareness of scams and warns its policyholders to remain vigilant of the evolving methods of fraudsters.

DIGITAL PROPOSITION

During the year the Group has continued to develop its digital offering to customers. The aim being to enhance the value of customer relationships with Phoenix. The Phoenix Life website allows visitors greater access to information regarding policy information, whilst reducing the volume of paperwork routinely issued.

There are a number of tools and calculators on the website, built to inform and educate customers in an interactive way. These tools, which include a pension and tax calculator, support customers in understanding all considerations and benefits before making their retirement choice. The website also signposts various external services such as Pension Wise and the Money Advice Service where customers can obtain free, impartial advice.



The Phoenix Life website can be accessed at www.phoenixlife.co.uk

LISTENING TO CUSTOMERS

The voice of the customer is key. Listening to their needs and wants is helpful in delivering good customer outcomes, whilst underpinning this with a positive customer journey. Feedback is gathered through automated telephone surveys, individual research projects and most recently through talking with the wider 'customer community' about their experiences and how they like to engage with the Group. These interactions help to shape communications and future propositions that may be of interest.

Customer research enables improvements to be made to the customer journey. Recent examples include:

- online facility for the retirements process, to enable some Phoenix Life customers to select retirement options online.
- secure email launched as an alternative communication channel for customers to make contact.
- further content added to websites reducing the need for technical information to be sent in the post.
- improvements to annual statements and communications, ensuring that key information can be easily understood and highlighting policy options and benefits.



See page 10 for a complete list of Our Customer measures.

OUR SUPPLIERS

Phoenix has circa 800 suppliers of which 16 are considered the most Strategic and Critical¹ Service Providers representing circa 70% of total spend.

SUPPLY CHAIN MANAGEMENT

Phoenix relies heavily on its Strategic Service Providers to support the delivery of its corporate objectives and management actions, whilst satisfying the outcomes required for all stakeholder groups. A key part of ensuring this takes place is managing the Group's supply chain in a sustainable and ethical manner.

Sourcing and Procurement at Phoenix is far broader than the initial evaluation and selection process in that it ensures that a beneficial relationship for our key stakeholders is implemented and managed. The Group works closely with its partners in order to closely monitor the operational and financial performance from Strategic Service Providers for any indications of instability and steps are taken where necessary and appropriate to mitigate risks to Phoenix or its stakeholders.

For Strategic and Critical Service Providers, Phoenix has a dedicated professional relationship manager assigned. Their role is to govern the relationship, measure and monitor performance and work to continually improve outcomes for all stakeholders.

Phoenix is organised so that the Commercial Partnerships team manage a decentralised procurement model for low value / low volume spend, to enable the business to operate flexibly but within the controls of the Sourcing and Procurement policy. This has a robust oversight and governance model, administered and managed by the Commercial Partnerships team.

PROMPT PAYMENT CODE

Another key facet of ensuring supply chain sustainability is the prompt payment of all supplier invoices.

The Group's culture is to meet its obligations including paying suppliers promptly. The Group voluntarily signed the Government's Prompt Payment Code in 2012. The Group's intention was to show its commitment to supply chain sustainability and to aid in the transformation of the culture of late invoice payments in the business community. As at the end of 2017 c.80% of all invoices presented to the Group were paid within 40 days of the invoice being created to allow for invoices to be received via post. This is actively monitored throughout the business and the Group is exploring means to improve on this percentage.

MODERN SLAVERY

Phoenix Group takes active steps to ensure its supply chain is not engaging in any form of modern slavery or human trafficking. In March 2017 a statement was published on the Group website pursuant to Section 54, Part 6 of the Modern Slavery and Human Trafficking Act 2015, which has been adopted by all subsidiaries. The statement details the policies Phoenix has in place and the ongoing actions that will be taken to continue to support the combatting of modern slavery and human trafficking in supply chains.



The Group's Modern Slavery and Human Trafficking Statement is available on the Group's website: www.thephoenixgroup.com/mss

ANTI-BRIBERY AND CORRUPTION

In order to ensure that any anti-corruption and bribery matters or occurrences are effectively managed, the Group has a number of policies and practices in operation. The Group's Anti-Bribery policy addresses bribery and corruption risks alongside the Financial Crime policy which addresses risks such as anti-money laundering and fraud. Both policies detail the minimum control standards and risks that are to be managed to mitigate any potential issues.

Adherence to the Anti Bribery and Financial Crime policies is managed by the Financial Crime team via assessments of the minimum control standards that make up the policies as well as themed Financial Crime Reviews and Assurance testing.

Staff are required to complete annual computer-based training around both financial crime prevention and adherence with the Code of Business Ethics and Ethical Conduct. Staff are also required to complete a Gifts and Hospitality Register which is overseen and managed by the Financial Crime team.

The Group has a zero tolerance towards bribery and corruption in all its forms and adheres to the 2010 Bribery Act. Service Providers are advised of and engaged in the zero tolerance approach to bribery and corruption and are expected to comply with Phoenix's minimum control standards.

No instances or breaches were recorded during the year.



The Group's Anti-Bribery Statement is available on the Group's website: www.thephoenixgroup.com/abs



See page10 for a complete list of Our Supplier measures.

¹ A Strategic Service Provider is classified as a supplier who the Group has made a conscious decision to work closely with due to the strategic nature of the services they provide. Critical Supply are service providers where the nature of the service provision is limited to few suppliers, and barriers to change are complex.

OUR EMPLOYEES

We aim to be an employer of choice, offering rewarding careers and opportunities.

We aim to raise awareness of physical and mental wellbeing in the workplace.

We aim to promote the diversity agenda empowering a wholly inclusive workforce.

Phoenix Group is included in the UK's Top Employers listing; certification awarded to organisations that meet the highest standards in Human Resources policy benchmarking. The Group is independently recognised as being one of the best companies to work for in the UK.

The Group's Human Resources ('HR') policy defines people risk, which, if unmanaged, could result in a reduction in earnings or value, through financial or reputational loss. The minimum control standards in place enable effective management around the attraction, recruitment, development and engagement of staff, whilst ensuring compliance with any legislation and external regulatory requirements.

Adherence to this policy is managed by the Group Human Resources department via quarterly assessment of the minimum control standards. There were no material issues raised during the year.

This section will detail actions taken and outcomes achieved across the year.

EMPLOYEE CONSULTATION

In response to the 2016 employee engagement survey, where 62% of staff (excluding former Abbey and AXA Wealth employees) answered positively that they 'feel safe to speak up and challenge', a series of focus groups and surveys were held. The purpose was to raise the level of dialogue around Phoenix's values and to give greater clarity on associated working behaviours. Planning for the launch of the Big Conversation took place towards the end of 2017, which will provide all employees with an opportunity to voice their opinions. The outcomes of staff workshops will provide a clear behavioural framework aligned to the values and organisational strategy. This will then be embedded into the Group's recruitment, development and retention programmes.

The Group operates a Whistleblowing policy, prompting staff to disclose information where they believe wrongdoing, malpractice or risk exists across any of Phoenix's operations. Employees are encouraged to speak up about matters that concern them, with the understanding that confidentiality will be maintained, and that they will not be treated inappropriately.



EMPLOYEE SURVEY

88% of employees across Phoenix Group participated in the annual employee engagement survey. The 2017 survey results included responses from former Abbey and AXA Wealth employees and revealed an Employee Engagement Index value of 80%, which compares positively to the Financial Services benchmark.

EMPLOYEE NETWORKS

The Group values the power of its employee voice and has several networks in operation. The 'Engagement Forum' is the longest standing network, which welcomes members from all functions and levels of seniority. This group is invited to meet with Phoenix Management team members on a quarterly basis to share views and shape future engagement activity across sites.

More recently the Group has launched a 'Professional Women's Network', a 'Lesbian, Gay, Bisexual and Transgender (LGBT)' Network' and a 'Working Parents' Network'. The purpose of each network is to encourage connections, skills development and provide a safe place to share common experiences, issues or challenges. The network groups meet regularly in work hours.

LEARNING AND DEVELOPMENT

A team of Learning and Development professionals offer a programme of development activities which include leadership development, individual skills training, online learning and coaching.

As part of the Group's HR processes, there is an established succession plan. This tracks internal succession across all material roles and enables appropriate assessment of skills gaps. Internal succession continues to deliver the Group's most senior appointments.

The Group also works with external organisations to provide a wide range of learning and continual professional development opportunities including the Chartered Management Institute and The Institute of Chartered Accountants in England and Wales.

94%

of staff are happy to 'go the extra mile' at work



See page 11 for a complete list of Our Employee measures.

Our Employees

continued

Relationships with business schools such as Ashridge and the London Business School and with The Open University continue to develop the Group's most senior talent pipeline.

73% of staff positively noted they have the 'opportunity for personal development and growth' in the 2017 engagement survey.

REWARD

The Group continues to attract, develop and retain talented staff by offering a comprehensive range of benefits and development opportunities. All employees are paid at least the Living Wage as set by the Living Wage Foundation.

86% of staff participate in the flexible benefits scheme, which allows benefits to be selected that meet personal circumstances. For 2017 buying and selling annual leave remained the most utilised, followed by childcare vouchers and insurance related products. For 2018, private medical insurance cover will be available to all staff and their partner regardless of their status within the organisation.

All Group employees participate in an Annual Incentive Plan and are able to become shareholders in the Company. Over half of the staff population are participating in one or more of the share-save or share incentive plans, benefiting in the Group's increased share performance.

EMPLOYEE WELLBEING

Wellbeing continues to be of paramount importance to the Group, helping staff reach an appropriate balance between their home and work life. The wellbeing programme covers physical, mental and financial matters, offering staff and their dependants information and support across a range of topics. The Group operates an Employee Assistance Programme. A service designed to provide free independent and confidential advice on matters affecting an individual's wellbeing. 3% of staff utilised this service during the year, which is an increase on previous year, reflecting wider internal promotion, alongside the increased challenges that life brings.

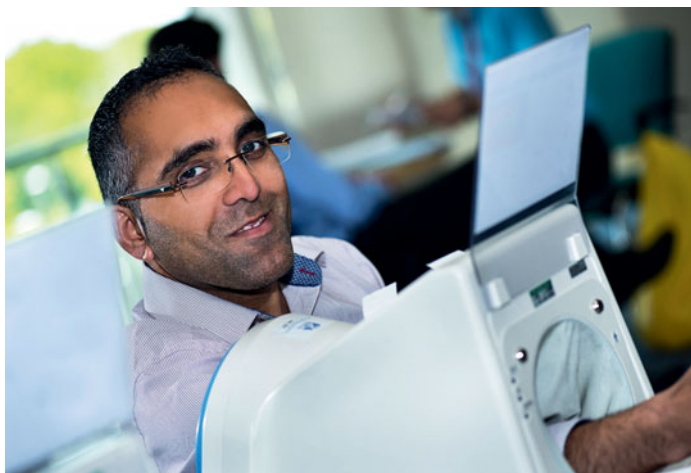
A programme of wellbeing activity took place, including onsite health-checks, flu vaccinations, vitamin D testing, nutritional information talks, stress management, healthy eating days, exercise classes, reflexology and massage.

The Group was a sponsor of National Walking Month 2017, working with Living Streets charity to create a series of cultural city walks for staff based at the London office.

Britain's Healthiest Workplace benchmark was completed for the fourth consecutive year, resulting in improved scores; most notably in what wellbeing programmes are offered, how well they are received and attended by staff, and if they contributed directly to improved health. The Group achieved fourth position from 139 participating companies in the 'Healthy Employer' category, and second position when compared with only mid-sized companies.

87%

of staff believe Phoenix does a good job of offering tools and initiatives that help support their health and wellbeing



Our Employees

continued

DIVERSITY AND INCLUSION

In line with the Equality Act 2010, Phoenix is committed to ensuring that staff are able to work in an environment that is free from any discrimination, harassment or bullying.

The Group continues to work towards the targets it set as part of The Women in Finance Charter and is raising further awareness of the benefits of an inclusive workforce through its employee networks. The Group recognises it has a broad range of people, with a broad range of skills, and is working to ensure that each individual is able to fully contribute and feel included in the workplace.

A diversity index was introduced in the 2017 engagement survey achieving a positive score of 76%. 11 questions were asked covering a broad range of subjects. The results will be used to prioritise actions at a function level across 2018.

In respect of the Women in Finance Charter targets previously set which run to the end of 2018, the Group is currently achieving 25% of women in the top 100 roles, 36% of green/amber successors being female and the mean group-wide gender pay gap being 23%. Staff across the Group received access to online unconscious bias training, to further contribute towards an inclusive workplace.

The Group launched its Apprentice Scheme in 2017, which has already welcomed 7 new recruits aged 18 to 24 within the Accountancy and Change teams.

HUMAN RIGHTS

The Group is committed to ensuring that human rights are respected and processes are in place to remove any human rights issues both internally and externally via outsourced relationships.

In line with the Equality Act 2010 and in order to ensure that the Group is aligned to relevant Articles of the United Nations Universal Declaration of Human Rights, the Group has a Dignity at Work policy in place. The policy covers bullying and harassment of and by managers, employers, contractors, suppliers, agency staff and other individuals engaged with the Group. All staff are required to comply with the policy and take appropriate measures to ensure harassment and bullying does not occur. Adherence to the policy is managed by the Group Human Resources department via assessments of the minimum control standards, which ensure effective resolution of employee disputes. In addition all staff are required to complete annual computer-based training in business ethics and ethical conduct.

The Group effectively resolved all employee disputes and as a result was involved in no employment tribunals.

HEALTH AND SAFETY

All staff are required to complete annual Health and Safety training which includes a review of their individual workstation. The Group had no reportable accidents under the Reporting of Incidents, Disease and Dangerous Occurrence Regulations ('RIDDOR') during 2017.

77%

of staff believe Phoenix is committed to creating a diverse and inclusive organisation/team

85%

of staff think Phoenix respects individual differences (regardless of age, gender or cultural background)

OUR COMMUNITY PARTNERS

We aim to contribute to our local communities – providing donations, skills, time and resources to the cause.

We aim to improve financial literacy in the communities in which we are based.

PHOENIX GROUP'S CHARITY PARTNERS OF THE YEAR

Now into its fourth year of the six-year partnership with Midlands Air Ambulance Charity and London's Air Ambulance, the Group is continuing to use this collaboration to engage staff in fundraising, volunteering and events for the cause.

Since partnering in 2014 the Group has donated in excess of £690,000 to the charities. Fundraising efforts during the year have involved raffles, football tournament, sale of greeting cards, table-tennis competition, annual Phoenix Mile walking event onsite, sponsored festive reindeer run and a charity corporate dinner for 200 of the Group's key supply chain contacts. 30% of Phoenix Corporate and Phoenix Life staff regularly contribute to 'Pennies from Heaven' which is a Give as you Earn scheme, allowing participants to donate the pennies from their monthly net pay to the charity partners. The Group received a Gold Award from organisers Pennies from Heaven, to acknowledge fundraising excellence across the year.

OTHER CHARITABLE DONATIONS

Through the Group's 'Our Community, Your Choice' programme staff are able to fundraise for any UK registered charity that is close to them or their family, providing the cause meets the Group's charity criteria. The Group does not support any political or religious causes.

Over £22,000 was donated to other charities across the year, helping causes from within the communities in which our employees are based. Examples include: Birmingham St Mary's Hospice, Guide Dogs for the Blind, Macmillan Cancer Support, Ark Cancer Centre Charity, Dorset and Somerset Air Ambulance and Jessie May Trust.

The Group also offers a staff-matched fundraising scheme whereby staff can participate in charitable activity in their own time and request matching of the amount they raise. Over £25,000 has been donated across the year. Funds are also awarded to community groups such as school Parent Teacher Associations or scouting groups where employees regularly volunteer their time outside of working hours.

COMMUNITY INVESTMENT

The Group has worked closely with 36 community partners across the year, providing time, skills and donations to their cause.

With the assistance of The Money Charity Phoenix sponsored 40 financial workshops in local secondary schools, reaching 1,100 pupils across academic term 2016-2017. The workshops explained the difference between credit and interest along with manageable and unmanageable debt. The main objective was to get young people thinking about real-life budgeting and how to make difficult decisions around prioritisation of money.

The Group was premier sponsor of the 'Wythall and Hollywood Fun Run' which included a 10km, 5km and 1.5km run through the heart of Wythall's community and entered the site's grounds as part of the official distance.

The Wythall site's resources are frequently loaned to community partners. For example, Kings Norton Marching Band practise their routine in the grounds over the weekend, car parking facilities were made available to the Transport Museum, Wythall Radio Club and for the 2017 Mad March Hare Sportive. Meeting room facilities during the year have been donated to Ark Kings Academy for teacher inductions and Coppice Primary School for regional safeguarding training with other primary schools.



Our Community Partners

continued

VOLUNTEERING

Volunteering forms part of the 'give back' culture at Phoenix. Employees regularly volunteer on either an individual basis or with their team to make a difference in their local community. Employees within Phoenix Group and Life are permitted 14 hours per year to support a variety of causes. 61% of staff participated in this year's volunteering programme contributing 3,162 hours, an increase of 11%. There has been a shift in more staff wishing to participate in skills-based volunteering this year, offering their time to be mentors, reading buddies and number partners at local schools.

Colleagues from the Life Finance Risk team assisted Midlands Air Ambulance Charity with its Level 2 Practical Quality Assurance System for Small Organisations ('PQASSO') assessment, which is a comprehensive framework for running an effective business.

At the SunLife operations in Bristol, volunteering is also a key part of their culture, with 43% of staff contributing 408 hours across the year to causes within their local community.

214 members of staff attended an onsite dementia friend workshop, equipping them with the skills to better understand what living with dementia is like. The sessions have been run by staff members who were trained by Alzheimer's Society to become Dementia Friend Champions. Their training has allowed them to conduct training sessions in the local community too – from parish councillors to local businesses they are making a difference.

SCHOOL PARTNERSHIPS

The Group continues its partnership with Ark Kings Academy in Kings Norton offering a range of mutually-beneficial activities. From meeting room loans away from the school setting, to furniture donations, literacy and financial literacy support for pupils, to an extensive programme of skills-based volunteering. The Group ran two sessions onsite at its Wythall office for all year-11 pupils to attend GCSE maths revision, and a second session focussing on CV writing, interview skills and social media presence – both helping the pupils prepare for their future. The school launched a new library during the year, which was designed and supported by Phoenix, and fully supports the work of the 2017 Vision for Literacy Business Pledge.

The London office supported Draper's Sixth Form Academy during the year, by offering pupils work experience opportunities within Actuarial and Group Finance functions. In addition, the Group's CEO welcomed maths pupils to a Future Forum event, where they could hear first-hand from staff on their routes into the profession and what it is like to work for the Group.

COMMUNITY AWARDS

A series of internal community awards were presented to staff recognising those who have contributed to the programme. Examples include 'fundraiser of the year', 'community ambassador', 'volunteer of the year' and 'inspiring the future generation'. The awards recognised individuals who had added value to the corporate responsibility programme across the year, engaged team members and gone the extra mile to help their local community.

86%

of staff believe Phoenix is a good corporate citizen



See page 12 for a complete list of Our Community Partner measures.



OUR ENVIRONMENT

Our Corporate Responsibility programme supports our commitment to monitoring and reducing our environmental footprint.

The Group's environmental aim is to 'put back' what it takes out. As a financial services organisation, the Group's impact on the environment is minimal when compared with other industries.

Various staff-led initiatives took place during the year, focusing largely on internal resource-use, and the 3 R's – reduce, re-use and recycle.

The Corporate Responsibility Steering Committee reviews environmental progress and agrees activity for future implementation such as the current investigation into electric vehicle charging facilities onsite in 2018.

CONSERVATION

The Group has been partners with the Heart of England Forest since 2013 and now boasts over 6,000 trees within its own Phoenix Way Wood. The charity has continued to provide opportunities for staff to get involved in woodland management, tree planting and conservation. Pupils from partner school Ark Kings Academy were given the opportunity to plant trees within the wider Heart of England Forest. An opportunity for the pupils to spend time in the greater outdoors, give back to future generations and directly help the charity with its aim of 'creating the largest broadleaf forest in the UK'. The SunLife operations in Bristol are also members of the Woodland Trust.

Staff actively take an interest in outdoor environmental-based volunteering projects and have supported the Canal and River Trust, Warwickshire Wildlife Trust, London Wildlife Trust and Bromsgrove District Council across the year. Onsite at its Wythall office a nature walk was launched, highlighting biodiversity elements such as a wildflower meadow, bug hotels and bee boxes.

CONSERVATION PROJECTS WITH BROMSGROVE DISTRICT COUNCIL

Employees based at the Wythall site have been assisting Bromsgrove District Council in various conservation projects within their local parklands.

Staff helped thin woodland at Millennium Wood, within Arrow Valley Country Park, in Redditch, and subsequently used fallen branches to create a natural hedge-way and hibernaculum to house local wildlife onsite. In addition, at Sanders Park, Bromsgrove teams assisted with removing Himalayan balsam from the water-ways, an invasive weed which if left would overly consume the natural stream habitat. Finally, another team assisted with removing overgrowth from the water-ways at Lickey End Park, near Bromsgrove, helping to protect the resident water vole.

Volunteering opportunities such as these give staff the opportunity to team-build, providing useful networking opportunities, a chance to boost wellbeing, encouraging healthy exercise whilst taking part in environmental-focused activities which will benefit future generations.

INTERNAL PRINT RESOURCE

Reducing print and paper consumption onsite remained one of the Group's primary environmental focuses for 2017. Staff within Phoenix Group and Life receive personalised dashboards detailing print usage and ratio of colour print, so they can directly manage what impact their print habits have on the wider environment.

With technological advances in Information Technology and greater availability to online content the Group's print and paper consumption is moving in the right direction.



Our Environment

continued

WASTE MANAGEMENT

All core sites continue to divert 100% of its waste from landfill. The London office which is shared tenancy achieved two accolades for its achievements in waste management, waste minimisation and re-use in the form of the Green Apple Awards and Clean City Awards Scheme. Donations of old furniture, carpet tiles and electrical equipment were distributed to various community partners in the London and Wythall areas, reducing the requirement for waste removal, but adding value by creating a new lease of life for the items being donated. In addition, following the city-centre office move for staff based at SunLife in Bristol, any unwanted furniture and accessories were donated to the Julian Trust for the Homeless.



See page 12 for a complete list of Our Environment measures.

ENVIRONMENTAL REPORTING

This section includes an update on our annual greenhouse gas emissions. Emissions disclosed relate to facilities and activities where the Group has operational control.

Since the acquisitions of AXA Wealth's pension and protection business from AXA UK plc and Abbey Life Assurance Company Limited, Abbey Life Trustee Services Limited and Abbey Life Trust Securities Limited from Deutsche Bank Holdings No. 4 Ltd in late 2016, the three properties acquired (Winterthur Way in Basingstoke and 100 Holdenhurst Way and Marlborough House in Bristol), have been included under the Group's operational control. These three properties have therefore been included in the Group's carbon footprint (absolute GHG emissions) for the 2017 calendar year. However, as these three properties were not owned for the whole two-year period that is used for intensity measurement calculations, they have been excluded from these metrics to avoid skewed intensity results.

The emissions reported are based on the main requirements of the ISO14064 Part 1 and the GHG Protocol Corporate Standard (revised edition). Data was gathered at meter level to compile the carbon footprint. The Government's 2017 Conversion Factors for GHG Company Reporting have been used to convert energy data into carbon dioxide equivalent (CO₂e) emissions.

The Group reports Scope 2 emissions using the GHG Protocol dual-reporting methodology, stating two figures to reflect the GHG emissions from purchased electricity, using both:

- A location-based method that reflects the average emissions intensity of the UK electricity grids from which consumption is drawn; and
- A market-based method that reflects emissions from electricity specific to each supply / contract. Currently, the Group has used residual mix factors in the absence of contractual instruments.

In 2017 absolute emissions have increased by 18% due to the inclusion of the three ex-AXA Wealth and Abbey Life acquired properties. This increase has outweighed the reduction in the emission factor for consumption of purchased electricity (Scope 2) and the reduced consumption at the end of the year due to the ex-AXA Wealth Bristol office lease expiring on the 21st December 2017. Approximately 7.7% of 2017 emissions are estimated as full year data were not available for all facilities. A sample of emissions from fuel use for company-owned transport, back-up generation and fugitive emissions from refrigerants were calculated and were determined to be non-material to the overall footprint, so have not been included.

Intensity reduced from 2016 to 2017 due to a reduction in electricity and natural gas consumption at the Juxon House and Wythall offices as well as the reduction in emissions factors from the UK electricity grid.



GLOBAL ABSOLUTE GHG EMISSIONS DATA IN TONNES OF CO₂e

Emissions, tonnes of CO ₂ e, from:	2017		2016
	(location-based)	(market-based)	(location-based)
Combustion of fuel and operation of facilities (Scope 1)	1,203	1,203	1,078
Electricity, heat, steam and cooling purchased for own use (Scope 2)	2,754	3,119	2,286
Total Carbon Footprint (Scopes 1 + 2)	3,957	4,322	3,364



ECONOMIC, SOCIAL AND GOVERNANCE MEASURES

GOVERNANCE

Corporate Responsibility within the Group is sponsored at the highest level by the Group Chief Executive Officer.

The Corporate Responsibility Steering Committee, which meets quarterly to oversee and agree all CR activity, includes representation from senior management across all business functions. The Committee is chaired by Phoenix Life's Chief Executive Officer.

The Group's Corporate Responsibility policy is reviewed annually, incorporating risks, opportunities and control measures applicable to the programme. A series of statements are also available on the Group's website, covering topics such as environmental sustainability, workplace wellbeing and approach to community donations.

OUR CUSTOMERS

	2017	2016
Number of Phoenix Life policyholders	5.6m	6.1m
Number of Phoenix Life customers rating service as satisfactory or above	92.4%	91.2%
Number of Phoenix Life complaints overturned by Financial Ombudsman Service in favour of customer	17%	18%
Number of Phoenix Life service complaints expressed as percentage of customer servicing transactions	0.46%	0.32%

OUR SUPPLIERS

	2017	2016
Number of key suppliers	16	14
Number of invoices paid within 40-day payment term window	80%	80%
Signatory of UK Prompt Payment Code	Yes	Yes
Spend with suppliers	£202m	£196m
Number of key suppliers in agreement to Phoenix's supplier Code of Behaviour	16	14

Economic, Social and Governance Measures

continued

OUR EMPLOYEES

	2017	2016
Entry in UK's Top Employer Index	Yes	Yes
Britain's Healthiest Workplace benchmark overall (mid-sized company category)	5th	6th
Britain's Healthiest Workplace benchmark – 'Healthy Employer category' (mid-sized company category)	2nd	6th
Living Wage Employer	Yes	Yes
Employee Engagement Survey Response rate	88%	91%
Employee Engagement Index	80%	81%
Number of staff that would 'recommend Phoenix as a great place to work'	82%	84%
Number of employees	1,249	1,301
Number of female employees within the Group	555	593
Number of male employees within the Group	694	708
Number of female Phoenix Group Holdings Directors (including non-executive directors)	4 out of 11	3 out of 11
Number of female Executive Committee members (Senior Managers)	1 out of 6	1 out of 6
Workforce that is of Black, Asian or Minority Ethnic ('BAME') background	107	118*
Number of employees who have a formalised annual appraisal	100%	100%
Staff turnover (employees choosing to leave voluntarily)	6.3%*	7.3%*
New starter retention (permanent employees leaving voluntarily within 12 months' service)	3.5%*	6.4%*
Days lost through sickness absence	1.4%*	1.4%*
Average employee sickness absence rates per FTE (days)	3.7*	3.8*
Number of employees that participate in Phoenix Group's share-save scheme	594	684
Number of employees that participate in Phoenix Group's share incentive plan	260	210
Number of employees aged 18-24 years	3.0%*	1.9%*
Number of employees aged 65 years and over	0.2%*	0.1%*
Number of employees aged 35-44 years	37.2%*	37.5%*
Employees working on permanent contract terms	93.3%*	93.7%*
Employees opting to work part-time	13.5%*	6.3%*
Number of employees on formal flexible working agreements	15.2%*	13.90%*
Number of reportable accidents under Reporting of Incidents, Disease and Dangerous Occurrence Regulations ('RIDDOR')	0	2
Number of apprentices	7	–
Signatory of Women in Finance Business Charter	Yes	Yes
Signatory of Time to Change Pledge – mental wellbeing	Yes	Yes

* Figures do not include workforce from the acquired AXA Wealth and Abbey Life businesses. Data is only captured for Phoenix Corporate and Phoenix Life companies.

Economic, Social and Governance Measures

continued

OUR COMMUNITY PARTNERS

	2017	2016
Number of employees who believe the Group is a 'good corporate citizen'	86%	–
Number of employees who have developed transferrable skills through volunteering	72.6%	72.2%
Number of community partners	36	34
Number of volunteering hours donated in local community (Phoenix Group and Phoenix Life)	3,162	2,840
Staff engagement in volunteering programme (Phoenix Group and Phoenix Life)	61%	44%
Donations to Phoenix Group's charity partners of the year Midlands Air Ambulance Charity and London's Air Ambulance	£113,223.60	£178,980.62
Donations to other charities through onsite fundraising	£22,589.67	£33,387.41
Staff-matched fundraising scheme donations	£25,780.19	£14,688.30
Number of pupils reached through financial literacy workshops	1,100	200
Number of Dementia Friends created within Phoenix Group	214	16
Number of Dementia Friends created within the community	55	–
Signatory of Vision for Literacy Business Pledge	Yes	–

OUR ENVIRONMENT

PHOENIX GROUP'S CHOSEN INTENSITY MEASUREMENT¹

	2017 (location-based)	2016 (location-based)
Emissions on a per floor area intensity	64 kg CO₂e/m²	81 kg CO ₂ e/m ²
Emissions on a per full-time equivalent employee (FTE) intensity	3.5 tonnes CO₂e/FTE	4.3 tonnes CO ₂ e/FTE

¹ Our intensity measurement calculations exclude former AXA Wealth and Abbey Life subsidiaries to avoid skewed intensity results over the two-year period.

ENVIRONMENTAL IMPACTS

	2017	2016
Average number of prints per employee (Phoenix Group and Phoenix Life)	413	548
Average ratio of colour print per employee (Phoenix Group and Phoenix Life)	61.1%	72.9%
Waste to re-use or recycling	100%	100%
Number of trees planted within Heart of England Forest	1,000	2,000
Clean City Award – London office	Gold	Gold
Green Apple Award for environmental best practice – London office	Winner	Winner
Participant of World Wide Fund for Nature's Earth Hour	Yes	Yes

Online Resources

REDUCING OUR ENVIRONMENTAL IMPACT

In line with our Corporate Responsibility programme, and as part of our desire to reduce our environmental impact, you can view key information on our website.



Go online
www.thephoenixgroup.com



For more information about our Corporate Responsibility programme contact
cr@thephoenixgroup.com

INVESTOR RELATIONS

Our Investor Relations section includes information such as our most recent news and announcements, results presentations, annual and interim reports, share-price performance, AGM and EGM information, UK Regulatory Returns and contact information.



Go online
www.thephoenixgroup.com/investor-relations

NEWS AND UPDATES

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



To sign up visit
www.thephoenixgroup.com/site-services/e-mail-alerts.aspx

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