Risk management continued

Impact | Mitigation | Change from 2022 Annual Report and Accounts

Operational risk continued

The Group is impacted by significant changes in the regulatory, legislative or political environment

Impact

Changes in regulation could lead to non-compliance with new requirements that could impact the quality of customer outcomes, lead to regulatory sanction, impact financial performance or cause reputational damage. These could require changes to working practices and have an adverse impact on resources and financial performance.

Political uncertainty or changes in the government could see changes in policy that could impact the industry in which the Group operates.

Mitigation

The Group undertakes proactive horizon scanning to understand potential changes to the regulatory and legislative landscape. This allows the Group to understand the potential impact of these changes to amend working practices to meet the new requirements by the deadline.

The Group engages with many political parties and industry bodies to foster collaboration and inspire change which supports the Group's purpose of helping customers secure a life of possibilities.

Change from 2022 Annual Report and Accounts

Unchanged

This risk was assessed as 'Heightened' in the Group's 2021 Annual Report and Accounts due to the uncertainty around Solvency II reforms and the FCA's proposed Consumer Duty. These, and the significant undertaking to achieve compliance with IFRS 17 in 2023, were the key drivers of the assessment of risk as further 'Heightened' in the 2022 Annual Report and Accounts and the current assessment is unchanged from that position.

The volatile political environment remains 'Heightened' ahead of worldwide elections in 2024, including an expected UK General Election. The current administration continues to face economic headwinds, management of which has implications for the Group's customer base, including the cost-of-living crisis, increased borrowing costs and the potential increase in vulnerability.

In June 2023, HMT published draft legislation related to the Solvency II reforms, indicating the reform implementation would be staged with some reforms coming into force on 31 December 2023 and the remainder on 30 June 2024. The Prudential Regulation Authority ('PRA') has since issued two of three anticipated consultations on the rules to implement those reforms in H2 2023, and its near final policy to go live at year-end 2024, relating to Internal Models, Transitional measures on Technical Provisions and Group supervision. Internal teams are reviewing the detail to assess what actions are needed to ensure the Group is compliant with the new rules.

The Group supports the PRA and HMT's objectives to reform the regulations to better suit the UK market whilst maintaining appropriate safeguards for policyholders. The financial impact of the reforms will depend on the exact detail of the final legislation. The relatively short time period between the PRA's final Policy Statement and the implementation date of the new rules contributes to the status of this risk. The Group will therefore remain actively involved in industry lobbying on Solvency II and is preparing as much as possible ahead of time to ensure compliance with new rules at the point of implementation.

The Group views the FCA's Consumer Duty as well aligned to its strategic priority of helping people secure a life of possibilities and, from 31 July 2023, the Group is materially compliant with the Duty for its open products. Focus remains on reviewing customer journeys and fair value assessments for closed products to achieve compliance with the Duty's principles for these products ahead of the 31 July 2024 deadline.

In November 2023 the FCA issued Sustainability Disclosure Requirements and investment labelling requirements which aim to inform and protect consumers and improve trust in the market for sustainable investments. The Group supports the FCA's aims noting that terminology used and a lack of consistency between providers makes it difficult for consumers to navigate. The Group has mobilised a project to ensure its practices align with the new regulation.

In December 2023, the FCA issued the Advice Guidance Boundary Review consultation paper. The consultation could lead to a significant change in the way that people who cannot access advice are supported in the industry and the Group is actively engaging with the FCA on this topic.

IFRS 17 aims to standardise insurance accounting across the industry and achieving compliance has been a significant undertaking. The Group will continue its finance transformation programme in 2024 to further streamline and automate IFRS 17 processes to support efficient financial reporting in the future.

Impact | Mitigation | Change from 2022 Annual Report and Accounts

Operational risk continued

The Group or its supply chain are not sufficiently cyber resilient

Impact

Phoenix Group is the UK's largest long-term savings and retirement business, with a significant profile, which leads to greater interest from cyber criminals. The world continues to become increasingly digitally connected and cyber-attacks remain a major threat to the Group. Over the past five years the Group has grown from 5m to 12m customers, while the number of colleagues in the Group has grown from 900 to over 7,500, not including contractors. In addition, the Group's footprint includes engagement with c. 1,800 suppliers which increases the attack surface significantly. This continual growth poses a greater risk of cyber-attack which could have a significant impact on customer outcomes, strategic objectives, regulatory obligations and the Group's reputation and brand.

Based on external events and trends, the threat posed by a cyber security breach remains high and the complexity of the Group's increasingly interconnected digital ecosystem exposes it to multiple attack vectors. These include phishing and business email compromise, hacking, data breach and supply chain compromise.

Increased use of online functionality to meet customer preferences and flexible ways of working, including remote access to business systems, adds additional challenges to cyber resilience and could impact service provision and customer security.

The pace of change is accelerating due to the rapid rise of artificial intelligence ('AI'), which in turn is compounding the threats and as a result, the cyber world is a more dangerous place than ever before. AI also has the potential to improve cyber security by dramatically increasing the timeliness and accuracy of threat detection and response. Cyber security is an essential pre-condition for the safety of AI systems and is required to ensure resilience, privacy, fairness, reliability and predictability.

Mitigation

The Group is continually strengthening its cyber security controls, attack detection and response processes, identifying weaknesses through ongoing assessment and review.

The Enterprise Information Security Strategy includes a continuous Information Security and Cyber Improvement Programme, which is driven by input from the Annual Cyber Risk Assessment and Annual Cyber Threat Assessment that utilises internal and external threat intelligence sources.

The Group continues to consolidate its cyber security tools and capabilities and the Enterprise Information Security Strategy 2023–2025 includes delivery of a Group Identity Platform and Zero Trust model, Supplier Assurance Platform, Secure Cloud Adoption and proactive Data Loss Prevention.

The specialist second line Information Security and Cyber Risk team provides independent oversight and challenge of information security controls, identifying trends, internal and external threats and advising on appropriate mitigation solutions.

The Group continues to enhance and strengthen its outsourced service provider and third-party oversight and assurance processes. Regular Board, Executive, Risk and Audit Committee engagement occurs within the Group.

The Group holds ISO 27001 Information Security Management Certification for its Workplace Pension and Benefits schemes, which provides confidence to both clients and internal stakeholders that it is committed to managing security.

Change from 2022 Annual Report and Accounts

Unchanged

This risk was assessed as 'Heightened' in the Group's 2022 Annual Report and Accounts and this remains unchanged.

The UK cyber threat level remains elevated, due to the sustained Russia/Ukraine war, China/Taiwan tensions, and the addition of the Israel/Palestine armed conflict. Cyber threat levels remain high with increased likelihood of a cyber-attack from a State actor; however it is highly unlikely that a Nation State actor would directly target the Group and any impact would be as a result of indirect cyber-attacks against the UK's critical national infrastructure, IT or information security service providers or global financial services companies. Cyber criminals continue to be the Group's most likely threat, primarily due to the type of data held by financial sector organisations being attractive to criminal actors.

On 19 April 2023, the UK's National Cyber Security Centre issued an alert warning of a heightened risk from attacks by state-aligned Russian hacktivists, urging all organisations in the country to apply recommended security measures.

The Group's cyber controls are designed and maintained to repel the full range of cyber-attack scenarios; whilst the Group's main threat is considered to be cyber crime, from individuals or organised crime groups, the same controls are utilised to defend against a Nation State-level cyber-attack.

The single consolidated Group Supplier Information Security Framework, which is improving the Security Oversight and Assurance of the Group's large portfolio of Outsourced Service Providers ('OSP'), third- and fourth-party suppliers, continues to mature. Further embedding and maturing over the next 12 months will help mitigate the risks associated with supply chain cyber security, which is considered the Group's top cyber security threat.

Vulnerability management continued to mature throughout 2023 with the Enterprise Cyber Exposure Score ('CES') remaining steady. The Group received formal approval from the FCA and PRA in July 2023 for closure of the Cybersecurity Best Practice Evaluation and Testing ('CBEST') remediation programme.

Operational risk continued

The Group fails to retain or attract a diverse and engaged workforce with the skills needed to deliver its strategy

Impact

Delivery of the Group's strategy is dependent on a talented, diverse and engaged workforce.

This risk is inherent in the Group's business model given the nature of acquisition activity and specialist skill sets.

Potential areas of uncertainty include the ongoing transition of ReAssure businesses into the Group, the expanded strategic partnership with TCS Diligenta and the introduction of the flexible working model.

Potential periods of uncertainty could result in a loss of critical corporate knowledge, unplanned departures of key individuals, or the failure to attract and retain individuals with the appropriate skills to help deliver the Group's strategy.

This could ultimately impact the Group's operational capability, its customer relationships and financial performance.

Mitigation

The Group aims to attract and retain colleagues from all backgrounds by creating a shared sense of purpose and commitment to our strategy, supported by offering competitive terms and conditions, benefits, and flexibility. Monthly colleague surveys promote continuous listening, allow rapid identification of concerns and actions that help improve engagement. The Group looks to respond proactively to external social, economic and marketplace events that impact colleagues.

The increased scale and presence of the Group, and success in multi-site and remote working, gives greater access to a larger talent pool to attract and retain in the future. In addition, the Group's graduate and early career programmes helps to support the talent pipeline.

Change from 2022 Annual Report and Accounts

Unchanged

There has been no change to the overall level of exposure to this risk since it was introduced in the 2018 Annual Report and Accounts. This is driven by acknowledgement of the significant amount of integration activity within the Group and uncertainty regarding the longer-term social and marketplace impacts of the pandemic and cost-of-living crisis on colleague attrition, sickness, motivation and engagement. Skills essential to the Group continue to be in high-demand in the wider marketplace. The Group monitors this closely and continues to remain confident in the attractiveness of its colleague proposition.

The Group launched Midlife MOT assessments to help colleagues take stock in the key areas of wealth, work and wellbeing.

The Group continues to leverage apprenticeships to support workforce diversity and to fill key skills, creating bespoke graduate and early careers programmes for specialist technical areas.

The Group continues to successfully operate a flexible working model, with strategic investments in technology and other resources maximising its effectiveness. The Group introduced Phoenix Flex as a core part of its employee offering in 2023, to help support colleagues in balancing their professional and personal lives, by encouraging and celebrating flexibility at work, embracing differences, and helping colleagues to thrive.

Risk management continued

Impact	Mitigation	Change from 2022 Annual Report and Accounts
Market risk **Adverse investment market movements or broader economic forces can impact the Group's ability to meet its cash flow targets, along with the potential to negatively impact customer investments or sentiment**		
The Group and its customers are exposed to the implications of adverse market movements. This can impact the Group's capital, solvency, profitability and liquidity position, fees earned on assets held, the certainty and timing of future cash flows and long-term investment performance for shareholders and customers. There are a number of drivers for market movements including government and central bank policies, geopolitical events, market sentiment, sector-specific sentiment, global pandemics and financial risks of climate change, including risks from the transition to a low carbon economy.	The Group undertakes regular monitoring activities in relation to market risk exposure, including limits in each asset class, cash flow forecasting and stress and scenario testing. In particular, the Group's increase in exposure to residential property and private investments, as a result of its BPA investment strategy, is actively monitored. The Group continues to implement de-risking strategies and control enhancements to mitigate unwanted customer and shareholder outcomes from certain market movements, such as equities, interest rates, inflation and foreign currencies. The Group maintains cash buffers in its holding companies and has access to a credit facility to reduce reliance on emerging cash flows. The Group closely monitors and manages its excess capital position and it regularly discusses market outlook with its asset managers.	**Unchanged** This risk was assessed as 'Heightened' in the Group's 2019 Annual Report and Accounts, and then again in 2020 due to ongoing economic uncertainty, geopolitical tensions, the impacts of COVID-19 and uncertainty around interest rates. Whilst some of these have lessened, they remain the key drivers for the current assessment of exposure to this risk. The global macro-economic environment remains highly uncertain; although prices continue to rise, the rate of inflation is lower. The UK Consumer Price Index is down to 4.0% in January 2024 from a peak of 11.1% in October 2022. There is an increased expectation that the Bank of England will achieve its target of 2% by the end of 2025. The Bank of England base rate has increased from 0.1% in December 2021 to 5.25% in August 2023, and remains at this level, with the outlook for this to remain stable until summer 2024 before reductions can be expected. Higher interest rates, coupled with cost-of-living rises, have suppressed residential property prices. These are expected to bottom out in summer 2024 and see a return to growth after interest rates start to come down. UK gilt yields remain high, rivalling the levels seen during the 2022 mini-budget market event. The Group continues to monitor and manage its market risk exposures, including to interest rates and inflation, and to markets affected by the increasing number of geopolitical conflicts and concerns. For example, continued attacks on shipping in the Red Sea pose a risk of worsening inflationary pressures and the downstream effects on interest rates. The Group's strategy continues to involve hedging the major market risks and, in 2023, the Group's Stress and Scenario testing programme continued to demonstrate the resilience of its balance sheet to market stresses. Contingency actions remain available to help manage the Group's capital and liquidity position in the event of unanticipated market movements.
Insurance risk **The Group may be exposed to adverse demographic experience which is out of line with expectations**		
The Group has guaranteed liabilities, annuities and other policies that are sensitive to future longevity, persistency and mortality rates. For example, if annuity policyholders live for longer than expected, then the Group will need to pay their benefits for longer. The amount of additional capital required to meet additional liabilities could have a material adverse impact on the Group's ability to meet its cash flow targets.	The Group undertakes regular reviews of demographic experience and monitors exposure relative to quantitative risk appetite limits. Monitoring includes identifying any trends or variances in experience, in order to appropriately reflect these in assumptions. The Group continues to manage its longevity risk exposures, which includes the use of longevity swaps and reinsurance contracts to maintain this risk within appetite. Where required, the Group continues to take capital management actions to mitigate adverse demographic experience.	**Unchanged** This risk was assessed as 'Heightened' in the 2020 Annual Report and remains 'Heightened'. The assessment is driven by continued uncertainty around future demographic experience driven primarily by the long-term effects of COVID-19 on life expectancy; potential health risks from rising NHS waiting times; the rise in long-term sickness rates observed across the UK workforce; and health and customer behaviour implications from the cost-of-living crisis. Demographic experience and the latest assessment of future trends continue to be considered in regular assumption reviews, including making appropriate allowance for the impacts of COVID-19 on both longevity and mortality as part of the 2023 assumption reviews. The Group continues to monitor customer behaviour as a result of the cost-of-living crisis to ensure its impact on demographic assumptions is appropriately reflected in regular assumption reviews. Proactive action is being taken to ensure support is provided to customers as the impacts from the cost-of-living crisis continue to materialise. The Group completed BPA transactions with a combined premium of c. £6bn in 2023. Furthermore, the launch of the new Standard Life Pension Annuity ('SLPA') product in the second half of 2023 is a significant milestone for the Group. Consistent with previous transactions, the Group continues to reinsure the vast majority of the longevity risk using longevity swaps and reinsurance contracts that are reviewed regularly.

Impact	Mitigation	Change from 2022 Annual Report and Accounts
Credit risk **The Group is exposed to the risk of downgrade or failure of a significant counterparty**		
The Group seeks rewarded credit risk in order to drive value for shareholders and invests in a wide range of credit risky assets in accordance with its strategic asset allocation. The Group is exposed to the risk of downgrades and deterioration in the creditworthiness or default of investments, derivatives or banking counterparties. This could cause immediate financial loss or a reduction in future profits. The Group is also exposed to trading counterparties, such as reinsurers or service providers, failing to meet all or part of their obligations. This would negatively impact the Group's operations that may in turn have adverse effects on customer relationships and may lead to financial loss.	The Group seeks to take credit risk by maintaining a high quality and diversified credit investment portfolio and ensuring relationships are with highly rated counterparties. The Credit Risk Policy and Counterparty Limit Framework sets out a system of controls to manage this risk within appetite with early warning indicators to manage the most material exposures within acceptable tolerances. This includes the management of risks linked to climate change, including the impact on assets from transitioning to a low carbon economy. The Group regularly monitors its counterparty exposures and has specific limits in place relating to individual counterparties (with sub-limits for each credit risk exposure), sector concentration, geographies and asset class. Limits also restrict exposure to BBB+ and below rated assets. The Group undertakes regular stress and scenario testing of the credit portfolio. Where possible, exposures are diversified using a range of counterparty providers. All material reinsurance and derivative positions are appropriately collateralised. The Group regularly discusses market outlook with its asset managers in addition to the second line Risk oversight provided. For mitigation of risks associated with stock-lending, additional protection is provided through collateral and indemnity insurance.	**Unchanged** In the Group's 2020 Annual Report and Accounts, this risk was assessed as 'Heightened' as a result of the market volatility and wider economic and social impacts arising from COVID-19. While the residual risks from COVID-19 have receded, the current assessment of the level of exposure to this risk is unchanged from the 2020 position, driven by the ongoing geopolitical tensions, economic uncertainty and persistent high inflation. Over 2023 the Group continued to undertake actions to increase the overall credit quality of its portfolio and mitigate the impact on risk capital of future downgrades. This positive progress is balanced by risks arising from geopolitical conflicts such as those in Ukraine and the Middle East, and supply chain disruptions arising from the risk of deterioration in the relationship between the USA and China. Uncertainties over the global economic outlook, persistent high inflation and higher for longer interest rates present an increased risk of defaults and downgrades. However, a UK sovereign downgrade is less probable than at the end of 2022, following both Moody's and S&P's revision of the UK credit rating's outlook from 'negative' to 'stable' during 2023. This has a positive impact on UK-related assets including Gilts, Housing Associations and Local Authority Loans. Despite the failure of a number of US regional banks and a regulator-facilitated merger of Credit Suisse with UBS in early 2023, the Group's view is that a full-blown banking crisis will not follow. In addition, the Group has limited exposure to banks with idiosyncratic risks. The Group has no direct shareholder credit exposure to Russia or Ukraine and no exposure to sanctioned entities. The Group continues to increase investment in illiquid credit assets as a result of BPA transactions. This is within appetite and in line with the Group's strategic asset allocation plans. The growth in illiquid assets will be met by growth in the overall Group credit portfolio.

Emerging risks and opportunities

The Group's Senior Management and Board take emerging risks and opportunities into account when considering potential outcomes. This determines if appropriate management actions are in place to manage the risk or take advantage of the opportunity. Two examples of key risks and opportunities discussed by Senior Management and the Board during 2023 are:

Description	Risk Universe category
Quantum computing	
Quantum computing has the potential to deliver improved actuarial analysis, portfolio optimisation, risk modelling and management, forecasting and enhanced fraud prevention. It has the ability to arrive at feasible solutions for optimisation problems, or find better accuracies for machine learning problems, or run simulations exponentially faster. However, there are significant risks to consider, such as the potential for quantum computing to be used with malicious intent against the Group. The Group will seek to get 'quantum-safe' as soon as possible, to minimise the magnitude of emerging threats, including the potential of breaking current encryption systems, which would leave personal data of the Group's customers vulnerable to hackers. Switching from one encryption regime to another will take years to implement with the payoff timeline for incorporating quantum resources currently perceived as being in excess of three years. It is crucial for the Group to develop quantum-resistant encryption algorithms and implement robust security measures to protect sensitive information. There is a potential opportunity to maximise capital preservation and commercial differentiation, by leveraging the exponential growth in data available to the market.	**Operational**
Pensions innovation	
Changing customer expectations around simplicity of products, personalisation and increasing technology-based interaction presents greater risk from market disruptions. Customers are increasingly looking for frictionless services, which will heighten competition in offering a complete experience and solutions to customer needs. Aside from these risks, this does represent a significant opportunity for the Group to meet ever-evolving customer needs to become a trusted partner to and through retirement. The Group continues to partner with innovative start-ups, providing user experience and technical delivery support for priority proposition initiatives. Digital and Workplace successfully launched Phoenix Group's Innovation Forum, inviting new partners from TCS COIN and FinTech Scotland networks to apply to work with the Group on defined challenges. The Group tracks industry change including on the use of analytics; ensuring compliance with cookies regulation; simplifying the process to gather permissions to market; and changes via Consumer Duty. The Group has an opportunity around future ways of working and innovation, leading to improved and enhanced customer experiences whilst ensuring that regulatory work fully supports good customer outcomes within the next one to three years.	**Customer**

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Board is required to conduct an assessment of the viability of the Group over a specified time horizon.

Assessment Process

In assessing the future viability of the Phoenix Group, the Board has defined 'viability' as maintaining the capability to satisfy mandatory liabilities and meet external targets for cash generation.

In doing so, the Board considered whether the definition of viability should reflect the success of the Group in delivering against its strategic priority to invest in the growth of the business on an organic and inorganic basis. It concluded that any such investment needs to comply with the Group's capital allocation framework and risk appetite, and that the Board retains flexibility to manage the level of investment to support the Group's strategic priorities. In the absence of new business growth, the Group maintains a significant cash generation capacity from its in-force business which remains resilient under stress, supporting longer-term viability.

The Board has determined that the three-year time horizon to December 2026 is an appropriate period for the assessment which aligns to the period covered by the Group's latest Board-approved Annual Operating Plan ("AOP"), and to the period for which the Group establishes its internal and external targets.

In making its assessment and assessing the prospects of the Group over the short, medium and longer-term, the Board considered a large range of information including:

- The Group's strategic and operational plans as set out in the AOP, approved by the Board in February 2024;
- The latest financial results for the Group;
- Financial projections of the Group's capital, liquidity and funding positions over the viability assessment period. These projections have considered both base assumptions and severe but plausible stress scenarios, reflecting the major risks to which the Group is exposed;
- The results of wider stress and scenario testing activity, including reverse stress testing, capturing non-financial risks as well as more onerous scenarios with a low likelihood of occurrence;
- The operation of the Group's Risk Management Framework, including any breaches of risk appetite;
- The principal risks and uncertainties impacting the Group, together with an assessment of emerging risks that may impact on the Group's future performance;
- The Own Risk and Solvency Assessment process which provides a forward-looking assessment of the Group's risk and capital profile as a result of its business strategy, AOP and the overall risk environment; and
- An assessment of the wider operating environment for the Group, including legal, regulatory, political, climate and competitive factors.

Assessment of Viability

The Phoenix Group AOP is reviewed and approved by the Board on an at least annual basis and results in a set of strategic priorities, detailed financial forecasts across multi-year periods, risk assessments and associated resilience, and available contingent actions. Those strategic priorities are outlined in the Strategic Report of the Group's Annual Report and Accounts, and progress against the AOP is reviewed monthly by the Board. The Board reviewed the results of stress testing to assess viability under severe but plausible scenarios, including three adverse stresses as follows, which are deemed to be representative of the key financial risks to the Group:

1. Market stress – a combined market stress broadly equivalent to a 1 in 10-year event, calibrated to the Phoenix Internal Model, incorporating a fall in equity, property values and yields, with a widening of credit spreads;
2. Plausible downside stress – a more onerous combined market stress reflecting tighter credit conditions and a deep recession driven by a further short-term increase in inflation and cost of living crisis, falls in equities, properties, increased credit spreads, a UK sovereign downgrade and credit asset downgrades; and
3. Longevity stress –longevity and yield stress broadly equivalent to a 1 in 10-year event, which implies a 1.27 year increase in life expectancy for a 65 year old male and 1.3 year increase for a 65 year old female, alongside a fall in yields.

The calibration and assessment of the stresses is informed by the Group's Solvency II Internal Model. The projections take into account the impact of any appropriate Solvency II recalculation of transitional benefits and allow for refinancing of certain of the Group's debt obligations. In considering the projections, the Board has assessed the availability of contingent actions to increase resilience.

The scenarios were applied to the Solvency II capital, liquidity and funding positions of the Group, and demonstrated that the Group could continue to meet its mandatory obligations without any breach to regulatory capital requirements, whilst continuing to track towards meeting external targets.

Additional stress testing

In addition, through the ORSA and wider financial resilience processes, the Board has reviewed a wide range of stress and scenario testing which has provided additional insight with regard to the defined viability assessment period. The scope of this testing covers the Group's risk universe and includes scenarios such as:

- Additional severe downside economic scenarios with a low likelihood of occurrence;
- Operational disruption or failure of key third party service providers;
- Cyber-attack, and resultant denial of service to key systems or applications;
- Failure to execute and deliver key change activities within the Group; and
- Climate related risks, including those related to a disorderly climate transition.

In so doing, the Board has considered the results of reverse stress testing that has been performed to analyse scenarios that have a low probability but where, if they occurred, have the potential to render the business model unviable. Reverse stress testing validates and improves, where necessary, mitigating actions in place to deal with threats to the Group's viability by starting at the point of business failure and working backwards to identify the sequence of events that would lead to that outcome. It supports the development of actions that can be implemented now to avoid the failure.

During 2023, the Stress and Scenario Testing Programme included separate consideration of the impact of a severe market stress and a severe longevity and yields stress. The market stress was designed to replicate a severe recession (downgrade across 21% of the total shareholder liquid/illiquid credit asset portfolio, House Prices falling 15%, Equities c.30% and GBP depreciating c.10% vs USD), while the longevity stress combined a significant longevity risk event emerging over 3 years (e.g. medical advancement) with a 100bps fall in yields. The analysis concluded that the severity of these stresses was not sufficient to reduce Phoenix Group's capital coverage to close to SCR.

A severe scenario testing a combination of all risks within the internal model was also considered and showed the severity of stress required to reduce the Group's capital coverage to the Recovery Zone and also the severity of event needed to reduce capital coverage to close to SCR. This informed the Group Recovery Plan which also included an extreme liquidity event and a range of contingency actions that could be used to recover. These scenarios are deemed extreme and the Recovery Plan demonstrated the ability to restore coverage above risk appetites.

Over 2023, we have continued to embed climate scenario analysis within the Group's stress and scenario testing programme and carried out a range of quantitative and qualitative scenario analysis. The results show that although how and when climate risk could crystallise continues to be highly uncertain, it could have a significant impact on the value of our assets, the assets of our customers, our reputation and our operations. Phoenix is actively managing this risk using a range of actions, including gradual decarbonisation of the investment portfolio and engagement with key emitters within the portfolio, key suppliers, customers and policymakers.

Risk Assessment

The Board reviewed the Group's principal risks and uncertainties as set out on pages 50 to 57 of the 2023 Annual Report and Accounts, and considered the impacts of changes in the related impact assessments and the mitigating actions implemented. This included an assessment of the potential impacts of emerging risks on the Group's business during the viability assessment period.

As noted in the Risk Management section of the Annual Report and Accounts, the Group identifies, assesses and manages risk through the operation of its Risk Management Framework ('RMF'). The Board approves the RMF and monitors its operation against established risk appetites through regular reporting that comes from across the three lines of defence.

Whilst noting continued macroeconomic uncertainty and an evolving political and regulatory landscape, the Board will continue to monitor risk exposures relative to risk appetites to ensure the risks are proactively managed and do not present a material threat to the Group's viability.

2023 Financial Results

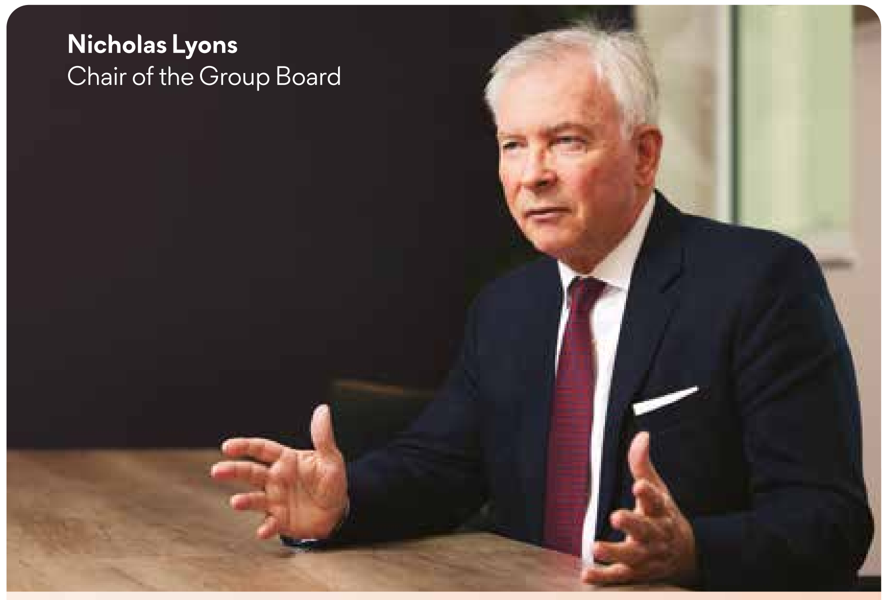
The latest financial results for the Group as included within the 2023 Annual Report and Accounts have been considered as part of the assessment. Key factors included:

- The Group's strong capital position with a Solvency II surplus of £3.9 billion and a Shareholder Capital Coverage Ratio of 176%, providing significant headroom above regulatory minimum capital requirements and the Group's risk appetite;
- The resilience of the Group's capital position and cash generation to movements in market factors, as indicated in the sensitivity analysis included on page 35, which is reflective of the Group's hedging approach;
- Holding company cash of £1.012 million at the end of 2023, as well as access to the Group's undrawn £1.25 billion unsecured revolving credit facility, provides assurance over the Group's ability to meet mandatory obligations as they fall due;
- The impact of losses on an IFRS basis, were considered as part of the assessment. It was noted that the Group's hedging approach prioritises the protection of the Solvency II capital position and therefore the dependable delivery of future cash generation. It is accepted that this results in volatility in the IFRS metrics, but this was not considered to represent a material threat to the Group's viability.

Statement of Viability

Based on the factors outlined above, the output of the Group's financial projections and its resilience under severe but plausible stressed conditions, and the management the Group's principal risks and associated mitigating actions, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

Chair of the Group Board's introduction to governance



Nicholas Lyons
Chair of the Group Board

Board highlights 2023

Board induction
Mark Gregory and Eleanor Bucks share their experience of the Phoenix Group Board induction programme.

Read more on pages **90 and 91**

Board review
The 2023 Board review was carried out by an external Board Reviewer. Following discussion, the Board has agreed a few areas of enhancement.

Read more on pages **78 and 79**

Board education sessions
These provided both insight and outcomes that the Board implemented.

Read more on pages **80 and 81**

Board engagement with the wider workforce
The Board as a whole was able to meet Phoenix Group colleagues in two focused sessions in May and November 2023. In May, the Board met members of the Phoenix Group graduate programme and in November it met with female colleagues in their 50s, with a focus on the working environment. These groups provided insight into their specific roles at Phoenix Group.

Read more on pages **108 to 110**

Our values of passion, responsibility, growth, courage and difference are demonstrated daily by our colleagues, and importantly through the leadership of the Board.

I am delighted to return as Chair of the Group Board ('Chair') on 1 December 2023. During my sabbatical as Lord Mayor of the City of London, Alastair Barbour fulfilled the role of Chair with effect from 1 September 2022 until 30 November 2023. Following ten years on the Board, Alastair stepped down from the position as Chair of the Group Board and Chair of the Nomination Committee with effect from 30 November 2023, and remained on the Board until 31 December 2023 to ensure a comprehensive handover. I would like to thank Alastair for his commitment as Chair during my sabbatical, as well as for his enormous contribution and support to Phoenix Group throughout his tenure. He will be missed as a colleague and trusted adviser. His historical knowledge was invaluable to the Group Board and the wider organisation during my sabbatical, hence his tenure beyond the usual nine-year period.

Board activities during 2023
Our strategy is set to ensure we continually progress towards the achievement of our purpose and aim to provide customers with the best possible outcomes. The Board is responsible for establishing the strategy for the Group, ensuring that this is aligned with not only our purpose but also with the values and culture of the business. As a result of a strong performance, the Board has recommended a Final dividend of 26.65 pence per share, bringing the total 2023 dividend to 52.65 pence per share.

There were a number of focus areas for the Board again this year, such as the integration and completion of SLF of Canada UK Limited ('Sun Life of Canada UK') from Sun Life Financial Inc. acquired in 2022. The Phoenix Life Companies Board has worked hard to integrate this new acquisition into its governance framework and current board schedule during the year, which has been monitored by the Phoenix Group Board. The IFRS 17 accounting change has been a key focus for Management and in turn the Board, in particular its Audit Committee and I must thank both the Audit Committee Chair and its members for the robust challenge.

The relationship with our regulators, not just in the UK, but also in Ireland and Bermuda, is of importance to the Board and we receive regular updates from our Regulatory Relationships Director to understand their views and the impact this can have on strategy, a focus at our Strategy Day in June. Our Chief Risk Officer plays an important part in the delivery of our strategy and the Board receives regular updates from him. Both Line 1 and 2 opinions are provided on all strategic initiatives.

In addition, Phoenix Group published its Net Zero Transition Plan on 24 May 2023. The Board wants the execution of our strategy to have a positive impact upon our Net Zero Transition Plan and climate change as a whole. This is just one way we can help to provide our customers with the best possible outcomes. You can find our Net Zero Transition Plan at www.thephoenixgroup.com.

Phoenix Group Holdings plc's compliance with the UK Corporate Governance Code 2018 (the '2018 Code') can be found on page 68.

Purpose, values and culture
Phoenix Group's purpose is to help people secure a life of possibilities. As the pensions landscape and societal needs evolve, Phoenix Group has an important role to play in society through its long-term savings and retirement business. Robust and purpose-led decision-making from the Board and throughout the Group drives responsible and sustainable investment, a strong sustainability strategy and enables long-lasting impact for our customers. The Board monitors that purpose and the Company's values regularly throughout the execution of its strategy. A proportion of the agenda is always dedicated to strategy and before reviewing and approving such strategic items, the Board must always come back to Phoenix Group's core purpose and values.

The Board's role is to set the cultural tone from the top and act as the guardian of our values and culture, which together supports our strategy and drives our purpose. We as a Board must reinforce our culture and values through our conduct, decision-making process and the outcomes upon us as a Board and the Group's strategy, which the Executive Committee ('ExCo') implements. The Sustainability Committee monitors culture on behalf of the Board and this is discussed further on page 107.

Board review
This year, the Board effectiveness review was undertaken externally by Bvalco Ltd (the 'Board Reviewer'). It conducted a number of independent interviews with Board members and key stakeholders. This review found the Board to be capable, reflective and supportive of Phoenix Group's culture. The culture of the Board was found to be constructive, challenging and respectful. Further information on the outcomes of the review can be found on pages 78 and 79.

Before reviewing and approving strategic items, the Board must always come back to Phoenix Group's core purpose and values.

2024 priorities

During 2024, the Board intends to focus on:

- Risk management items.
- Relationship with the regulators.
- Financial framework.

Chair of the Group Board's introduction to governance continued

Wider workforce

The Board has particularly enjoyed the colleague engagement sessions that have taken place during 2023. Meeting both members of our graduate programme and female colleagues in their 50s, with a focus on the working environment, has been insightful, especially for our new Board members. This is discussed further by Maggie Semple, our Designated Non-Executive Director ('NED') for Workforce Engagement on pages 108 to 110. Choosing two diverse groups of colleagues has helped us to understand the opportunities and challenges the wider workforce faces at Phoenix Group. Through Maggie's work as Designated NED for Workforce Engagement, the Board has been able to implement some outcomes which we hope will enhance the working environment for our colleagues and reach Phoenix Group's strategic ambition to be the "best place any of us have ever worked". The process of feedback between Maggie Semple and the Board following sessions with the Phoenix Colleague Representation Forum ('PCRF') has also been enhanced to ensure outcomes are discussed at Board level and appropriate actions are taken.

Our colleagues are not our only stakeholders and the Board is mindful of all our stakeholders when making decisions. This is further explained on pages 74 to 77 by demonstrating any impact on Board decisions as a result of engagement of our stakeholders. You will see that, as a regulated business, our customer outcomes and Consumer Duty have received greater focus during 2023.

Board changes

During the year, there were a number of changes to the Board. Mark Gregory joined the Phoenix Group Board on 1 April 2023. He possesses a wealth of experience in the insurance, financial services and retail sectors, having worked as Group CFO at Legal & General Group plc and through non-executive roles, including at Direct Line Insurance Group plc. He has made a strong contribution to date, not only as a member of the Risk Committee, but also an attendee and now member of the Audit Committee with effect from 1 January 2024. David Scott was nominated as the shareholder representative of abrdn plc ('abrdn') on 11 May 2023 in accordance with the terms of the relationship agreement between Phoenix Group and abrdn. The previous Shareholder Nominated Director representing abrdn was Stephanie Bruce whose contribution to the Board since joining on 1 July 2022 was excellent and also helped to enhance diversity on the Board. Finally, Eleanor Bucks joined the Phoenix Group Board on 1 December 2023. Eleanor is an actuary with strong asset management and financial services experience and brings a fresh skillset and capability to the Board as well as broader diversity. You can find the Board's skills matrix on page 89 and Directors' biographies on pages 64 to 67.

Kory Sorenson reached her nine-year tenure on the Phoenix Group Board on 30 June 2023. She had been Chair of the Remuneration Committee for the past five years and was succeeded in that appointment by Nicholas Shott on 4 May 2023 following the 2023 Annual General Meeting ('AGM'). Nicholas has been a member of the Remuneration Committee since 2016. Kory provided a diligent handover to Nicholas and the Board is grateful for her robust challenge, knowledge and tenacity over the years, in particular during challenging times such as COVID-19.

Diversity and inclusion

The Phoenix Group Board had 36% female Board representation, three ethnic minority Board members and a female Senior Independent Director at 31 December 2023. The Nomination Committee report explains further the reason for these results and its aim to comply with the Listing Rules. As ever, there is always more to do and we are mindful of diversity when succession planning for those appointments we can control. Succession planning remains a focus for some of our longer serving Board members, but also for our Executive Directors and ExCo members. The Talent and Succession Plan was reviewed during 2023 for Executive Directors and the ExCo members and will continue to be a key matter for 2024.

Board schedule

I work closely with our Group Company Secretary to plan the Board schedule well in advance of the year. Each meeting is balanced with governance, strategy including Environmental, Social and Governance ('ESG'), financial performance and emerging matters as regular items. The Board as a whole places great importance on promoting the success of the Company. Each member must have sufficient time to devote to the Board in order to contribute fully to meetings and the operation of its Committees as discussed further on page 87. During the year, additional meeting time may be needed and I am pleased that each Director endeavours to be available as and when required. Alastair Barbour was particularly grateful to those Directors who found additional meeting time for the implementation of the IFRS 17 standard and related education sessions.

Keeping the Board abreast of key areas of focus for the Company is important and the Board as a whole takes comfort from the education sessions Phoenix Group provides.

Each member must have sufficient time to devote to the Board in order to contribute fully to meetings.

Education sessions are a significant part of our Board calendar and are often facilitated by external providers or Management outside of the Board meeting schedule to ensure the required focus and attention is given to the sessions. During 2023, education sessions were held on topics such as the Annual Operating Plan ('AOP') 2023, key projects, IFRS 17, the customer view (of particular importance for Phoenix Group with the implementation of Consumer Duty by the Financial Conduct Authority ('FCA')) and the Net Zero Transition Plan that was published in May 2023. The Remuneration Committee introduced its first focused education session facilitated by its external adviser, PwC, and supported by the Executive Reward Director which was well received by all members. Please see pages 80 and 81 for education sessions delivered in 2023 and any outcomes.

Annual General Meeting

In 2023, Phoenix Group was pleased to return to an 'in person' AGM. This allowed the Board to meet and greet our shareholders face-to-face and to answer any questions. During 2023, the Board and Committee Chairs met with our largest shareholders, representing approximately 43% of our share register. In his capacity as Chair of the Group Board, Alastair Barbour met with nine shareholders, representing approximately 41% of our share register in January 2023 to discuss the 2023 annual institutional roadshow. The Chair of the Remuneration Committee engaged with a broader group of shareholders representing approximately 70% of our share register to discuss the 2023 Remuneration policy that was then approved with a 98% vote in favour by our shareholders at the AGM on 4 May 2023.

As Chair of the Group Board, I undertook the Group's annual institutional roadshow during February 2024, which is intended to reinforce the dialogue with our major shareholders, particularly concerning corporate governance issues. I met with 12 of Phoenix Group's largest shareholders who in aggregate own approximately 45% of the Company's issued share capital. The meetings covered a range of topics, including the strategic progress and outlook of the Company, the Board's effectiveness review and the recent share price performance.

The Board was pleased with the support from Phoenix Group's shareholders throughout 2023 and we hope to receive similar support in 2024. As ever, the Board is here to engage and respond to any questions our shareholders or stakeholders may have.

Nicholas Lyons
Chair of the Group Board

AGM votes in favour of all resolutions May 2023

97%

97% in 2022

Board ethnic minority Director representation[1]

23%

25% as at 10 March 2023

Independent Board Directors[1]

62%

Board female Director representation[1]

38%

50% as at 10 March 2023

UK Corporate Governance Code

Fully compliant, but areas of enhancement

Fully compliant in 2022

Board ethnic minority Director representation for those appointments controlled by Phoenix Group[1]

18%

FTSE Women Leaders ranking (February 2024)

12th

12th in 2023

Board female Director representation for those appointments controlled by Phoenix Group[1]

45%

See page **68** for a summary of how the Company complied with the 2018 Code during 2023

Committee Chairs

Male (Two)	50%
Female (Two)	50%

1 As at 21 March 2024.

Board leadership and Company purpose

Our Board of Directors

Leading from the top to drive robust governance and a clear social purpose.

At 21 March 2024, the Board comprises the Chair of the Group Board, Group Chief Executive Officer, the Group Chief Financial Officer, one abrdn plc Nominated Director, one MS&AD Insurance Group Holdings, Inc. ('MS&AD') Nominated Director and eight Independent Non-Executive Directors.

2023 Board changes

- Mark Gregory was appointed to the Board on 1 April 2023
- Stephanie Bruce retired from the Board on 11 May 2023
- David Scott was appointed to the Board on 11 May 2023
- Kory Sorenson retired from the Board on 30 June 2023
- Nicholas Lyons was re-appointed to the Board on 1 December 2023
- Eleanor Bucks was appointed to the Board on 1 December 2023
- Alastair Barbour retired from the Board on 31 December 2023

Committee membership key

- A Audit
- N Nomination
- Re Remuneration
- Ri Risk
- S Sustainability

Nicholas Lyons
Chair of the Group Board

Appointed: 1 September 2018 to 1 September 2022, re-appointed on 1 December 2023

Committee: N
Chair of the Nomination Committee

Career and experience
Nicholas has wide-ranging experience across the financial services industry, both in executive and non-executive roles. He started his career in banking at Morgan Guaranty Trust Company of New York UK (later JP Morgan LLP), where he held various roles including Assistant Vice President of Equity Capital Markets, he later moved to Lehman Brothers International Limited where he was Global Co-Head of Recruitment, Training and Career Development and Managing Director of the Financial Institutions Group. Nicholas has extensive Non-Executive Director ('NED') experience, including Chair of Miller Insurance Services LLP, Senior Independent Director of Pension Insurance Corporation plc and Catlin Group Limited and NED of Friends Life Group Limited and Convex Group Limited. Nicholas is a member of the Chartered Insurance Institute.

Having taken a sabbatical to complete a year long term as Lord Mayor of the City of London, Nicholas returned to his role as Group Chair of the Board on 1 December 2023.

Key skills and competencies
- Seasoned business leader with experience and understanding of insurance and the financial services industry, including the regulatory environment.
- Strong communicator, bringing a sharp focus to people leadership, succession planning and development.
- Experience in the governance of large-scale business operations, leading mergers and acquisitions and managing complex projects which are skills key to the fulfilment of Phoenix Group's vision and purpose supporting his role as an experienced Chair of the Group Board.

Current external appointments
NED at Miller Insurance Services LLP and Convex Group Limited and Alderman in the City of London.

Andy Briggs, MBE
Group Chief Executive Officer ('CEO')

Appointed: 10 February 2020

Career and experience
Andy joined Phoenix Group in 2020 with over 30 years of experience in the insurance industry. He has held senior executive roles across multiple business areas in the industry including CEO of UK Insurance and Global Life and Health at Aviva plc; CEO of Friends Life Group Limited; Managing Director of Scottish Widows; CEO of the Retirement Income Division at Prudential plc and Chair of the Association of British Insurers ('ABI'). Andy is a Fellow of the Institute of Actuaries and also acts as the UK Government's Business Champion for Older Workers.

Key skills and competencies
- Sound executive leadership and a considered approach to strategy, demonstrated through continued delivery of Phoenix Group's operating model, delivering strategic growth through the acquisition of SLF of Canada UK Limited. Andy has a strong history of high-profile M&A work in his previous roles.
- Broad knowledge of the global insurance industry which helps inform views on long-term strategic direction.
- Proactive approach to understanding stakeholder priorities, which closely aligns to Phoenix Group's core social purpose and strategy, including work on developing initiatives such as Midlife MOT, financial and digital inclusion.

Current external appointments
Board member of the ABI and the UK Government's Business Champion for Older Workers.

Rakesh Thakrar
Group Chief Financial Officer ('CFO')

Appointed: 15 May 2020

Career and experience
Rakesh joined Phoenix Group in 2001 and has been Group CFO since 2020. He held several finance and strategy-related roles and was Deputy Group CFO for six years prior to being appointed as Group CFO. Rakesh is a Non-Executive Director ('NED'), Chair of the Audit Committee and member of the Risk Committee of Bupa Insurance Limited. He is an Associate of the Chartered Institute of Management Accountants and the Association of Corporate Treasurers.

Key skills and competencies
- Detailed knowledge of financial markets as leader of Phoenix Group's financial strategy, which supports achievement of strong financial results in line with the financial framework of Cash, Capital and Earnings.
- Experienced in directing and delivering significant corporate projects and major transactions which drives delivery of Phoenix Group's strategy.
- Focused on people development to support culture, capabilities for future growth and a diverse pipeline of talent as sponsor of social mobility within the organisation.

Current external appointments
NED, Chair of the Audit Committee and member of the Risk Committee of Bupa Insurance Limited and the service company Bupa Insurance Services Limited.

Karen Green
Senior Independent Director ('SID')

Appointed: 1 July 2017

Committee: N Re S
Chair of the Sustainability Committee

Career and experience
Karen has significant financial services experience. She has held a number of senior executive roles including Chief Executive Officer of Aspen UK (comprising the principal insurance and reinsurance companies of the Aspen Insurance Holdings), Principal of MMC Capital Ltd (now Stonepoint Capital LLC) and Director of Corporate Development of GE Capital Europe Ltd. Karen has significant NED experience, including as Chair of the Audit Committee at Admiral Insurance Group plc, a former Council member and Chair of the Investment Committee at Lloyd's of London, NED at Great Portland Estates plc and Risk and Audit Committee Chairs at Miller Insurance Services LLP.

Key skills and competencies
- Deep knowledge of the insurance industry which supports oversight of Phoenix Group's activity, aligned with market expectations and stakeholder needs.
- A strong background in strategic planning and corporate development including M&A which complements the development of Phoenix Group's growth strategy and facilitates informed oversight and constructive challenge.
- Engagement in ESG which supports her role as Chair of the Sustainability Committee.
- Significant leadership experience and understanding of Phoenix Group allowing the provision of support to the Chair of the Group Board and the Board as a whole as SID.

Current external appointments
NED and Chair of the Audit Committee at Admiral Group plc, Supervisory Board member and Chair of the Audit Committee of TMF Group BV, NED and Chair of the Audit and Risk Committees at Miller Insurance Services LLP, NED and Chair of the Risk Committee at Asta Managing Agency Limited, NED at Great Portland Estates plc, Adviser at Cytora Limited and Trustee of Wellbeing of Women.

Eleanor Bucks
Independent Non-Executive Director ('NED')

Appointed: 1 December 2023

Career and experience
Since 2021, Eleanor has been Chief Investment Officer of Lloyd's of London. Prior to this, she was at Legal & General plc holding several roles including: Chief Operating Officer of Legal & General Capital, Managing Director of Direct Investments and Real Assets and Chief Investment Officer of Legal & General Retirement. Eleanor serves as Chair on the suite of Lloyd's Investment Platform funds and has held executive directorships as Chair of Legal & General Investment Management Alternative Investment Fund Manager and Director of Legal & General's Single-Family Build-to-Rent business. Eleanor is a Fellow of the Institute of Actuaries.

Key skills and competencies
- Seasoned investment professional, experienced in leading high-performing investment teams and setting investment strategy for both insurance and pension funds.
- Deep understanding of the life insurance sector and the investment approaches that underpin those businesses, which brings an external perspective and supports the delivery of robust, constructive challenge and guidance during Board discussions.

Current external appointment
Chief Investment Officer of Lloyd's of London.

Mark Gregory
Independent Non-Executive Director ('NED')

Appointed: 1 April 2023

Committee: A Ri

Career and experience
Mark has 25 years of experience in the financial services industry. Most recently, Mark was CEO of Merian Global Investors Limited ('Merian'). Preceding this, he held roles at Legal & General Group plc including: Group CFO, CEO of Savings and Managing Director of With Profits, at Asda Limited as the Divisional Director for Finance and the Business Development Director and at Kingfisher plc as a Senior Financial Analyst. His NED experience consists of roles as NED and Chair of the Risk Committee at Direct Line Insurance Group plc and NED at Entain plc and Merian.

Key skills and competencies
- A wealth of executive finance experience and acumen and a deep knowledge of the insurance industry, particularly life and general insurance, which contribute to his effectiveness as a member of the Risk and Audit Committees.
- Highly qualified to appraise strategy development and execution, having led corporate projects and transactions with added appreciation of the retail sector and customer service activity.

Current external appointments
NED and Chair of the Risk Committee at Direct Line Insurance Group plc, NED of Churchill Insurance Company Limited, UK Insurance Limited and Westdown Park Management Company Limited.

Board leadership and Company purpose continued
Our Board of Directors

Hiroyuki Iioka
Non-Executive Director ('NED')

Appointed: 23 July 2020

Shareholder Nominated Director

Career and experience
Hiroyuki is the appointed representative of one of Phoenix Group's major shareholders, MS&AD Insurance Group Holdings, Inc ('MS&AD'). He has over 35 years of experience and is currently Senior General Manager for the International Business Planning Department at MS&AD. His previous roles include General Manager for the Asian Life Insurance Business Department at Mitsui Sumitomo Insurance Company Limited (Japan) and Assistant General Manager for MSIG Holdings (Europe) Limited. Hiroyuki's NED experience includes roles as NED of ReAssure Group plc, Mitsui Sumitomo Insurance (London Management) Limited and an Alternate NED of Challenger Limited (Australia). Hiroyuki is a Chartered Member of the Securities Analysts Association of Japan and Certified International Investment Analysts.

Key skills and competencies
- Commercial business leader, providing an international business perspective, with strong global insurance and financial services industry experience.
- Responsible for general management, including managing efficient and effective operations and business development within the financial services industry.

Current external appointments
Senior General Manager of International Business Planning Department for MS&AD Insurance Group Holdings, Inc. and Alternate NED of Challenger Limited, listed on the Australian Stock Exchange.

Katie Murray
Independent Non-Executive Director ('NED')

Appointed: 1 April 2022

Committee: A N
Chair of the Audit Committee

Career and experience
Katie has over 30 years of experience gained across the financial services industry and is currently Group Chief Financial Officer ('CFO') of NatWest Group plc, having also acted as Deputy Group CFO. Prior to this, Katie spent a number of years at Old Mutual plc, where she held various senior executive roles including Group Finance Director of Old Mutual Emerging Markets, Director of Finance – Group Chief Accountant and Head of Group Planning and Analysis. She was also a Senior Audit Manager at KPMG LLP. Katie is a member of the Institute of Chartered Accountants in Scotland.

Key skills and competencies
- Vast financial services experience meaning that she is well placed to provide valuable and technical input in both Board discussions and in her capacity as Chair of the Audit Committee.
- Current business leader with recent and relevant financial experience and deep understanding of industry complexities.
- Valuable knowledge and executive director experience within global financial services organisations.
- Plays an active role in the development and reporting of climate reporting across the financial services sector.

Current external appointment
Group Chief Financial Officer of NatWest Group plc.

John Pollock
Independent Non-Executive Director ('NED')

Appointed: 1 September 2016

Committee: A N Ri
Chair of the Risk Committee

Career and experience
John has vast financial services experience from a career of over 35 years at Legal & General Group plc ('L&G'), most recently as CEO of Legal & General Assurance Society. John's previous positions at L&G include CEO of Protection & Annuities, Group Executive Director of Product & Corporate and Director of UK Operations. His NED experience includes roles as Chair of Cofunds Limited and Suffolk Life Limited and NED of Cala Group (Holdings) Limited. John has also acted as Deputy Chair of the Financial Conduct Authority ('FCA') Practitioner Panel, Life Insurance Member of the Financial Ombudsmen Service Industry Panel and has been a member of the Life Insurance Committee of the Association of British Insurers. John is a Fellow of the Royal Geographical Society.

Key skills and competencies
- Extensive UK and European insurance and financial services experience which enhances Board understanding of related issues and trends applicable to Phoenix Group's operations and strategy.
- Proven track record of establishing and delivering strategy whilst managing risk appetite and compliance within a regulated marketplace, which contributes to his ability to effectively chair the Risk Committee.
- Previous business leader with expert understanding of the wider organisational responsibilities to employees and society allowing him to provide robust challenge on executive decision-making.

Current external appointments
None.

Belinda Richards
Independent Non-Executive Director ('NED')

Appointed: 1 October 2017

Committee: Re Ri

Career and experience
Belinda has extensive financial services and strategy experience from a 30-year career. She was Senior Partner and Global Head of Merger Integration and Separation Advisory Services at Deloitte LLP. Prior to this, Belinda was Vice President of Post-Acquisition Integration and Separation Services at Ernst & Young LLP and Principal of Corporate Finance and Strategic Advisory Services at KPMG LLP. Her NED experience includes roles as NED and Chair of the Audit Committee of Avast plc and William Morrison Supermarkets plc, SID of Grainger plc and NED of Aviva Life & Pensions UK Limited and Friends Life Group Limited.

Key skills and competencies
- Highly qualified to appraise corporate growth opportunities, integration processes and the post-acquisition environment allowing the provision of robust challenge and guidance in relation to Phoenix Group's strategy.
- Extensive leadership experience and technical perspective enabling contribution to Risk and Remuneration Committee discussions and debate.

Current external appointments
NED at The Monks Investment Trust plc, NED and Chair of the Audit Committee at Schroder Japan Trust plc, SID and Chair of the Sustainability and Governance Committee of Olam Food Ingredients.

David Scott
Non-Executive Director ('NED')

Appointed: 11 May 2023

Shareholder Nominated Director

Career and experience
David is the appointed representative of one of Phoenix Group's major shareholders, abrdn plc ('abrdn'). He has over 35 years of financial services experience and is currently Chief Enterprise Technology Officer at abrdn. His previous roles include Chief Security and Resilience Officer and Group Digital & IT Strategy Director at abrdn, Group Operations & IT Director at Bankhall Investment Management and Head of IT at Aegon Asset Management UK. David's NED experience includes roles as NED of Origo Services plc and Chair of the University of St Andrews Students Association. He is a Fellow of the Institute of Directors, a Full Professional Member of the British Computer Society, and a Chartered IT Professional.

Key skills and competencies
- Expert understanding of the current and future role of technology across the financial services industry, and the impact of disruptive trends and resultant transformation.
- Knowledge of leading and driving enterprise technology strategies and operating models, innovating and digitising for the future, which is invaluable to Phoenix Group's aim of organic growth.
- Understanding of operations, strategic development and implementation and customer experience which relates closely to Phoenix Group's objectives.

Current external appointment
Chief Enterprise Technology Officer of abrdn plc.

Maggie Semple, OBE
Independent Non-Executive Director ('NED')

Appointed: 1 June 2022

Committee: Re Ri S
Designated NED for Workforce Engagement

Career and experience
Maggie is currently a business owner and co-founder of three businesses; The Experience Corps, Maggie Semple Limited and I-Cubed Group Ltd. Prior to this, Maggie acted as Director of Learning Experience at the New Millennium Experience Co and Director of Education and Training for the Arts Council England. She began her career in education as a teacher and later an education inspector and has received an OBE for her services to learning. Maggie's NED experience includes roles as NED of PwC Business Restructuring Services, JN Bank UK Limited, McDonald's Restaurants Limited and as an Ambassador of the Black British Voices Project.

Key skills and competencies
- A combination of experience and passion for sustainability, ethics and inclusivity which brings a breadth of knowledge across the broad ESG agenda and informs development of operations and strategy in this area.
- Brings a strong sense of social purpose and depth of perspective to Board considerations and distinguished stakeholder engagement with a highly personable style, as is evident in her role as Designated NED for Workforce Engagement.

Current external appointments
NED of JN Bank UK Limited and Crest Nicholson Holdings plc; HR Committee Member at the University of Cambridge; and Ambassador of Black British Voices Project.

Nicholas Shott
Independent Non-Executive Director ('NED')

Appointed: 1 September 2016

Committee: A N Re S
Chair of the Remuneration Committee

Career and experience
Nicholas brings recent and relevant financial services experience having retired in 2021 from Lazard & Co Limited, where he spent over 30 years. There he held various positions including, European Vice Chairman and Head of UK Investment Banking. In his early years, Nicholas worked in the national newspaper sector in various management positions such as General Manager of the Evening Standard and Sunday Express and Group Marketing Director of Express Newspapers. Nicholas is a Special Adviser to the Chair and Board of the Daily Mail and General Trust plc and has been a NED for the Home Office.

Key skills and competencies
- Extensive M&A experience in multiple sectors through investment banking, enabling the provision of support and insight to the Board. He is also Chair of Phoenix Group's M&A Advisory Group.
- Knowledge of a broad range of investor and stakeholder perspectives, providing insight that enables him to lead well informed and productive discussions at the Remuneration Committee.

Current external appointment
Special Adviser to the Chair and Board of the Daily Mail and General Trust.

Our business, led by the Executive Committee ('ExCo').

The Executive Management of the Group is led by the Group CEO, who is supported by the ExCo. During 2023, ExCo played a key role in driving Phoenix Group's year of significant progress, striving to help people secure a life of possibilities. The roles and responsibilities of each member of ExCo can be found on the Company's website.

Andy Briggs
Group Chief Executive Officer

Rakesh Thakrar
Group Chief Financial Officer

Andy Curran
Chief Executive, Savings and Retirement, UK and Europe

Mike Eakins
Group Chief Investment Officer

Anna Franekova
Corporate Development Director

Claire Hawkins
Corporate Affairs and Investor Relations Director

Brid Meaney
Chief Executive, Heritage Division

Jackie Noakes
Chief Operating Officer

Jonathan Pears
Group Chief Risk Officer

Sara Thompson
Group HR Director

Quentin Zentner
General Counsel

Kulbinder Dosanjh
Group Company Secretary (Secretary to ExCo)

Board leadership and Company purpose continued
Compliance during 2023 with the UK Corporate Governance Code 2018 (the '2018 Code').

The Board continues to robustly assess its compliance with the 2018 Code. The Group Company Secretary has supported a full review of compliance since her appointment in 2022 and has identified areas for enhancement against the provisions.

Areas for enhancement

Provision or principle	Action currently undertaken	Enhancement for 2024
L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Individual formal evaluation was included as part of the 2023 effectiveness review, but this was less formal in previous years.	Individual evaluation will continue to form part of the formal internal effectiveness reviews from 2024 onwards.
41. There should be a description of the work of the Remuneration Committee in the Annual Report, including: what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy.	The Company provided an intranet announcement to the wider workforce on how executive remuneration aligns with the wider workforce pay policy following the approval of the 2023 Directors' Remuneration policy at the AGM on 4 May 2023. It outlined the changes to the policy and how Directors' remuneration as a whole aligned with the wider workforce.	Following a Board education session on 2 October 2023, it was decided that Maggie Semple would become a member of the Remuneration Committee on 1 January 2024. This would allow her to discuss the alignment of Directors' pay with the wider workforce and when appropriate get input from the wider workforce on any changes to the Directors' Remuneration policy or remuneration outcomes in her role as Designated NED for Workforce Engagement and her work with the PCRF.

The 2018 Code continues to be upheld through the work of the Board and its Committees, which includes application of the 2018 Code's principles. The below table confirms where disclosures to evidence this approach are located:

Board leadership and Company purpose

Our Board of Directors Principle A	**pages 64 to 67**
Our governance framework Principle C Provision 1 (see also Audit Committee report on pages 92 to 99 and Risk Committee report on pages 100 to 103)	**page 71**
Conflicts of interest Provision 7	**page 70**
Monitoring our culture Principle B Provision 2 (see also Directors' Remuneration report on pages 113 to 114)	**page 107**
Stakeholder engagement Principle D and E Provision 3 see Section 172 Statement on page 74. Provision 5 see Section 172 Statement on page 74 (see also Sustainability Committee report on page 104 and Workforce engagement on pages 108 to 110)	**pages 74 to 77**
Whistleblowing arrangements Provision 6 (see also Board Activities on page 73 and Audit Committee report on pages 92 to 99)	**page 97**

Division of responsibilities

Division of responsibilities on the Board Principles F and G and Provisions 9, 10, 12 and 14 (see also Our Board of Directors on pages 64 to 67) Provision 11 (see also Board diversity on page 85)	**page 69**
2023 Board and Committee meeting attendance Principle H Provision 13	**page 72**
Board support Principle I; Provisions 8 and 16	**page 71**
Board member appointment terms Provision 15 (see also Directors' report on page 142)	**page 87**

Composition, succession and evaluation

Nomination Committee report Principles J, K and L Provisions 17, 18, 19, 20 to 23 (see also Non-financial information statement on page 40 of the Strategic report for information on gender balance of those in Senior Management and their direct reports)	**pages 82 to 87**

Audit, risk and internal control

Audit Committee report Principles M and N Provisions 24, 25, 26 and 29 Provisions 27 and 30 (see also Directors' report on pages 141 to 146 and Statement of Directors' responsibilities on page 147) Provision 31 (see also Directors' report on pages 141 to 146 and the Group's Viability statement on pages 58 to 59 of the Strategic report)	**pages 92 to 99**
Risk Committee report Principle O Provisions 28 and 29 (see also Principal risks and uncertainties faced by the Group on pages 50 to 57 of the Strategic report)	**pages 100 to 103**

Remuneration

Directors' Remuneration report Provisions 34 to 39 and Principles P, Q and R Provisions 32, 33, 40 and 41 (see also Remuneration Committee Chair's letter on pages 113 and 114 and Remuneration Committee governance and activities on pages 111 and 112)	**pages 111 to 140**

Division of responsibilities
Division of responsibilities on the Board

Clear roles and responsibilities to drive forward our purpose and strategy

The Directors understand their role as individuals, and as a collective, to ensure the long-term success of the Company and achievement of Phoenix Group's purpose. The Board ensures the appropriate division of responsibilities on the Board.

The Board ensures that there is no existence of unfettered power nor over-reliance on any one person. The independence of Directors not only supports good governance, but also facilitates diversity of thought and inclusion on the Board.

The Board considers all NEDs to be independent, except for the Shareholder Nominated Directors and the Chair of the Group Board.

Chair of the Group Board

Nicholas Lyons is the Chair of the Group Board ('Chair').

The Chair is responsible for:

- the leadership and effective operation of the Board;
- chairing, and overseeing the performance of the role of the governing body of the firm;
- leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body;
- leading the development of the firm's culture by the governing body; and
- ensuring an orderly succession process for the Group CEO and the Board as a whole.

The Chair's external commitments are set out on page 87 within this report.

Group Chief Executive Officer

Andy Briggs is the Group Chief Executive Officer ('CEO').

The CEO is responsible for:

- overall management and operation of the Group within the limits delegated by the Board; and
- operational matters relating to:
  - business strategy and management;
  - investment and financing;
  - risk management and controls;
  - regulation;
  - communication; and
  - HR policies.

The CEO's external commitments are set out on page 87 within this report.

Senior Independent Director

Karen Green is the Senior Independent Director ('SID') of the Board.

The SID is responsible for:

- being available to shareholders whose concerns are not resolved through the normal channels or when such channels are inappropriate;
- leading the annual appraisal of the Chair's performance by the NEDs;
- acting as the sounding board for the Chair;
- serving as an intermediary between the Chair and the other Directors as necessary; and
- ensuring an orderly succession process for the Chair.

The SID's external commitments are set out on page 87 within this report.

Independent Non-Executive Directors

The Board considers the following NEDs to be independent:

- Eleanor Bucks
- Karen Green
- Mark Gregory
- Katie Murray
- John Pollock
- Belinda Richards
- Maggie Semple
- Nicholas Shott

As at 21 March 2024, 62% of the Board are considered to be independent. The Board uses the independence criteria as set out in the 2018 Code to assess and confirm independence.

Designated Non-Executive Director for Workforce Engagement

Maggie Semple is the Designated NED for Workforce Engagement.

The Designated NED for Workforce Engagement is responsible for:

- acting as the primary Board contact in facilitating and developing communication between colleagues across the Group and the Board;
- providing the Employee Voice to the Board by raising relevant matters, or issues of concern, highlighted by engagement with the workforce; and
- challenging the Executive Directors, as needed, as to the way in which workforce engagement is undertaken and steps taken to address workforce concerns.

Shareholder Nominated Directors

Hiroyuki Iioka and David Scott are Shareholder Nominated Directors. Hiroyuki Iioka is appointed to the Board on behalf of MS&AD and David Scott is appointed to the Board on behalf of abrdn.

In accordance with the Phoenix Group acquisition of ReAssure from Swiss Re in July 2020, MS&AD was entitled to appoint a representative NED to the Phoenix Group Board. A relationship agreement between Phoenix Group and abrdn includes the right for abrdn to appoint a representative NED, provided abrdn continues to hold 10% or more of Phoenix Group's shares.

Full descriptions of the roles and responsibilities of the Chair, CEO, SID and Designated NED for Workforce Engagement are available on the Company's website.

Division of responsibilities continued
Division of responsibilities on the Board

Independence
During the year, the Nomination Committee assessed the independence of the NEDs to ensure that they are able to properly fulfil their roles on the Board and provide constructive challenge to the Executive Directors.

The independence criteria set out in the 2018 Code was taken into account as part of the selection process for Mark Gregory and Eleanor Bucks who joined Phoenix Group during 2023, both of whom were considered to be independent.

During 2023, the Committee determined that all NEDs were free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. In line with the 2018 Code, over half of our Board members, excluding the Chair, are independent NEDs. The Shareholder Nominated Directors, Hiroyuki Iioka and David Scott, do not meet the independence criteria under the 2018 Code. The Chair of the Group Board, Nicholas Lyons, is not considered to be independent on his re-appointment, having previously held the role from 2018 to 2022 before his sabbatical but was independent on his original appointment.

Conflicts of interest
A register of conflicts of interest is maintained by the Group Company Secretary. Each Director has a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company.

If any Director becomes aware of any situation which might give rise to a conflict of interest, they must, and do, inform the rest of the Board immediately and the Board is then permitted under the Company's Articles of Association to authorise such conflict. This information is then recorded in the Company's Register of Conflicts, together with the date on which authorisation was given. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct and completes an annual questionnaire to ensure any conflict of interest has been disclosed.

When the Board decides whether or not to authorise a conflict, only the Directors who have no interest in the matter are permitted to participate in the discussion and a conflict is only authorised if the Board believes that it would not have an impact on the Board's ability to promote the success of the Company in the long-term. Additionally, the Board may determine that certain limits or conditions must be imposed when giving authorisation. At 31 December 2023, no actual conflicts have been identified which have required approval by the Board. However, the situations that could potentially give rise to a conflict of interest have been identified and duly authorised by the Board and are reviewed at least on an annual basis. Due care and process is, of course, applied in respect of the two Shareholder Nominated Directors for abrdn and MS&AD and when the Group CEO and Group CFO declare any conflict relating to their appointments on subsidiary boards of the Phoenix Group.

Outside directorships
Executive Directors are encouraged to serve as NEDs of external companies, dependent upon time commitment in accordance with the 2018 Code. Andy Briggs is a board member of the Association of British Insurers and is the UK Government's Business Champion for Older Workers. Rakesh Thakrar is a NED, Chair of the Audit Committee and member of the Risk Committee of Bupa Insurance Services Limited and Bupa Insurance Limited.

Re-appointment of Directors
In accordance with the 2018 Code, all Directors offer themselves individually to shareholders for initial election or re-election annually, unless retiring immediately following the AGM.

Independent advice
All Directors have access to the advice and services of the Group Company Secretary in relation to the discharge of their duties on the Board and any committees they serve on. Furthermore, any Directors may take independent professional advice at the Company's expense. During the year, no Directors sought to do so. The Company arranges appropriate insurance cover in respect of legal actions against its Directors and has also entered into indemnities with its Directors as described in the Directors' report on page 142.

Andy Briggs is a board member of the Association of British Insurers and is the UK Government's Business Champion for Older Workers.

Our governance framework

The Board provides strong challenge to Management through a robust governance framework enabling cohesion of our purpose, strategy, values and culture. We maintain high standards of corporate governance to enable the successful delivery of our strategy. Our governance framework ensures that the Board is effective in both making decisions and maintaining oversight of those Committees it delegates to. Each Committee reports into the Board at the end of each Board meeting cycle.

Board oversight and delegation to Committees and Management

Committees and Management accountability and performance measuring

Phoenix Group Holdings plc Board
Chair of the Group Board, Nicholas Lyons

The Board's role is to provide leadership, promoting the long-term sustainable success of the Company, generating value for shareholders and positively contributing to wider society, within a framework of prudent and effective controls, which enables risk to be assessed and managed.

Matters Reserved for the Board can be found at: www.thephoenixgroup.com

Nomination Committee
Chair, Nicholas Lyons
- Board and senior executive appointments
- Diversity and inclusion
- Board and senior executive succession planning

See pages 82 to 87

Audit Committee
Chair, Katie Murray
- Financial reporting
- Internal Controls
- External Audit
- Internal Audit
- Whistleblowing

See pages 92 to 99

Risk Committee
Chair, John Pollock
- Risk appetite and high-level risk matters
- The Group's Risk Management Framework

See pages 100 to 103

Sustainability Committee
Chair, Karen Green
- Sustainability strategy
- ESG reporting
- Culture monitoring

See pages 104 to 107

Remuneration Committee
Chair, Nicholas Shott
- Group remuneration framework
- Executive Director remuneration
- Employee share schemes
- Wider workforce remuneration

See pages 111 to 114

Terms of Reference for all Committees can be found at: www.thephoenixgroup.com

Phoenix Group Holdings plc ExCo
Chair, Andy Briggs
- Formulation of objectives and strategy
- Embedding of culture
- Management development and succession
- Business division objectives and budgets
- Business performance
- Recommendation of major capital expenditure proposals
- Operational capacity, resourcing and priorities monitoring
- ESG is monitored at Management Committee level before the Audit/Risk/Sustainability Committees and finally the Board

Market Disclosure Committee ('MDC')
(Management Committee that reports into the Group CEO)
- Oversight of the Group's compliance with its disclosure obligations
- Considering the materiality, accuracy, reliability and timelines of information to be disclosed to the market.

Board support
All Board Directors have access to the advice and services of the Group Company Secretary to support the discharge of their duties and on matters of governance.

The Group Company Secretary supports the Chair of the Group Board, ensuring that the Directors receive accurate, timely and clear information. Appropriate policies, processes, time and resources are available to the Board to ensure its effective and efficient operation.

The Group Company Secretary ensures that accurate records of Board and Committee meetings are prepared on a timely basis enabling unresolved concerns of Directors to be duly recorded. No concerns were recorded during 2023.

Division of responsibilities continued
2023 Board and Committee meeting attendance

The Board met formally seven times during 2023, including a two-day strategy setting meeting. The Board met additionally for regular briefing meetings to continue to monitor the volatile macro-economic environment and oversight of the Group's strategic objectives. The Board continued with the briefing calls that were set up during the pandemic as they serve as a valuable bridge outside of formal Board meetings and often facilitate education sessions. Additional meetings have also been held in respect of M&A activity. The NEDs met with the Chair of the Group Board on at least seven occasions without Executive Directors present, which normally take place at each Board meeting.

The following Board and Board Committee attendance table below details all formal Board and Board Committee meetings held during 2023.

Board members are expected to attend all formal Board meetings with the aim of 100% attendance.

The Nomination Committee has confirmed its satisfaction with the time and commitment given to the Phoenix Group Board and its Committees by all Directors.

	Board	Audit Committee[1]	Risk Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
	Actual/Max	Actual/Max	Actual/Max	Actual/Max	Actual/Max	Actual/Max
Chair						
Nicholas Lyons[2]	–	–	–	–	–	–
Alastair Barbour[3]	7/7	–	–	–	7/7	–
Executive Directors						
Andy Briggs (Group CEO)	7/7	–	–	–	–	–
Rakesh Thakrar (Group CFO)	7/7	–	–	–	–	–
Non-Executive Directors						
Karen Green[4]	7/7	8/9	–	5/5	7/7	6/6
Stephanie Bruce[5]	3/3	–	–	–	–	–
Eleanor Bucks[6]	–	–	–	–	–	–
Mark Gregory[7]	5/5	–	6/6	–	–	–
Hiroyuki Iioka	7/7	–	–	–	–	–
Katie Murray[8]	7/7	9/9	–	–	4/4	–
John Pollock	7/7	9/9	8/8	–	7/7	–
Belinda Richards[9]	7/7	–	7/8	5/5	–	–
David Scott[10]	4/4	–	–	–	–	–
Maggie Semple	7/7	–	8/8	–	–	6/6
Nicholas Shott[11]	7/7	9/9	–	5/5	7/7	6/6
Kory Sorenson[12]	4/4	–	5/5	3/3	4/4	3/3

1 Additional Audit Committee meetings were held due to the introduction of the new accounting standard IFRS 17.
2 Nicholas Lyons stepped down from the Board on 1 September 2022 and commenced his sabbatical. He returned as Chair of the Group Board on 1 December 2023.
3 Alastair Barbour became Chair of the Group Board on 1 September 2022 and stepped down from the position of Chair of the Group Board and the Nomination Committee on 30 November 2023. Alastair Barbour then retired from the Board on 31 December 2023.
4 Karen Green was unable to attend a joint Audit and Risk Committee meeting due to attending a funeral.
5 Stephanie Bruce retired from the Board on 11 May 2023.
6 Eleanor Bucks was appointed as a Director on 1 December 2023.
7 Mark Gregory was appointed as a Director and became a member of the Risk Committee on 1 April 2023.
8 Katie Murray became a member of the Nomination Committee on 29 June 2023.
9 Belinda Richards was unable to attend a joint Audit and Risk Committee meeting due to attending a funeral.
10 David Scott was appointed as a Director on 11 May 2023.
11 Nicholas Shott became Chair of the Remuneration Committee on 4 May 2023.
12 Kory Sorenson retired from the Board on 30 June 2023.

Board activities

Purpose, values and strategy

Approval of Annual Operating Plan 2023.

Approval of new and reviewed policies:

- Board Diversity policy;
- Voting policy and strategy;
- Market Abuse Disclosure policy; and
- Share Dealing Code.

Meeting the Sun Life of Canada UK team to discuss its strategy.

Two-day strategy meeting in June 2023.

Oversight of the transformation agenda.

Oversight of Phoenix Asset Management.

Monitoring of internal perception of culture and alignment with the Phoenix Group's purpose and values.

Update on Mansion House Compact.

Update from Phoenix Re, Bermuda.

Workforce policies and culture oversight

Approval of the Group's Human Rights policy.

Whistleblowing oversight.

Oversight of insights from colleague engagement surveys and culture dashboards.

Monitoring of colleague engagement initiatives.

Regular updates from the Designated NED for Workforce Engagement.

Risk management and assurance

Climate change stress and scenario testing.

Monitoring of the Group's risk culture.

Approval of Phoenix Group's risk appetite and assessment of the approach to identifying and managing emerging risks.

Approval of Principal Risks and Uncertainties disclosures.

Monitoring performance against Phoenix Group's operational Risk Management Framework.

Receiving and considering regular updates from the Board Audit and Risk Committees.

Sustainability

Approval of Phoenix Group's 2023 sustainability strategy.

Monitoring progress against Phoenix Group's sustainability agenda and strategy.

Approval of Phoenix Group's 2023 Modern Slavery Statement.

Approval of the Net Zero Transition Plan published on 24 May 2023.

Oversight of Phoenix Group's progress against the Stewardship Code.

Receiving and considering regular updates from the Board Sustainability Committee.

Stakeholder engagement

Monitoring of customer service, operational resilience and colleague wellbeing.

Monitoring of investor engagement activities, and oversight of the year end investor presentation.

Consideration of investor and media reaction to Full Year 2022 and Half Year 2023 results, including IFRS 17 results.

Consideration of investor feedback and analyst reports, including investor sentiment and deep dive session with the corporate brokers.

Participating in open and honest dialogue with all applicable regulators.

Interaction with colleagues, through the PCRF and Designated NED for Workforce Engagement (see pages 108 to 110 for more detail) and the Colleague Interaction Session between the Board and colleagues at various stages of their career.

Consultation with major shareholders on the Directors' Remuneration policy.

Financial management and performance

Monitoring of Phoenix Group's solvency and liquidity positions.

Monitoring of capital resilience, financial performance and growth of Phoenix Group.

Approval of Phoenix Group's dividend policy.

Recommendation of the 2022 Final dividend and 2023 Interim dividend.

Approval of Phoenix Group's funding and capital strategy.

Approval of the Group's tax strategy.

People strategy, diversity, equity & inclusion ('DE&I') and succession planning

Monitoring of data collation through the 'Who We Are' application from which a 2024 DE&I action plan was produced spanning: inclusive leadership, diversity data and reports, social mobility, race and ethnicity and disability and neurodiversity.

Oversight of people capability requirements and management actions to enhance capabilities.

Monitoring of diversity in ExCo -1 (Business Leadership) and ExCo -2 (Senior Leadership) role hires and challenge to the hiring process.

Approval of Board and Executive Succession Plans.

Approval of appointment of Group and material subsidiary Board changes.

Reviewing changes to the Executive Management and succession planning.

Corporate governance and reporting

Simplification of governance continued.

Monitoring compliance with the 2018 Code.

Review of corporate governance reforms.

External Board effectiveness review.

Subsidiary governance oversight.

External reporting including the Annual Report and the Sustainability and Climate Reports and the Solvency and Financial Condition Report ('SFCR').

2023 Annual General Meeting.

Stakeholder engagement

Stakeholder engagement from the top

Section 172 of the Companies Act 2006 (the 'Act') requires each director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Setting our culture, values and strategy
The Board sets the strategic direction, culture and values for Phoenix Group; these are key to how we do business and how we achieve our purpose.

Diverse set of skills, knowledge and experience
The Phoenix Group Directors collectively have a diverse set of skills, knowledge, experience and stakeholder expertise which assists the Board in making decisions. This contributes to their ability to make well-informed decisions which, in turn, promotes long-term, sustainable success for all stakeholders. As part of their induction when joining the Group, all Directors receive a detailed briefing on their duties as a Director.

Board information
At each Board meeting, detailed papers from Management are submitted. These provide information on the likely long-term impacts of decisions on stakeholders and how they have been considered during the discussion process, including any engagement with relevant groups. See pages 74 to 77 for further information. The Board also has an annual schedule of 'Board education' topics where the Board, in collaboration with Senior Management, establish key activities that will be undertaken during the coming year and arrange for Heads of Functions to deliver education sessions which feed into the decision-making process.

Board discussion and decision-making
During their discussions, the Board provides rigorous risk management, assessment and challenges Senior Management to ensure a decision promotes long-term, sustainable success for the Group and that all relevant stakeholders have been appropriately considered. See page 77 for examples.

Monitoring
The Board receives regular updates on key actions taken from outcomes. This is done through regular reports from Senior Management at each Board meeting, and if necessary, verbal updates are also provided.

S.172 Key to decision criteria

- **A.** Likely consequences of any decisions in the long-term.
- **B.** Interests of the Company's employees.
- **C.** Need to foster the Company's business relationships with suppliers, customers, and others.
- **D.** Impact of the Company's operations on the community and the environment.
- **E.** Desirability of the Company maintaining a reputation for high standards of business conduct.
- **F.** Need to act fairly between members of the Company.

The Directors have applied Section 172 of the Act in a manner consistent with the Group's purpose, values and strategic priorities, having due regard to the Group's ongoing regulatory responsibilities as a financial services operation. To support the fulfilment of the Directors' duties outlined above, each paper prepared for consideration by the Board contains an analysis of the potential impact of proposals to be considered by the Board considering the factors contained in Section 172.

Page 77 contains examples of key decisions of the Board, their alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome of those considerations. The examples shown are provided to demonstrate how the Directors of the Company have carried out their duties under Section 172 of the Act.

Key stakeholder groups

Customers	Suppliers	Colleagues
A, C, D, E, F	**A, C, D, E**	**A, B, D, E, F**
Understanding our customers and their requirements is core to our purpose and strategic priorities. By listening to their needs and what matters most, the Group can improve our services. The Group continually strives to develop and refresh the product offering to assist customers in making the most of their retirement. The Board acknowledges its responsibility and duty to ensure the success of the business for all customers.	Suppliers are important to Phoenix Group's success as they provide operational support, working in partnership with us, so that we can achieve our strategic priorities including the delivery of services to our customers. Developing and maintaining quality relationships with our suppliers, strategic or otherwise, is core to Phoenix Group fulfilling our ultimate purpose of helping people secure a life of possibilities.	Phoenix Group takes great pride in being a people business and engagement with our stakeholders is through its people. Our colleagues are, therefore, vital for the Group and to the achievement of our strategic priorities and long-term success. Their dedication, commitment and capabilities are integral to the Group's success. Oversight of our culture, purpose, values and colleague initiatives is a core focus for the Board. The Board considers colleagues in the widest sense, including the Group's relationships with its pension schemes and members who are former colleagues as well as members of the Group's workforce who are not employed directly by the Group.

Link to strategic priorities

How the Board has engaged with and had oversight of stakeholder views during the year

Customers	Suppliers	Colleagues
• Received formal training regarding their responsibilities regarding the implementation of the new Consumer Duty regulations implemented in July 2023 for open book products and July 2024 for closed books. See page 77 for more details. • Received regular updates from Management on the potential impact any ongoing project may have on customer service, with detailed oversight of customer service being undertaken by the subsidiary board for the Phoenix Life Companies and its committees. • Spent time during their annual strategy session discussing customer needs and customer desire for sustainably driven products.	• Together with the Board Risk Committee monitored risks related to suppliers, including the potential for poor customer service and risks connected with the migration of acquired books of business. Such monitoring included discussions with regulators to ensure clarity of Phoenix Group's focus on positive customer outcomes. • The Board Risk Committee received updates from the Group Chief Risk Officer ('CRO') on service levels provided by suppliers and considered fulfilment of Service Level Agreement terms in the year, with detailed oversight of customer service being undertaken by the subsidiary board for the Life Companies and its committees.	• Members held regular colleague engagement sessions and met with a range of colleagues, listening to their views, ideas and experiences. This input was then used to assist the Board decision-making process. • Received updates on colleague wellbeing and engagement levels from the regular employee surveys completed by colleagues throughout the year. • Monitored the impact of projects and the Group's change agenda on colleagues, including potential areas of stretch on resource. • Together with the Board Sustainability Committee received updates from the Designated NED for Workforce Engagement following engagement sessions with colleagues, including meetings with the PCRF. • Additional information on colleague engagement can be found on pages 108 to 110.

The Board's role in promoting positive stakeholder relationships

Customers	Suppliers	Colleagues
The Board held Management to account throughout the year, ensuring due care and attention was given to customer outcomes and needs, especially in the context of implementing the new regulations required for Consumer Duty. The reward of the Executive Directors include customer metrics which they measure against as part of the Annual Incentive Plan ('AIP').Please see page 120 of the Directors' Remuneration report.	The Board, via regular reports from the Board Risk Committee, scrutinises the performance of key suppliers to ensure Phoenix Group can provide the best customer outcomes to deliver its operational and financial targets. Ensuring that relationships with suppliers are mutually beneficial and progressive is essential to the success of both Phoenix Group and our suppliers.	The Board strongly believes in leading by example and sets the cultural tone from the top, engaging with colleagues (both directly and indirectly) which is key to ensuring positive relationships. Two-way engagement, via the Designated NED for Workforce Engagement and the PCRF, gives colleagues a direct link to the Group Board to keep them informed on how the Board is driving Group strategy while enabling the Board to stay connected to what's important to colleagues and how the decisions it makes impact their working lives. The Board takes its responsibilities seriously in promoting positive stakeholder relationships and has included People metrics in the reward framework for Executive Directors; further details on the outcomes against these metrics can be found in the Directors' Remuneration report on page 111 to 140.

Strategic priorities key

Grow Optimise Enhance

Stakeholder engagement continued
Key stakeholder groups

Community and the environment

A, C, D, E, F

We are working collaboratively to drive a stable investment policy that enables us to invest at scale in productive assets to support economic growth, levelling up and the climate change agenda. This benefits customers and their communities in the short and longer term.

Building trust and inspiring confidence through community engagement and partnerships is important to the Board for the continued good reputation of the Group. To achieve this, we are expanding our work on nature, by setting out priority areas of focus to drive on nature investment opportunities.

Link to strategic priorities

How the Board has engaged with and had oversight of stakeholder views during the year

- Together with the Board Sustainability Committee received updates on progress against KPIs and targets aligned with the Group's community engagement strategy, with relevant highlights reported to the Board.
- Together with the Board Audit Committee, the Board attended a training session on TCFD and climate change in relation to the financial statements.
- Received training on the proposed plans for net zero transition in advance of the Board being asked to approve the plan.
- The Group HR Director provided regular updates on colleague engagement activities, initiatives, and progress on community-related KPIs which can be found in the Sustainability Report at: www.thephoenixgroup.com.

Investors

A, C, D, E, F

Our investors continue to be crucial to the growth and achievements of the Group. Phoenix Group is dedicated to delivering long-term value to our shareholders and intends to provide a dividend that is sustainable and grows over time.

The Board is cognisant of the value our investors add to safeguarding the Group's governance through monitoring of performance and engagement with the Board throughout the year.

How the Board has engaged with and had oversight of stakeholder views during the year

- Received feedback from the Chair of the Group Board on investor relations roadshow meetings.
- Received regular updates from the Group CEO on investor relations activities and feedback/questions received from investors.
- Received investor feedback from the Group's results announcements and investor roadshows.
- Considered key concerns relating to investor messaging and various investor communication approaches.
- Considered and provided feedback on the contents of the year end investor presentation.
- Members, including the Chair of the Group Board and Non-Executive Directors acting in the capacity of Committee Chairs, were available to investors for engagement, including to answer questions on significant matters related to their areas of responsibility. Prior to, and at, the Company's AGM, investors were able to submit questions to be answered by each of the above.

Government, trade bodies and regulators

A, C, D, E, F

Phoenix Group is the UK's largest long-term savings and retirement business and is subject to both financial services regulations and to listed entity regulation. The way we operate and interact with our regulators provides the trust and reassurance needed by stakeholders to enable Phoenix Group to deliver its purpose.

The Board recognises the importance of maintaining positive relationships with the UK Government, trade bodies and regulators to enable the Group to communicate the views and concerns of our customers and society generally, while providing reassurance to customers that Phoenix Group is transparent and compliant with all its transactions.

How the Board has engaged with and had oversight of stakeholder views during the year

- Received updates at every Board meeting on Management's progress with regulators' requests for information and any feedback received.
- Formally met with the FCA and Prudential Regulation Authority ('PRA') during the year on a range of issues relating to the impact of each regulators' strategic objectives and routine regulatory matters.
- Both the FCA and PRA requested more formal meetings with certain Board Directors and Senior Managers as part of their respective supervisory strategies.
- Continually challenged Management on ensuring that Phoenix Group maintains open and honest dialogue with the FCA, PRA, Central Bank of Ireland, The Pensions Regulator and other jurisdictional regulators.

The Board's role in promoting positive stakeholder relationships

The Board, through the Board Sustainability Committee, has monitored Management's engagement activities with our communities and the environment, ensuring that the Group is able to fulfil its purpose and colleagues have the opportunity to participate in charitable giving and volunteering both within their communities and also with environmental projects. It is the Board's role to hold Management to account in maintaining sufficient resources needed to support our communities.

Reaching our Net Zero Transition Plan ambitions features highly on the Board's agenda through the Sustainability Committee and metrics are included in the reward framework. For further details see page 117 of the Directors' Remuneration report.

The Board monitors investor sentiment and feedback throughout the year to ensure the Group can respond to investor concerns, which is key to the success of the Group.

The Board also ensures that the Group's strategy and purpose are set to ensure the long-term success of the business and generation of value for shareholders.

As the Group's custodian, ensuring robust governance, controls and risk management, the Board is responsible for holding Management to account for the day-to-day compliance with regulation and legislation; ensuring transparent communication of such compliance to maintain trust in Phoenix Group. The SID is also available to meet shareholders as she did in 2023.

Strategic priorities key

Grow Optimise Enhance

How the Board considered stakeholders during the year

Consumer Duty

How the Board reached its decision

Consideration of Section 172 matters

During the year, the Board considered the steps necessary for the implementation of the new Consumer Duty regulations, which came/will come into force in July 2023 for open book products and July 2024 for closed book ones.

The Board identified customers, colleagues, investors, regulators and community as key stakeholders in the decision-making process. Discussions of the potential risks and opportunities for each category of stakeholders were considered throughout the process.

The Consumer Duty programme had been established within the Life Companies, with the Life Companies Board acting as the key decision-making forum for material decisions, as well as overseeing progress to the regulatory deadline in July 2024. As a result, the Life Companies Board and Group Board Risk Committee received regular updates on progress, with Rosie Harris, NED on the Life Companies Board, appointed as the Group's NED sponsor for this work. Consumer Duty, however, is a significant programme of work for the Group and the changes introduced by the programme had the potential to have a material impact on the Group, and as a flagship initiative by the FCA to enhance standards across the industry and increase levels of consumer protection, it was therefore important that the Group Board was appropriately engaged in the programme.

While the Life Companies, as the regulated entities, are accountable for the successful delivery of the Consumer Duty programme, there are a number of sections where it is appropriate for the Group Board to have oversight to ensure the best outcome for all stakeholders.

These sections are that the Group Board:
- approves the overall strategy in pursuit of good customer outcomes, and should be kept informed of key developments;
- is provided with regular updates to ensure it is satisfied that the Life Companies Board have reviewed and fulfilled their Directors' duties and are meeting the compliance requirements of Consumer Duty;
- is made aware of, and provided with all relevant information regarding any matters relating to the Consumer Duty programme which trigger the Matters Reserved for the Board; and
- as Consumer Duty is a material programme for the Group, the Group Board should have oversight of the overall progress of the work and assurance that the Group is adhering to the spirit of the rules.

To ensure that it was fully aware of its responsibilities to the Group regarding the Consumer Duty programme, the Group Board undertook a formal training sessions arranged by the Group Company Secretary and delivered by the Chief Risk Officer for the Life Companies.

Outcome

Following due consideration of all the matters set out in Section 172 of the Act, the Group Board agreed that it would receive regular updates via the Group CEO report, and regular training sessions would be scheduled on material matters as they arose.

IFRS 17 implementation

How the Board reached its decision

Consideration of Section 172 matters

During the year, the Board was required to monitor the implementation of the new accounting standard IFRS 17 for insurance contracts issued by the International Accounting Standards Boards ('IASB'). This supports efficient risk management and allows stakeholders to gain important insights into the entity's business model, exposures, and performance. As this was a new accounting standard, the Board dedicated significant time to the matter to ensure that regulatory deadlines were met for the successful announcement of the Half Year 2023 results, which would have a positive outcome for customers, investors, regulators and colleagues.

This required the following steps to be taken at meetings held during 2023:
- Consideration of the impact of work required for this project on others within the Group, due to the significant internal resources required to ensure delivery. The Board was required to consider other projects in the pipeline and the impact on colleagues to ensure a balanced and manageable workload for all.
- Successful execution of the plan would be based on careful management of a number of key operational risks. The risks relating to judgements or technical assumptions were considered and Management regularly reported the results of testing through the Transition Balance Sheet and Comparatives process.
- Regular updates were received from both the Board Audit Committee and the Board Risk Committee to ensure that all steps and risks were being carefully monitored and progress was appropriately reported to the Group Board to enable its decision-making process.
- Updates were provided at every meeting throughout the year from Management.

To ensure that it was fully aware of its responsibilities to the Group regarding the implementation of the IFRS 17 standard, the Group Board undertook several formal training sessions delivered by the Group CFO and Heritage CEO.

Outcome

Following due consideration of all the matters set out in Section 172 of the Act, the Board announced the Half Year 2023 results in September 2023. In addition, significant time was spent during Board meetings discussing the project's progress, receiving frank reports from Management. As a result, consideration was given to customers, investors, colleagues, government bodies and regulators, together with the wider market, to ensure that suitable triggers were in place to take action based on investor sentiment.

Composition, succession and evaluation

Board review

Following internal Board effectiveness reviews in 2021 and 2022, an external Board effectiveness review was facilitated by the Board Reviewer in 2023. The Board confirms the external Board Reviewer has no other connection with Phoenix Group or individual Directors. Its work is guided by a Code of Practice published by the Board Effectiveness Guild of which it is a member.

External Board review process:

1. The format and scope of the review were discussed by the Board Reviewer, the Chair of the Group Board and the Group Company Secretary, the Senior Independent Director and the Committee Chairs.
2. The Board Reviewer sent a questionnaire, firstly reviewed and approved by the Chair of the Group Board and Group Company Secretary, to every member of the ExCo, Board and the Group Company Secretary.
3. Each member of the ExCo, the NEDs, the Chair of the Group Board and the Group Company Secretary had a confidential interview with the Board Reviewer to thoroughly discuss their answers to the questionnaire and any other topics individuals felt were pertinent.
4. The external Board Reviewer observed the meetings held on 2 and 3 October 2023, which included reviewing the Board and Committee papers for those meetings.
5. Draft reports were circulated to the Chair of the Group Board and each Committee Chair, noting that the October Remuneration Committee meeting was an education session. These were then individually discussed with each Chair.
6. Observations were presented at the November Board and Committee meetings by the Board Reviewer. Results and potential actions were discussed at each Committee meeting.
7. The Group Company Secretary, or her designate, worked with each individual Chair of the Committees to finalise actions and any potential 2024 education sessions. These were then added to the 2024 education session calendar. Actions were approved at the early February 2024 meeting and will be monitored by the Board and Committees throughout the year.

Board review

The 2023 Board effectiveness review concluded that the Board is capable, hard-working with a large workload, is reflective and has strong 360-degree challenge between both Non-Executive Directors and Management. It scored itself as effective, whilst acknowledging there was always room for improvement to maintain high performance. The 2023 review by the Board Reviewer concluded that the Board and its Committees operated and were chaired effectively. However, the Board Reviewer did identify a few areas for enhancement for the Board and these are highlighted below:

Action 1

Management to continue to consult with the NED's in preparation of the annual strategy session to ensure that extensive experience of strategy development on the Board is leveraged appropriately.

Action 2

The Chair of the Group Board, Group Chief Executive Officer, Group Company Secretary and Committee Chairs to ensure adequate time is given to debate strategic objectives.

Action 3

The Chair of the Group Board to continue to provide regular individual performance feedback to each Director as appropriate and at least annually.

Action 4

Continued Board focus on key material and relevant issues with support from the Chair of the Group Board. To enhance the timeliness and succinctness of papers.

Committees' effectiveness

The Committees' effectiveness review was undertaken as part of the Board review process and concluded that they operate effectively and Chairs performed strongly. All duties set out in the Committees' Terms of References were addressed during the year. The areas of enhancement for Committees for 2024 are set out in each committee report in a similar format to the previous page for ease.

Individual effectiveness

Executive Directors are evaluated annually to ensure they have performed against their strategic targets (see page 114 of the Directors' Remuneration report). The Group Company Secretary was appointed on 1 April 2022 to ensure Phoenix Group's governance is in line with its FTSE 100 peers. It has become apparent that compliance with Principle L of the 2018 Code could be enhanced. Therefore, NEDs will be subject to a formal and rigorous individual evaluation as part of both internal and external evaluations going forward. As part of this process, the Board Reviewer appraised each Director's performance, this was reviewed by the Chair and then discussed with each Director. The Board Reviewer found the Board to be effective and individuals specifically provided strong support, belief and optimism in the Phoenix Group strategy.

Assessment of the Chair's performance

Feedback was provided by the Board, ExCo and Group Company Secretary on the effectiveness of the Chair, who was found to be thorough, competent and unhindered by the interim nature of his role. He was found to be capable of both challenging Management whilst also being a critical friend when required. Alastair Barbour made a seamless transition from Non-Executive Director to Chair of the Group Board during 2023 and back again to provide Nicholas Lyons with a diligent handover, providing the Board with much confidence. The Board has valued Alastair's challenge, leadership, inclusivity and support for all Directors, and of course, his historical knowledge.

The 2022 Board review

The 2022 Board review was internally facilitated by the then Chair of the Group Board, Alastair Barbour, who was supported by the Group Company Secretary. The following progress against actions identified during that review has taken place during 2023:

Action identified	Action taken
Strategic Topics – further deep dives into the Open Business, including the existing European business strategy.	This was an agenda item at the Strategy Day in June.
Education/Training – determination of the topics to be included in 2023 and ensure compliance/regulatory required matters are covered in the most efficient manner.	An annual education/training plan was agreed on regular training sessions for the Board during 2023 and included the Annual Operating Plan 2023, various projects, IFRS 17, the customer view, Internal Model, Net Zero Transition Plan, as well as mandatory training.
Colleague Engagement – to enhance colleague engagement for Directors working with the Designated NED for Workforce Engagement.	The Board met colleagues in May and November 2023. The first session was with graduates and the second was with female colleagues over 50. See pages 108 to 110 for more details.
Talent and Succession Planning – closer focus as the Group continues to build its capabilities and strengthens the succession pipeline.	A review of talent and succession planning was undertaken twice in 2023. A talent grid has been developed for consideration.
Board Information – ongoing improvement in the quality and content of information to the Board, building on the progress made in 2022.	The paper template was further enhanced, and the Company Secretariat Team provided education sessions to colleagues on how to draft good quality papers.

Composition, succession and evaluation continued

Board development

Each year, through its annual performance review, the Board ensures a continuous improvement cycle and clear focus on personal and collective development through a formal programme of education/deep dive sessions. The following education/deep dive sessions were provided to the Board during 2023. Board Committees may have specific educational or deep dive sessions relevant to the work of each Committee.

Q1

Annual Operating Plan ('AOP') 23 and expenses
Deep dive focusing on:
1. planned investment over the next three years and expected benefits;
2. Management's view on the prioritisation of projects and planned spend; and
3. balance sheet focus.

IFRS 17
Review of timeline to announce IFRS 17 and Half Year 2023 results to the market. Providing an update on the progression of Full Year 2022, Half Year 2022, Half Year 2023 IFRS 17 results and any challenges faced by Management. A planning update was also provided.

Sun Life of Canada
Update on business and governance integration post-acquisition including a 2023 timeline.

Outcome: Day one vision to be provided to the Board.

Committee deep dives and education sessions

Joint Audit Committee and Risk Committee
IFRS 17
Review of governance path, status update and identification of the requirement for any further education sessions. Review of the Transition (opening) Balance Sheet, IFRS 17 liabilities, key judgements, controls and validations required, plus an update from the External Auditor, EY LLP ('EY'), on progress and where challenge may be needed.

Sustainability Committee
Stewardship Code
Overview of Phoenix Group's approach to the Stewardship Code.

Human rights
Teach-in by the business for Social Responsibility.

Remuneration Committee
Benchmarking
External adviser PwC provided a benchmarking session on CEO and CFO pay for the financial services sector.

Q2

IFRS 17 programme update
Programme update and deep dive into current end-to-end controls for the production of IFRS 17 results.

Net Zero Transition Plan
In advance of its May 2023 publication, a deep dive focusing on the balance between ESG ambition and any false sense of progress. The risks of greenwashing and greenhushing were also highlighted to the Board.

Brand engagement
Focus on digital and the impact of Artificial Intelligence ('AI') on future engagement with our customers.

Customer trends
Strategy session on customer views, what is driving customers' behaviours and how these can be embedded within Phoenix Group's strategy.

Committee deep dives and education sessions

Sustainability Committee
Phoenix Insights
Update on how the 'Think Tank' was focusing on consumers, the undersavings crisis, female re-skilling opportunities in the workplace and broadening methods of financial education.

Digital inclusion
Overview of the development and delivery of Phoenix Group's digital inclusion strategy which formed part of the wider customer sustainability strategy and ambitions.

'Let's Start Talking' Campaign
Work undertaken by colleagues to ensure that the Company continued to be a purpose-led organisation.

Outcome: To find a more accurate method of tracking engagement with the website.

Q3

Group CEO and Group CFO update
Review of current bank loans and facilities, cash generation, controls and potential M&A. In addition, a reflection of inadvertent consumer exclusion, except for financial crime.

IFRS 17
Two further sessions on the programme update for IFRS 17 and market disclosure considerations.

Consumer Duty
Deep dive focused on the implementation of Consumer Duty at the Life Companies Board ready for regulatory implementation in June 2024.

Outcome: More regular updates to the Phoenix Group Board from the Life Companies Board on its role and actions relating to Consumer Duty. There had been particular focus on the With-Profits Committee as this was a complex area.

Committee deep dives and education sessions

Sustainability Committee
Climate litigation
Insight into current trends and how climate change litigation was expected to develop over time. Particular focus on human rights protection and derivative actions.

Nature and The Taskforce on Nature-related Financial Disclosures
Overview of the science-based foundation for understanding nature, and how this was incorporated into the TNFD framework's components.

Money Mindset
Deep dive into the workplace pension platform for Standard Life customers.

Financial inclusion
Overview of work undertaken to increase financial inclusion for all customers, as well as wider society.

Audit Committee
IFRS 17 disclosure as the publication date approached.

Q4

Investor Relations
Investor feedback from brokers on the Half Year 2023 results.

Major Model Change
Understanding of the Major Model Change 2022 changes from the previous Major Model Change and the liaison with the PRA.

Market Abuse Regulations
Refresher training on UK Market Abuse Regulations. Including recently implemented systems to monitor share dealing, project lists and closed periods for both the asset management business and PDMRs and employees dealing in Phoenix Group Holdings plc's shares.

Internal Model
Review of how the Internal Model supports the Risk Management Framework.

The Board received specific mandatory training:
- Code of Conduct
- Data Protection
- Financial Crime
- Information Security
- Internal Model Validation
- Consumer Duty

Committee deep dives and education sessions

Audit Committee
Disclosure of climate reporting on financial disclosures
Deloitte provided a session on the financial impact of the new sustainability and climate change regulations. Feedback on any potential gaps with the new regulations in Phoenix Group's own Sustainability Report and appropriate assurance.

Outcome: A further education session scheduled for Q1 2024 was identified to review an assurance timeline, for the impact climate reporting had upon financial statements.

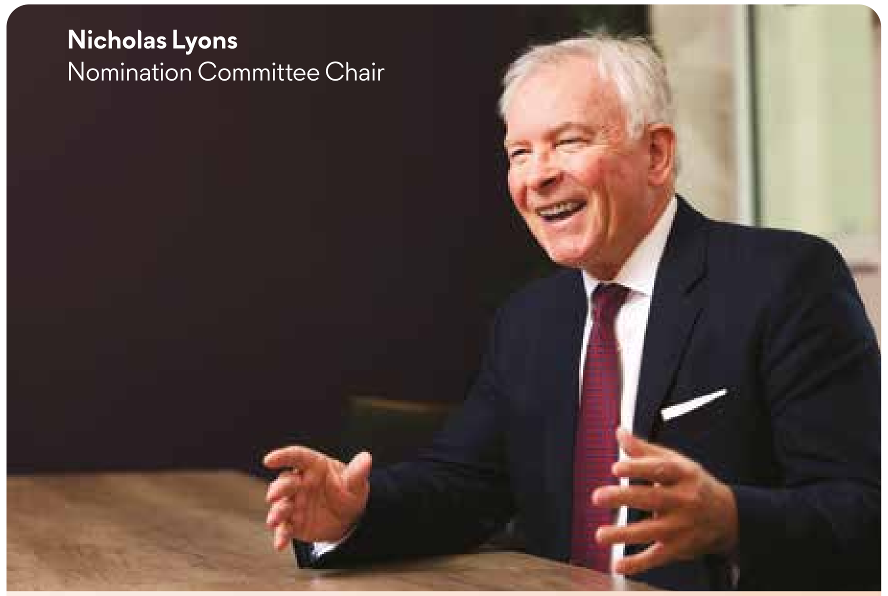
Remuneration Committee
Current and potential changes under the UK Corporate Governance Code 2024 ('the 2024 Code') and the impact for the Committee were provided by PwC, the Committee's external adviser.

Consumer Duty was also outlined in relation to remuneration.

Outcome: Maggie Semple to join the Remuneration Committee as a member on 1 January 2024 to assist the Committee to better understand the voice of the wider workforce.

Outcome: The Committee to receive an annual wider workforce dashboard at each October education session.

Composition, succession and evaluation continued
Nomination Committee report



Nicholas Lyons
Nomination Committee Chair

Gender diversity will be considered when succession planning over the next two years for the appointments that the Board can influence.

Composition of the Committee
The Board confirms that with the exception of the Chair, all of the members of the Committee are Independent Non-Executive Directors.

Regular attendees include the Group CEO and Group HR Director.

Committee meetings and membership
Under the Committee's Terms of Reference it should meet at least twice a year. During 2023 there were seven formal meetings.

	Member from	2023 meeting attendance	2023 % attendance
Nicholas Lyons[1]	1 December 2023	–	–
Alastair Barbour[2]	11 May 2016	7/7	100%
Karen Green	5 May 2022	7/7	100%
Katie Murray[3]	29 June 2023	4/4	100%
John Pollock	1 November 2022	7/7	100%
Nicholas Shott	11 May 2017	7/7	100%
Kory Sorenson[4]	2 May 2018	4/4	100%

1 Nicholas Lyons stepped down from the Board on 1 September 2022 to commence his sabbatical. He returned as Chair of the Group Board on 1 December 2023.
2 Alastair Barbour became Chair of the Group Board on 1 September 2022 and stepped down from the position of Chair of the Group Board and the Nomination Committee on 30 November 2023. Alastair Barbour then retired from the Board on 31 December 2023.
3 Katie Murray became a member of the Nomination Committee on 29 June 2023.
4 Kory Sorenson retired from the Board on 30 June 2023.

Committee gender

Male	60%
Female	40%

7
Number of Committee meetings held this year

Role of the Committee
The Committee is responsible for considering the size, composition and balance of the Board, the retirement and appointment of Directors and Senior Management, succession planning for the Board and Executive Committee and monitoring of diversity metrics. It is focused on the development of a diverse pipeline and making recommendations to the Board on these matters.

Following each meeting, the Chair of the Committee provides a summary of discussion, outcomes and where relevant makes recommendations to the Board in line with the Committee's Terms of Reference, which can be found at: www.thephoenixgroup.com.

Overview of the year

Key Committee activities during 2023
Succession planning for the NEDs leading to the appointment of two new NEDs.
The appointment of Mark Gregory with effect from 1 April 2023.
The review of Committee membership and the approval of Katie Murray as a member of the Nomination Committee effective 29 June 2023 and Nicholas Shott as Chair of the Remuneration Committee effective 4 May 2023. Mark Gregory became a member of the Audit Committee and Maggie Semple the Remuneration Committee both with effect from 1 January 2024.
Monitoring our DE&I targets at Board, Executive Committee and Business Leadership level.
Appointment of Bvalco Ltd (the external Board Reviewer) to review the performance of the Phoenix Group Board for 2023.
Approve any changes to the Life Companies Board and direct subsidiaries of Phoenix Group Holdings plc.
The appointment of Eleanor Bucks with effect from 1 December 2023.
2024 focus
Succession planning for the Board, recognising that John Pollock and Nicholas Shott conclude their nine-year terms in 2025.
Continue to consider the succession planning for Executive Directors and Executive Committee members, closely reviewing the talent grid.
Review of the Board Diversity policy and monitor against the Listing Rules, Parker Review and FTSE Women Leaders.

Committee review
The 2023 effectiveness review was externally facilitated by an external Board Reviewer. The review concluded that the Committee was functioning extremely effectively, there was good respect and trust between the Board and members, new appointments including the interim Chair of the Group Board had been dealt with strongly. There was good diversity on the Board which was continuously improving and new NEDs had commented on the quality of the appointment process, particularly at the interview stage. However, the Board Reviewer did identify a few areas of enhancement by the Committee, and these are highlighted to the right:

Action 1
Continued focus on the executive succession plan and talent grid.

Action 2
Review the Committee memberships on an ongoing basis to ensure skills and experience are being utilised effectively.

Composition, succession and evaluation continued

Nomination Committee report

Outcomes from Nomination Committee discussions

On an annual basis, a review of the Committee's activities is undertaken. In 2023, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the key activities undertaken during the year and the way in which they contributed to important outcomes is detailed in the following table:

Outcomes from Nomination Committee agenda items

Time commitment	Outcome	
Full assessment that each of the NEDs continue to be appropriately defined as 'independent' and have offered and continue to offer the appropriate time commitment expected in their role.	The Nomination Committee has confirmed its satisfaction with the time and commitment given to Phoenix Group by all Directors. All Directors should be proposed for election or re-election by shareholders at the AGM being held on 14 May 2024. Time commitments were also reviewed on the appointment of two new NEDs and as NEDs take on new roles.	
Emergency cover for Board Committees should a Chair be unable to attend a meeting.	**Role**	**Emergency cover**
	Chair of the Group Board and Nomination Committee	SID
	Chair of the Audit Committee	Chair of the Risk Committee
	Chair of the Risk Committee	Member of the Risk Committee
	Chair of the Remuneration Committee	SID or member of the Committee who has been a member for at least 12 months
	Chair of the Sustainability Committee	Chair of the Remuneration Committee
Appointment process	**Outcome**	
Scoring by NEDs when interviewing candidates had to be consistent.	Focusing on continuous improvement through HR reviewing the scoring process, incorporating feedback from the last recruitment campaign to ensure it was relevant for the skills and experience being sought, whilst ensuring consistent assessment for all candidates. The scoring methodology was being updated to encompass learnings from the recruitment campaigns undertaken in 2023 and would ensure appropriateness for the next campaign.	

The Committee also received education sessions as shown on pages 80 to 81.

Board succession

During 2023, the Committee has remained active in its consideration of NED succession, which, following further consideration by the Board, has led to:

- the appointment of Nicholas Lyons on 1 December 2023 following his return from sabbatical between 1 September 2022 and 30 November 2023 to take on the prestigious role of Lord Mayor of the City of London. Alastair Barbour was interim Chair of the Group Board for that duration. During this period, Alastair reached his ten-year tenure and therefore retired from the Board on 31 December 2023;
- the appointment of Mark Gregory to the Board and member of the Risk Committee on 1 April 2023. Mark was appointed as a member of the Audit Committee on 1 January 2024, in place of Karen Green who stepped down on 31 December 2023;
- the appointment of Katie Murray as a member of the Nomination Committee on 29 June 2023;
- the appointment of Nicholas Shott as Chair of the Remuneration Committee on 4 May 2023, following the conclusion of the 2023 AGM;
- support for the appointment of David Scott as the Shareholder Nominated Director of abrdn on 11 May 2023, adding valuable and relevant skills through his role as Chief Enterprise Technology Officer, having worked in financial services for over 35 years;
- the appointment of Maggie Semple as a member of the Remuneration Committee on 1 January 2024; and
- the appointment of Eleanor Bucks to the Board on 1 December 2023.

Appointment process

The standard process used by the Committee for Board appointments involves the use of an external search consultancy to source external candidates and, in the case of executive appointments, also considers internal candidates. A role profile is drafted by the Group Company Secretary and reviewed for approval by the Nomination Committee and other members of the ExCo as appropriate.

The Nomination Committee appointed Hedley May for the appointment of Mark Gregory and Korn Ferry for the appointment of Eleanor Bucks. Both search firms are signatories to the Executive Search Firms' Voluntary Code of Conduct and neither firm had any other connections with the Company or its Directors during the year.

Detailed assessments of short-listed candidates are undertaken by the search consultancy and the Committee. The Committee requires search firms to ensure that both long-lists and short-lists are balanced from a diversity and inclusion perspective. If not, the Committee will insist on a refresh.

Each member of the Nomination Committee interviews short-listed candidates individually or jointly with other members of the Committee. A pre-prepared list of questions are used to ensure continuity. Interviewers are mindful of the skills matrix, diversity of thought and how Phoenix Group values are demonstrated openly for culture fit, which must always come from the Board and Leadership Team. Interviews are also held with the Group CEO and Group HR Director as part of the process and other members of the ExCo as appropriate.

References are then obtained prior to the Committee recommending the appointment to the Board. Once the Board has approved the recommendation a market announcement is made immediately, and the onboarding process begins. Please see pages 90 to 91 for more information on the induction programme.

A similar process is followed for executive succession planning, which is undertaken by the Committee for Executive Directors and for 'ExCo' roles to ensure appropriate succession in an emergency situation with at least one internal successor, who is ready now or expected to be ready in one to two years. External candidates are also included in the process. ExCo succession planning remains a focus for 2024, considering talent, capabilities and the broader diversity agenda. Much work has been undertaken to strengthen the capabilities and skillset at ExCo level, with focus now on successors for all ExCo members to ensure there is a strong pipeline of talent.

Board skills

A Board skills review was undertaken by the external Board Reviewer as part of its 2023 effectiveness review. It concluded that skills could be expanded further as well as experience in the banking sector, where complex transformational experience could be advantageous along with a focus on digitisation. Eleanor Bucks' recent appointment has brought the wider actuarial and asset management financial services experience identified by the Board Reviewer. Future succession planning will take this criterion into account as well as proven experience in AI, which will be an imminent requirement. Board skills are separated into core and secondary skills and can be found on page 89.

Board diversity

The Board supports and aims to fully comply with the FTSE Women Leaders Review guidance for FTSE 350 companies, which is aligned with the FCA's Listing Rules (LR 9.8.6(9)) on diversity, being:

- at least 40% of the board are women;
- at least one of the senior board positions (chair, chief executive officer, senior independent director or chief financial officer is a woman); and
- at least one member of the board is from a minority ethnic background.

As at 21 March 2024, the Board is comprised of 38% female Directors. The Board has two Shareholder Nominated Directors. The Board is unable to choose these candidates as these are nominated and therefore is unable to influence its composition entirely. David Scott from abrdn replaced Stephanie Bruce, which has impacted the female representation of the Board. The Board is comprised of 45% female Directors when considering appointments, the Board has independently made.

The Board is mindful that when female representation is reported as a whole and includes the Shareholder Nominated Directors, it falls short of the Listing Rules. This will be taken into account when planning the succession of retiring Directors over the next two years for the appointments that the Board can influence from a diversity perspective. In relation to the second part of the Listing Rule, Karen Green is the Senior Independent Director of the Board. Again the Board will be mindful of gender diversity when making future senior board appointments.

In addition, the Board met the recommendation of the Parker Review for FTSE 100 companies in relation to there being at least one director from an ethnic minority background on the Board by 2021. Phoenix Group's target for Senior Management[1] ethnic minority representation is 13% by 2027 as submitted to the Parker Review in December 2023. As at 21 March 2024, the Board has three members of an ethnic minority background, representing 23% of the total Board composition. If the Shareholder Nominated Directors are excluded, the Board has two members of an ethnic minority background representing 18% of the total Board composition. Further information can be found below.

The Committee has been active in promoting gender and ethnic diversity on the Board and continues to take an active role in oversight and guidance of the executive diversity and inclusion process including a focus on the development of a diverse succession pipeline. Details of the diversity and inclusion initiatives for Phoenix Group colleagues (including the Executives) are contained in the Group's Sustainability Report. The Group's Senior Management gender diversity data (including statutory requirements) is contained in the Strategic report on page 40.

1 Definition of Senior Management is in line with the Parker Review of ExCo and ExCo minus 1, excluding those not in senior management roles.

Gender diversity

	Number of Board members	Percentage of the Board	Number of Board members appointed by Phoenix Group	Percentage of the Board appointed by Phoenix Group	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Number of total employees	Percentage of total employees
As at 21 March 2024									
Men	8	62%	6	55%	3	6	50	3830	49%
Women	5	38%	5	45%	1	6	50	4,031	51%
As at 31 December 2023									
Men	9	64%	7	58%	3	6	50	3,771	49%
Women	5	36%	5	42%	1	6	50	3,986	51%

Please note the definition of Executive Management includes the Group Company Secretary in line with that under LR 9.8.6(10) and Provision 23 of the 2018 Code.

Ethnic diversity

	Number of Board members	Percentage of the Board	Number of Board members appointed by Phoenix Group	Percentage of the Board appointed by Phoenix Group	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo	Percentage[2] of ExCo	Number of total employees[2,3]	Percentage of total employees
As at 21 March 2024[1]									
White British or other White (including minority White groups)	10	77%	9	82%	3	10	91%	–	–
Mixed/Multiple Ethnic Groups	0	–	0	–	0	0	–	–	–
Asian/Asian British	2	15%	1	9%	1	1	9%	–	–
Black/African/Caribbean/ Black British	1	8%	1	9%	0	0	0%	–	–
Other ethnic group, including Arab	0	0%	0	0%	0	0	0%	–	–
Not specified/prefer not to say	0	0%	0	0%	0	0	0%	–	–
As at 31 December 2023[1]									
White British or other White (including minority White groups)	11	79%	10	83%	3	10	91%	4,279[3]	55%
Mixed/Multiple Ethnic Groups	–	–	–	–	–	0	–	98	1%
Asian/Asian British	2	14%	1	8.5%	1	1	9%	502	6%
Black/African/Caribbean/ Black British	1	7%	1	8.5%	0	0	–	121	2%
Other ethnic group, including Arab	–	–	–	–	–	–	–	24	0%
Not specified/prefer not to say	–	–	–	–	–	–	–	2,733	36%

1 Based on the Office for National Statistics classification and included: Asian, Black, Mixed/multiple ethnic groups, Other ethnic groups, White and Prefer not to say.
2 In January 2024, Phoenix Group moved from an annual diversity data survey collected via an app to data collection through our internal HR platform. This will provide an up-to-date view of the diversity of our colleagues and allow us data analysis on an intersectional basis, providing better data insights than an annual survey. Currently the participation rate is 42%. When it is at 50%, high level results can be shared and at 65% detailed data analysis can be provided. It is not known when these targets will be hit. A full programme of employment engagement is in place to help colleagues increase its participation.
3 Data collected, permissible and volunteered by colleagues.

Composition, succession and evaluation continued
Nomination Committee report

Board Diversity policy

Board policy	Progress
The Board's overriding aim is to appoint the right Directors to the Board to drive forward the Group's strategy within a compliant framework.	During the year, Mark Gregory and Eleanor Bucks joined the Group Board. Their experience, background and skills are aligned with the Group's strategy. The Board will endeavour to appoint the right candidate for each Board role and consistently seeks to enhance diversity in the broadest sense.

Board policy	Progress
The Board promotes the enhancement of diversity, inclusion and equal opportunity, as a consideration when recruiting new Directors.	In line with our succession planning processes, we undertake a formal, rigorous and transparent search process for each appointment, considering the current balance of skills, experience and diversity amongst our Directors. Each appointment is made subject to receipt of the requisite regulatory approvals (where required). The Committee strives to achieve balanced recruitment long-lists demonstrating diversity in the broader sense, including gender, ethnicity and other diversity attributes and will challenge search firms to ensure this aim is achieved.

Board policy	Progress
The Board intends to comply or explain why on a continual basis whether the FTSE Women Leaders Review, Listing Rule 9.8.6(9) and Parker Review targets have been met: • **that the board should be comprised of at least 40% female directors;** • **that at least one of the chair, the chief executive officer, the senior independent director, or the chief finance officer is a woman; and** • **at least one member of the board is from a minority ethnic background as per the Parker Review.**	As at 21 March 2024: • Five female Directors representing 38% of Board composition. When excluding Shareholder Nominated Directors this is 45%. • The Senior Independent Director is female. • Three minority ethnic Directors representing 23% of Board composition. When excluding Shareholder Nominated Directors this is 18%. • Phoenix Group's target for ethnic minority representation at Senior Management level is 13% by 2027.

Board policy	Progress
The Board will undertake regular skills audits to ensure the Board's skills remain appropriate for its strategy and provide diversity where possible.	The Board skills review was carried out during 2023 and concluded that enhancing the skills in the areas of digitisation and banking transformation would be valuable going forward. Other skills such as actuarial and asset management have been provided by the recent appointment of Eleanor Bucks. The skills required on the Board will be reviewed when considering the replacement of the two Directors due to retire in 2025 and the retirement of Alastair Barbour.

Board independence
With the exception of the Chair of the Group Board and Shareholder Nominated Directors, all NEDs are considered independent in character and judgement. The independence criteria set out in the 2018 Code was taken into account as part of the selection process for the NEDs who joined Phoenix Group during the year. Mark Gregory and Eleanor Bucks were considered to be independent. David Scott was not considered to be independent due to his capacity as a Shareholder Nominated Director. Over half of our Board members, excluding the Chair of the Group Board, are Independent NEDs. The independence of NEDs is reviewed and confirmed annually by the Committee.

Additional appointments
If any Director wishes to take on an additional external appointment, they are required to seek permission from the Board. The Board will take into consideration the additional time commitments, independence and any potential conflicts of interest in relation to the Directors' current roles and responsibilities before any permission is given.

Time commitment
All Directors are expected to commit sufficient time to the Board, and the Company. Time commitments for Directors are reviewed by the Committee on a regular basis including prior to recommendation for appointment to the Board, on changes in role (joining additional Committees or taking on further responsibility) and prior to approving external appointments. It is expected that on average, each of the seven scheduled Board meetings is likely to require two days of participation (including Committee meetings, education sessions, travel and Board dinners) and at least a further day of preparation time. It is further estimated that each Director is required to spend at least an additional day each month reviewing information supplied by the Company. In addition, a two-day strategy session is held and there are also regular briefing sessions for the Board Committees. On this basis, the basic time commitment required of each Board member is estimated to be at least 40 days each year (unless agreed as 24 days for a full-time executive undertaking a NED role and chairing one Committee).

The basic time commitment can be significantly increased on account of transactional or other activity. The Nomination Committee confirms that all NEDs have demonstrated they have sufficient time to devote to their present roles and this has been an area of focus during 2023.

The Group Company Secretary maintains a register of Directors' commitments which is regularly reviewed by the Committee. As part of the Board review process, the Board, supported by the Committee, considered each individual Director's attendance, contribution and external appointments, and has concluded that the time given by individual Directors during 2023 exceeded the level expected in their appointment terms.

The Group Company Secretary completed a full review of Directors' non-listed appointments. The following table outlines the number of appointments held by Directors.

I am pleased to be back in my role as Chair of the Group Board and its Nomination Committee and look forward to a year of continually enhancing governance during 2024.

Nicholas Lyons
Chair

Name	Number of boards including Phoenix Group Holdings plc	Number of Directorships of public limited companies	Number of directorships of private limited companies	Number of directorships of trusts, charities and other companies
Nicholas Lyons[1,2]	8	2	5	1
Karen Green[1]	7	3	3	1
Eleanor Bucks[3]	1	1	–	–
Mark Gregory	5	2	3	–
Katie Murray[4]	4	4	–	–
John Pollock	1	1	–	–
Belinda Richards	4	3	1	–
Maggie Semple	9	2	6	1
Nicholas Shott	3	1	2	–
Andy Briggs[5]	5	3	–	2
Rakesh Thakrar[5,6]	6	3	3	–

1 Nicholas Lyons and Karen Green are both Non-Executive Directors of Miller Insurance Services LLP. Nicholas Lyons will retire from that board in 2024.
2 Nicholas Lyons is the Chair of the Group Board of Phoenix Group Holdings plc which proxy advisers count as two listed companies.
3 Eleanor Bucks has one listed role at Phoenix Group Holdings plc in addition to her role as Chief Investment Officer at Lloyd's of London. Any subsidiary appointments which are a result of Eleanor's executive role have been excluded from the table above.
4 Katie Murray is an Executive Director at NatWest Group plc which proxy advisers count as three listed companies. Any subsidiary appointments which are as a result of Katie's executive role have been excluded from the table above.
5 Andy Briggs and Rakesh Thakrar are Executive Directors of Phoenix Group Holdings plc which proxy advisers count as three listed companies.
6 Two of Rakesh Thakrar's private limited company appointments relate to his appointment at Bupa Regulated Entities.

Composition, succession and evaluation continued

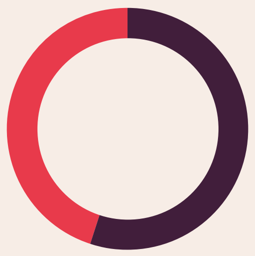
Board diversity

The composition of the Board ensures a diverse mix of backgrounds, skills, knowledge and expertise to enhance decision-making; reduce the risk of 'group-think'; and support robust management of risk.

Board gender balance[1] (including Shareholder Nominated Directors)

Male	62%
Female	38%

Board gender balance[1] (excluding Shareholder Nominated Directors)

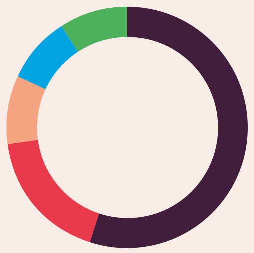


Male	55%
Female	45%

Board ethnicity[1] (including Shareholder Nominated Directors)

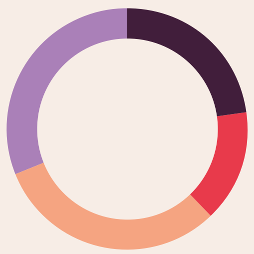
White (English)	50%
White (Scottish)	17%
Asian (Indian)	9%
Asian (Japanese)	8%
Black (Caribbean)	8%
White (Other)	8%

Board ethnicity[1] (excluding Shareholder Nominated Directors)



White (English)	55%
White (Scottish)	18%
Asian (Indian)	9%
Black (Caribbean)	9%
White (Other)	9%

Board tenure[1]



Less than 1 year	23%
1–3 years	15%
3–6 years	31%
6–9 years	31%
9 years or more	0%

59
Average age of the Board

1 As at 21 March 2024.

Overall diversity progress for the Board[1]

FTSE Women Leaders target	Target	40%
	Achieved	38%
Parker Review target	Target	1
	Achieved	3
FCA Listing Rules target – gender	Target	40%
	Achieved	38%
FCA Listing Rules target – ethnicity	Target	1
	Achieved	3
FCA Listing Rules target – female Chair, CEO, CFO or SID	Target	1
	Achieved	1

Overall diversity progress for the Board members appointed by Phoenix Group[1]

FTSE Women Leaders target	Target	40%
	Achieved	45%
Parker Review target	Target	1
	Achieved	2
FCA Listing Rules target – gender	Target	40%
	Achieved	45%
FCA Listing Rules target – ethnicity	Target	1
	Achieved	2
FCA Listing Rules target – female Chair, CEO, CFO or SID	Target	1
	Achieved	1

Board skills and expertise

The Board skills and expertise below shows a high level of skills in the expected categories and a wide breadth of skills across the Board. The assessment of Board skills and areas of expertise feeds into its succession planning and the ongoing recruitment of NEDs, with action being taken to address areas highlighted for strengthening.

	Mergers & Acquisitions	Capital markets	Regulatory	Financial	Life assurance	Asset management	Actuarial	Investment management	Risk management	Customer service & solutions	Sustainability/ESG	Change	IT/Digital	Sales/Distribution	Marketing	Operations	Human resources	FTSE 100 board experience
Nicholas Lyons Chair of the Group Board	●	●	●	●	●	●		●	●	○	●	○		○	○		●	●
Andy Briggs, MBE Group Chief Executive Officer	●	●	●	●	●	○	●		●	●	○	●	●	●	●	●	○	●
Rakesh Thakrar Group Chief Financial Officer	●	●	●	●	●	●	●	●	●		○	●					○	●
Karen Green Senior Independent Director	●	●	●	●	○	○		●	●		●	○	○			●	●	●
Belinda Richards Independent Non-Executive Director	●	○	●	●	●	○		●	●	●	●	●	●	●	●	●	○	●
David Scott Non-Executive Director	○		●			○		○	●	●		●	●	○		●	○	
Hiroyuki Iioka Non-Executive Director	●	●	●	●	○	●		○	●							○	○	
Nicholas Shott Independent Non-Executive Director	●	●	○	●	○						●			○	●	○	○	●
John Pollock Independent Non-Executive Director		○	●	○	●	○	●	●	●	●	○	●	●	●	●	●		●
Katie Murray Independent Non-Executive Director	●	●	●	●	●	●	○	○	●		●	●					○	●
Maggie Semple, OBE Independent Non-Executive Director			●						○	●	●		●	●	●	○	●	●
Mark Gregory Independent Non-Executive Director	●	●	●	●	●	○	○	●	●	●		○				●	○	●
Eleanor Bucks Independent Non-Executive Director		○		○	●	●	●	●	○		○							
Total core skills ●	9	8	11	9	8	5	4	7	10	6	6	6	5	4	5	6	3	10
Total secondary skills ○	1	3	1	2	3	6	2	3	2	1	4	3	1	3	1	3	8	0

Composition, succession and evaluation continued

Board induction

A strong induction programme, including the interview process, is integral to a Director's ability to quickly thrive in their role.

The Chair is responsible for leading the development of, and monitoring the effective implementation of training policies and procedures for the Directors. On appointment, each Director receives a formal and tailored induction. In addition, there is a programme of ongoing education and deep dives for Directors.

The Directors are committed to their own ongoing professional development and the Chair of the Group Board discusses training with each NED at least annually. The Group Company Secretary supports the Chair of the Group Board in the oversight of the induction and development plans for the NEDs following either an internal or external Board effectiveness review.

All NEDs are encouraged to suggest training topics of interest and all Directors are able to access a Board portal where additional resources are available.

Mark Gregory
Joined the Board on 1 April 2023

I've had meetings with relevant stakeholders, who have been transparent and given me comfort in Phoenix Group, its strategy and people.

The induction programme at Phoenix Group has been well structured and given me a strong grounding to confidently commence my NED role here. I've had meetings with relevant stakeholders, who have been transparent and given me comfort in the Group, its strategy and people. Management was open and well-prepared for each session and I was provided with useful reading material and a detailed overview of the key matters for which Executives were accountable. For me, joining in April and attending the Board Strategy Days in June 2023 was extremely helpful. I learnt a lot within the two days as I had an informal environment to ask lots of questions. I tend to join some Committee meetings as an attendee to gain as much information to help me understand the wider Board matters, risks and opportunities, key areas of focus and to meet other presenters. I find the Phoenix Group offices welcoming when I visit outside of the Board schedule, which gives me the opportunity to observe Phoenix Group's culture independently and to build relationships.

The schedule of meetings with Senior Management and other key internal stakeholders was well managed. In addition, during my first year of joining the Board, I've enjoyed the two colleague engagement sessions. At the first, I was able to meet some Phoenix Group graduates and understand their training programme and roles better. At the second, our female colleagues who were over 50 provided insight into their working life at Phoenix Group. The Board found both sessions insightful and at the same time comforting. It was great to meet such different demographics and learn about their roles and how the Group was providing a clear career path for those that wanted it.

Eleanor Bucks
Joined the Board on 1 December 2023

I felt encouraged by Management's preparation and candid response to my questions when meeting individuals during my induction process.

I recently joined the Board and both the appointment and induction processes were seamless. Meeting so many of the Board at interview stage helped me form an opinion quickly on the culture at Phoenix Group and whether this was a company where I felt I could add value.

My induction programme has been well structured and the reading material in advance comprehensive. There were detailed overviews of the key matters for which Executives were accountable which was useful. I felt encouraged by Management's preparation and candid response to my questions when meeting individuals during my induction process. This is my first listed NED role and it's important to feel supported by the Group Company Secretary and other Board members, who have all been exemplary. I am particularly excited by the two-day strategy away day in June 2024. Feedback from the external Board review was that this provides the time to get to know the Board members and Management in a more informal environment, being a combination of business and relationship immersion. This will provide an opportunity to help Board members appreciate individual strengths and the collective capability of the Board which can only ever enhance Board performance. It's encouraging that the Board and Phoenix Group are so focused on such strategy meetings. I am personally excited by the NED mentoring programme to those Phoenix Group employees identified by Management.

In addition, meeting the wider workforce and supporting the implementation of Phoenix Group's strategic journey will be a focus for me in 2024. How sustainability is embedded not only into the strategy but every day has been a focus for me and I enjoyed meeting the Sustainability Team soon into my induction. The impact of these meetings has enabled me to accelerate my understanding of the business, its values and culture, key stakeholders, risks and opportunities. I look forward to continuing my induction during 2024.

Typical induction programme features

Meetings

- Chair of the Group Board.
- Group Chief Executive Officer.
- Group Chief Financial Officer.
- Group Company Secretary.
- Group Head of Internal Audit.
- Chief Risk Officer.
- Head of M&A and Corporate Development.
- Group Treasurer.
- Corporate Affairs & Investor Relations Director, who also has responsibility for Sustainability.
- Other members of the ExCo, as appropriate.
- External stakeholders which may include the External Auditor, brokers, major shareholders or remuneration consultants.

Site tours and meetings with Management

- London
- Edinburgh
- Birmingham
- Telford
- Ireland

Key documents

- Board operations, minutes and meeting packs, governance framework, policies, delegations of authority, conduct/regulatory responsibilities.
- Financial, strategic and operation plans and priorities.
- Directors' & Officers' liability insurance summary.
- Market Abuse Regulations training.
- Listed Company and Life Companies governance training.
- Other documents as appropriate in relation to the level of Board or Board Committee responsibilities.
- Mandatory training.

Audit, risk and internal controls
Audit Committee report

The Audit Committee has robustly challenged on the IFRS 17 standard, climate risk and controls during 2024.

Composition of the Committee
The Board confirms that all members of the Committee are Independent Non-Executive Directors and as a whole have the competence relevant to the financial services sector and the insurance and pensions sector in which Phoenix Group operates. The Board is satisfied that Katie Murray, as Chair of the Committee has recent and relevant financial experience to chair the Committee through her current role as Group Chief Financial Officer of NatWest plc. Further information on the experience, skills and competencies of the Committee members can be found on pages 64 to 67.

Regular attendees include the Chair of the Life Companies Board Audit Committee, the Group Chief Financial Officer, Group Head of Internal Audit, Group CRO, Group Chief Actuary and the External Auditor. The Chair meets regularly with the Group Chief Financial Officer and the External Auditor to discuss priorities and track key actions.

Committee meetings and membership
Under the Committee's Terms of Reference it should meet at least four times a year. During 2023 there were nine formal meetings.

	Member from	2023 meeting attendance	2023 % attendance
Katie Murray	1 April 2022	9/9	100%
Karen Green[1]	1 July 2017	8/9	89%
Mark Gregory[2]	1 January 2024	–	–
John Pollock	11 May 2017	9/9	100%
Nicholas Shott	2 July 2019	9/9	100%

1 Karen Green was unable to attend a joint Audit and Risk Committee meeting due to attending a funeral.
2 Mark Gregory became a member of the Committee on 1 January 2024 in place of Karen Green who stepped down as a member of the Committee on 31 December 2023.

Committee gender

Male	75%
Female	25%

9
Number of Committee meetings held this year (12 including ad hoc meetings)

Role of the Committee
The Committee is responsible for reviewing and monitoring the integrity of the Group's financial reporting and judgements applied to that reporting, Internal Control Framework, whistleblowing, monitoring the effectiveness of the Internal Audit function and framework, changes in regulatory requirements and managing its duties in relation to the External Auditor and any tender process.

Following each meeting, the Chair of the Committee provides a summary of discussion, outcomes and where relevant makes recommendations to the Board on matters such as Solvency II reporting, Full Year and Half Year financial statements, finance-related risk policies, External Auditor appointment, resignation or dismissal and fees, in line with the Committee's Terms of Reference which can be found at www.thephoenixgroup.com. These have been updated in line with the Minimum Standards for Audit Committees published by the Financial Reporting Council ('FRC') in May 2023.

Overview of the year

Key Committee activities during 2023
Publication of the Half Year 2023 results following the adoption of the new IFRS 17 standard.
Continued oversight on UK Corporate Governance reforms and Solvency II.
Reviewed the adequacy of the control environment considering both Business As Usual ('BAU') and in light of economic volatility.
Transition commenced from EY to KPMG LLP as External Auditor of Phoenix Group.
2024 focus
Monitoring the transition of IFRS 17 processes to BAU and review lessons learnt from the implementation of the standard.
Further focus on reviewing Phoenix Group's risk management and internal control framework in anticipation of the Board's declaration of effectiveness in line with the UK Corporate Governance Code 2024 (the '2024 Code').
Monitoring the transition of KPMG LLP as the Company's External Auditor from EY LLP.
Further consideration of financial reporting and disclosure impacts of UK Solvency II reform.
Preparing for the new corporate sustainability requirements, with an added focus on controls published by the International Sustainability Standards Board ('ISSB').

Committee review
The 2023 effectiveness review was facilitated by an external Board Reviewer. The review concluded that the Committee is functioning effectively. NEDs were well prepared, providing strong challenge to Management with a very capable Chair. However, the Board Reviewer did identify a few areas of enhancement by the Committee and these are highlighted below:

Action 1
Subsidiary companies to provide a one-page summary only, rather than a full set of minutes.

Action 2
Number of attendees to be streamlined.

Action 3
Papers to be published no less than five days before the meeting.

Audit, risk and internal controls continued
Audit Committee report

Outcomes from Audit Committee discussions
On an annual basis, a review of the Committee's activities is undertaken. In 2023, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the key activities undertaken during the year and the way in which they contributed to important outcomes are detailed in the following table:

Key activities

Financial reporting	Outcome
Group CFO update.	Implementation of private sessions between the Group CFO and the Committee.
Receiving and reviewing the Group's external Full Year and Half Year financial reports.	Half Year reporting was impacted by IFRS 17 and this was a major focus for the Committee in 2023. Usual Phoenix Group practice is to complete a lessons learnt for 2023 following the implementation of such a large project.
Ensuring accounts are fair, balanced and understandable as a whole and recommending their approval to the Board, taking into account shareholders' ability to assess the Group's position, performance, business model and strategy.	Strong challenge from the Committee to ensure the news was balanced with both positive and negative news reported. Cash generation was countered by the highlight of total funds flow target to provide appropriate balance.
IFRS 17 accounting standard.	Strong challenge at Half Year 2023 ensuring the process, methodology and assumptions were appropriate, ready for Full Year 2023. Three additional ad hoc meetings were held.
External audit	**Outcome**
Recommend to the Board the appointment of the External Auditor, their terms of engagement including approval of their fees and non-audit services and for reviewing the performance, objectivity and independence of the External Auditor.	Particularly strong challenge from the Committee on the External Auditor's fees.
Internal control, risk management & compliance	**Outcome**
Monitoring the overall integrity of financial reporting by the Company and its subsidiaries and the effectiveness of the Group's internal controls.	Further enhancement and focus in 2023 and 2024 on internal controls and end-to-end processes. Robust challenge to ensure risk management and internal controls effectiveness review is appropriate for Provision 29 of the 2024 Code.
Climate change risk.	Decided to implement a joint Audit/Risk/Sustainability Committee bi-annually to review disclosures and monitor changes in climate risk.
Sustainability Reporting	**Outcome**
Received and reviewed the Group's Sustainability and Climate Reports and Net Zero Transition Plan published in May 2023.	Education session on the financial impact of new sustainability and climate change regulations.
Private meetings	**Outcome**
Private meeting with External Audit partner.	More private meetings required with the transition to KPMG LLP in 2024.

Where relevant, all papers receive a Line 1, 2 and regulatory review.

The Committee also received education sessions as shown on pages 80 and 81.

Connectivity with other relevant Committees
The following joint Committees promoted the sharing of information and best practices. The Committees were able to review, approve and recommend for Board approval the following items:

Audit and Risk Committees
- Solvency & Financial Condition Report ('SFCR') approval (including Risk Disclosures in Solvency II Pillar III Reporting) – April 2023.
- Own Risk & Solvency Assessment ('ORSA') approval – June 2023.

Audit, Risk and Sustainability Committees
- Review of Year End 2023 Climate and Sustainability Reports – March 2024.

External Auditor
A key part of the role of the Audit Committee is the review and oversight of the work of the Group's External Auditor, EY LLP ('EY'). The External Audit partner attended all Committee meetings during 2023 and to the date of this report, presenting reports on the external audit process, IT controls, internal controls, audit differences, fraud risk areas, audit improvements, planning report, any pre-approval for non-audit services and the assessments on methodology and actuarial assumptions. The External Auditor provided details on benchmarking with regard to assumptions setting as well as challenging and providing guidance on reporting matters and disclosure requirements. Where necessary, the External Auditor challenged Management's view on certain assumptions and reporting requirements which were reported to and discussed with the Committee.

The Committee reviewed and discussed various reports from the External Auditor throughout 2023, including the 2023 Audit Plan, progress reports against that plan, a report on their audit procedures on the 2022 annual IFRS and Solvency II results, their interim review of the Half Year 2023 IFRS results. EY have provided exceptional support and challenge to the Group during its transition to IFRS 17 and the collaborative, yet robust approach should be commended. The Committee considered throughout 2023 and for the 2023 audit, the effectiveness, engagement and remuneration of the current External Auditor. The Committee did not request the External Auditor to specifically audit a certain area of concern during 2023.

Assessment of the effectiveness of the external audit process
Part of the Committee's role is to oversee the Group's relationship with the External Auditor to ensure independence, quality, rigour, objectivity and robust challenge of the external audit process. The Committee does this throughout the year by:

- Reviewing EY's UK Audit Quality Reports including the FRC's audit quality review, the Institute of Chartered Accountants of England and Wales ('ICAEW') Quality Assurance Department ('QAD') review and Internal reviews, outlining its response to those reviews and actions to be taken. Within those reports there is a key focus on EY's people around understanding their role, asking for help and resources, a review of the detailed Audit Plan and consideration of its coverage and approach to identified risks.
- Assessing the quality of interactions between the Audit Team and the Committee, including the provision of technical and industry knowledge.
- Considering the level of insight provided by the audit findings in the key areas of judgement, including quality of benchmarking with regard to valuation assumptions and supporting analysis, and the ability of the Audit Team to demonstrate that they had applied professional scepticism in their dealings with Management.
- Comprehensive assessment and review of the External Auditor where feedback was received from Life Companies' Directors as well as members of the Committee, Management and teams that supported the audit such as Group and Service company teams, FRC, IT, Internal Audit, Tax, Actuarial and Operations.
- Meeting privately with EY to discuss in depth its approach to quality assurance and internal assurance processes across the audit firm that ensure the quality of the audit service. These meetings provide an opportunity to discuss freely without Management present on the most significant areas of challenge by EY.
- Considering the findings of external evaluations of EY, notably the findings from the FRC's Audit Quality Inspection Report.
- Reviewing the findings from EY's UK 2023 Transparency Report which outlines the key policies and processes in place within EY for maintaining objectivity and independence for EY's year ended 30 June 2023.
- Reviewing EY's impact of ISOM1 ensuring firms implement an agreed process to design, implement and operate a system of quality management. Aligning with EY's commitment to deliver high-quality audits to serve the public.
- In addition, from 2023 EY have included Engagement Level Audit Quality Indicators ('AQIs'). A measure of audit quality, AQIs cover topics such as most recent firmwide inspection results, hours an audit takes and timeliness of reporting. The Committee has found this information useful during the year to monitor audit quality.

Overall, the Audit Committee concluded that EY had carried out its 2022 audit effectively. Stakeholders do not review the effectiveness of the audit until June the following year. The additional criteria included in the Minimum Standards for Audit Committees published in May 2023 will be included in the audit review for year ended 31 December 2023 which will be completed in June 2024.

Independence and objectivity of the External Auditor
The External Auditor's independence was reviewed and monitored against the Group's External Auditor policy, including its provision of non-audit services. This included an assessment of its independence and a review of services provided by EY during the 2022 and 2023 financial years. The Committee is satisfied with EY's objectivity and that EY is fully independent from Management and free from conflicts of interest. EY continually monitors its own independence throughout the year and voluntarily brings any potential matter to the Committee. EY has confirmed that between 1 January 2023 to 21 March 2024 there were no relationships that would be thought to bear on EY's independence and objectivity. It outlines to the Committee its independent approach, including threats and safeguards when the audit plan for that year is approved by the Committee.

Re-appointment of External Auditor
As previously announced, the Committee concluded an audit tender process in 2021 resulting in KPMG LLP ('KPMG') being appointed as the Group's External Auditor commencing from the financial period starting 1 January 2024. A transition process was undertaken from 30 June 2023, including regular review meetings with Management, EY, Internal Audit and Committee members, prior to their formal appointment at the 2024 AGM on 14 May 2024, subject to shareholder approval. KPMG has attended all Audit Committee meetings from 30 June 2023 and had access to papers presented to the Committee at each meeting. The Committee has received updates on the transition from EY to KPMG as External Auditor and provided challenge to ensure KPMG is receiving an appropriate handover with sufficient input from Management and EY itself. The Committee confirms that it complied with the provision of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use Of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ('CMA Order 2014') for that tender.

However, the Committee is mindful of the Minimum Standards for Audit Committees published by the FRC in May 2023 and that this particular tender had been completed before that publication. Within the previous tender process, challenger firms were included. Those challenger firms with adequate insurance capability will again be included and the Committee may consider a price-blind tender in 2031.

The Group's External Auditor policy includes audit partner rotation with the expectation that the audit partner will rotate at least every five years. EY has served as External Auditor to the Company since December 2018. Under the Audit Ethical Standards, signing audit partners for public interest entities should retain the role for up to five years. In order to safeguard the quality of the audit and in light of the Group's extensive change programme, particularly the implementation of IFRS 17 and the acquisition of SunLife of Canada UK, the Committee requested a further tenure extension for Stuart Wilson as a result of reaching his sixth year of tenure associated with the Group following completion of the 2022 audit. In total, Stuart Wilson acted as audit partner for Phoenix Life Limited for two years, and then lead audit partner for Phoenix Group for five years. Such an extension is permissible under the Audit Ethical Standards for a maximum of two additional years until 2023, when EY will retire as External Auditor of the Group.

External Auditor review
Actions to be undertaken during the year following the effectiveness review, which will provide KPMG with further insight during its transition as External Auditor are highlighted to the right.

Action 1
Enhance the process for recognition and escalation of any significant issue.

Action 2
Continue to understand Phoenix Group's complex business.

Action 3
Review subsidiary audits and consider including the service companies within the same Audit Team.

Corporate governance

Audit, risk and internal controls continued
Audit Committee report

Appointment of External Auditor at Annual General Meeting
Resolutions will be put to the AGM to be held on 14 May 2024 proposing the appointment of KPMG as the Company's External Auditor and authorising the Board to determine its remuneration, on the recommendation of the Audit Committee in accordance with the CMA Order 2014.

External Auditor policy
The Company has an External Auditor policy which requires the Company and the External Auditor to take measures to safeguard the integrity, objectivity and independence of the External Auditor and cap the level of any non-audit fee paid to its External Auditor at 70% of the average audit fees paid in the previous three consecutive financial years. The External Auditor policy can be found on the website at www.thephoenixgroup.com.

The External Auditor policy covers matters such as the rotation of audit partner, employment of external auditor employees, permitted non-audit services and audit-related services.

Permitted non-audit services are those contained in the Revised Ethical Standard 2019 of the FRC. For 2023 these related to Phoenix Re and Standard Life International Dac.

Audit-related services are a subset of permitted non-audit services that are largely carried out by the Audit Engagement Team and where the work involved is closely related to the work performed in the audit. For 2023 this included work on the Sustainability Report and the collateral audit for Standard Life International Dac.

The Committee is satisfied that there are no circumstances that could affect the independence or objectivity of the Auditor. The External Auditor policy is refreshed annually and in May 2023 was updated to note that audit services provided to investment funds, where wholly managed by third parties, and which the Group consolidates in its IFRS financial statements would be exempt from the requirements for fees to be approved by the Audit Committee, and are instead considered a pre-approved service. Related fees continue to be reported to the Audit Committee on at least an annual basis.

External Auditor's fees
The engagement of EY to perform any non-audit service is subject to a process of pre-approval by the Committee to safeguard the External Auditor's objectivity and independence and the prescribed limit set out above in line with statutory requirements.

	2023 £m	2022 £m	2021 £m
Non-audit fees		–	–
Audit fees	25.6	15.5	11.6
Audit-related fees	2.8	2.4	2.3
Total	28.4	17.9	13.9
Ratio of non-audit: audit fees	3%	4%	6%
Rolling 3-year average audit fee	6%	6%	8%

In 2023, total fees of £28.4 million were paid to EY. Of this amount £25.6million related to statutory audit fees of the parent and its subsidiaries, with a further £2.2 million incurred in relation to services provided pursuant to legal or regulatory requirements. The remaining fees of £0.6 million relate to other services including review of the Group's Interim Report and Sustainability Report. This gives rise to a non-audit to audit fee ratio under the EU Directive and Regulations of 3% for the 2023 year, and 6% based on a three-year average audit fee. This lies well within the limits prescribed in the Group's policy. The increase in the audit fee principally reflects the additional work undertaken in connection with the transition to IFRS 17.

In light of the above, the Committee is satisfied that the non-audit services performed during 2023 have not impaired the independence of EY in its role as External Auditor.

Internal Audit
During 2023, the Committee continued to receive regular updates from the Group Head of Internal Audit on all Internal Audit related matters. This included

Item	Outcome
Regular updates on the progress of the 2023 Internal Audit Plan approved in late 2022.	Group Internal Audit provided regular progress reports on plan delivery. At the end of the year plan finalisation was at an advanced stage.
Budget and resource.	Robustly challenged by the Committee to ensure appropriate and adequate.
Annual update of the Group Internal Audit Charter and independence.	The Internal Audit Charter was approved by the Committee in November 2023.
Control environment opinion which included Internal Audit's view of the Risk Management Framework, Governance and Control Frameworks across the Group at both the Half Year and Full Year end.	Control opinions were provided by Internal Audit in March and August which provided Internal Audit's view of the Risk Management Framework, Governance and Control Frameworks.
Performance evaluation: the next externally facilitated EQA is due not later than 2025.	Internal Audits were assessed as effective. The process included self-assessment against CIIA standards, with consideration of the Internal Audit Quality and Improvement Programme. QA results were independently completed by Grant Thornton UK LLP, and the results of a stakeholder survey were also reviewed by the Committee.

All areas of Internal Audit's plan were aligned with Phoenix Group's strategic priorities. For 2024, the use of data analytics by Internal Audit is expected to be a key development area.

Internal control
The Committee, alongside the Risk Committee, supports the Board in ensuring a robust system of internal control and risk management is in place across the Group. The Committee receives reports from the Group Head of Internal Audit on the status of the control environment and management of the Group's principal risks and controls across the Group's Risk Universe.

The Committee also considers bi-annual Internal Control Self-Assessment reports in which Line 1 risk owners self-assess the design and operation of their control environments. These assessments are independently validated by Line 2 (Risk) and supplemented by an Annual Internal Control Environment Opinion Report from Line 3 (Internal Audit).

During 2023, the Committee regularly challenged Management to ensure, where any control weaknesses were identified, that there are robust and timely action plans to address these. In performing this review and challenge of the control environment, the Committee has assessed and confirms that in 2023 it has complied with Principle O and Provisions 25 and 29 of the 2018 Code.

Looking ahead to 2024, the Committee will maintain its scrutiny of the Group's control environment, including overseeing necessary modifications to the Internal Control Framework to meet the new requirements of the 2024 Code.

Climate change risk
Sustainability is a significant area of focus for the Group. The Committee has a key oversight role of climate-related reporting including TCFD and other sustainability disclosures. The Sustainability Committee works closely with both the Audit Committee and Risk Committee to review climate change risk, target setting and disclosure requirements to ensure that our reporting is aligned with strategy and regulatory requirements. The Committee received confirmation from Management of the KPIs and metrics the External Auditor had provided assurance over when reviewing, approving and recommending both the Net Zero Transition Plan published on 24 May 2023 and the Sustainability and Climate Reports. An outcome following an education session on climate change risk was to continually assess the assurance level of TCFD reporting. Risk of incorrectly disclosing the financial impact of climate change is at the forefront for the Committee and will continue to be a focus for 2024. Both greenwashing and greenhushing that could lead to climate litigation is a focus for the Audit, Risk and Sustainability Committees. See pages 103 and 107 where climate risk is discussed in the Risk and Sustainability Committee reports.

Whistleblowing
Bi-annually, the Committee receives formal updates from the Group's General Counsel on: whistleblowing activities and the operation of our processes to enable confidential reporting; involvement in the assessment and resolution of individual matters raised in accordance with our established policy; whistleblowing arrangements within the Group; and any whistleblowing activity where an employee raised concerns in confidence about any possible improprieties.

During 2023, there were a total of seven notifications reported to the Speak Up Office, of which two were triaged as 'whistleblows' and five notifications related to people policy matters. Of the two Speak Up matters, both are closed and no material wrongdoing or control failures were found. Employee survey scores indicated colleagues generally felt that Phoenix Group was a psychologically safe environment where they can speak up freely and had a strong belief that serious misconduct would be dealt with appropriately.

Fair, balanced and understandable assurance framework.
The Committee has satisfied itself that the Phoenix Group Holdings plc 2023 Annual Report and Accounts is fair, balanced and understandable. It has done so by taking relevant FRC guidance into consideration and feedback from various sources, then robust challenge by the Committee.

The External Auditor also considered the fair, balanced and understandable statement as part of the year end processes and concurred with its approval by the Committee. The Committee can therefore concur with the statement made by the Board of Directors on page 147 in line with Principle N of the 2018 Code.

Going concern
Please see page 143 for Phoenix Group's Going concern statement.

IFRS 17 implementation
During 2023, Management provided the Committee with regular updates and education sessions regarding the implementation of IFRS 17, the new accounting standard for insurance contracts that came into effect from 1 January 2023 and its impact on the Group's financial reporting and internal control framework. In dedicated sessions, the Committee has discussed in detail the financial impacts of IFRS 17, together with the operational considerations of the implementation programme including timetable, resourcing and internal control matters. The Committee reviewed and approved Phoenix Group's revised accounting policies to reflect the new standard together with the underlying significant judgements involved in the preparation of the Half Year 2023 results and comparative information. These processes underpinned the Committee's recommendation that the Board approve the Interim report in September 2023.

Following publication of the Half Year 2023 results, the Committee's focus on IFRS 17 shifted to the transfer of processes and controls from a programme-led environment to BAU activity. It will continue to be a focus for 2024, whilst IFRS 17 is further embedded into the Group's financial reporting framework. Work will continue to streamline and automate reporting under the new standard and enhance the related internal control environment. The Committee has been supportive of Management during the transition, whilst executing its professional scepticism through deep dives and robustly challenging both Management and the External Auditor.

Department for Business & Trade
A focus for Management during much of 2023 was the ongoing Government proposals regarding the Department for Business & Trade reforms on Corporate Governance and Audit. Management provided regular updates to the Committee and has continued to do so following the Government's withdrawal on primary and secondary legislation, now focusing on how Phoenix Group will implement the 2024 Code principles and provisions by 1 January 2025 and 2026.

Finally, I'd like to thank the Finance Team for what has been a busy year with the implementation of the new IFRS 17 standard.

Katie Murray
Chair of the Audit Committee

Audit, risk and internal controls continued
Audit Committee report

Significant matters considered by the Committee in relation to the financial statements, where EY was invited to provide robust challenge.

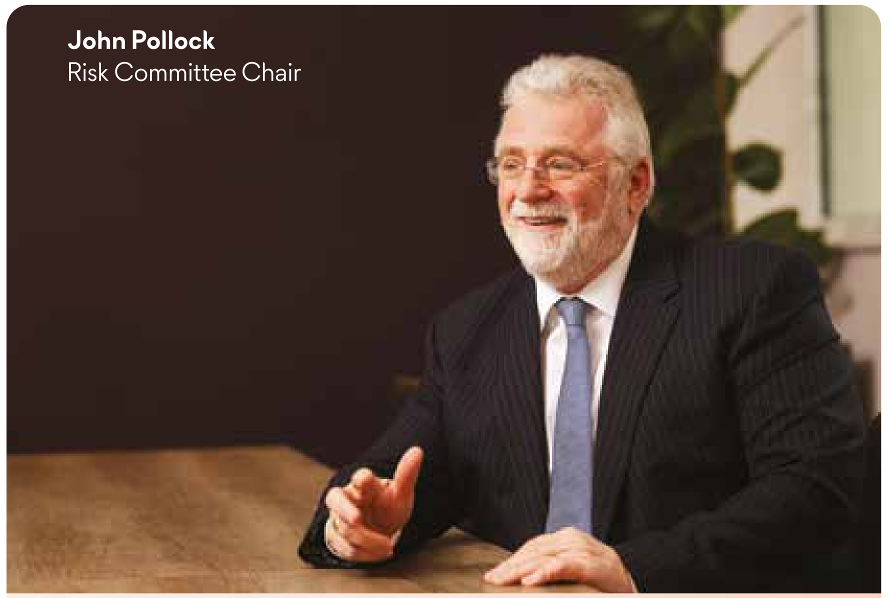
Significant matters in relation to the 2023 IFRS financial statements	How these issues were addressed
Implementation of IFRS 17 and IFRS 9	The Committee devoted a significant amount of time to the oversight of the final aspects of the implementation of the new accounting standard for insurance contracts, IFRS 17. Having commenced its oversight of technical implementation matters in 2021, the Committee finalised its review and approval of the Group's revised accounting policies to reflect adoption of the new standard, and evaluated the key judgements utilised in the application of those policies. The Committee received regular updates as to the impact of the implementation of the standard on the Group's systems, processes and control environment, and provided oversight on the achievement of key milestones in the delivery of the IFRS 17 implementation programme. Working closely with the Phoenix Life Companies Board Audit Committee, and having considered findings from the Group's External Auditor and specific assurance provided by Group Risk and Group Internal Audit, the Committee approved restatements of the Group's transition balance sheet as at 1 January 2022 and its results for the year ended 31 December 2022 in accordance with the new standard. Although significantly less material to the Group's results, the Committee also provided oversight on the implementation of IFRS 9, the new accounting standard for financial instruments which has been adopted for the first time alongside IFRS 17. The Committee concluded that the disclosures included in Note A as to the impact of new accounting standards adopted in the period were appropriate.
Review of the IFRS and Solvency II actuarial valuation process, to include the setting of actuarial assumptions and methodologies, and the robustness of actuarial data	Management presented papers to the Phoenix Life Companies Board Audit Committee detailing recommendations for the actuarial assumptions and methodologies to be used for the interim and year end reporting periods, with justification and benchmarking as appropriate. This included assumptions related to longevity, mortality, expenses, persistency and policyholder behaviour, as well as economic assumptions. These assumptions and methodologies were debated and challenged by the Phoenix Life Companies Board Audit Committee, prior to their approval, including consideration of the impacts of continued economic volatility, expense inflation and data quality. A summary of these papers was presented for oversight review by the Committee, and the Phoenix Life Companies Board Audit Committee's conclusions were reported to the Committee through minutes of its meeting and a discussion between the Chairs of the committees. The Committee discussed and questioned Management and EY on the content of the summary papers and the Phoenix Life Companies Board Audit Committee's conclusions. The Committee considered and debated the basis of the valuation for adjustments to actuarial provisions that arise at a consolidated Group level, including the methodology and derivation of certain IFRS 17 assumptions where calibrated on a Group basis. This included consideration of the results of a detailed review of the Group's maintenance expense assumptions in light of the continuing investment in the Group's growth strategy and the re-planning of strategic transformation initiatives. The Committee also evaluated the determination of the IFRS 17 discount rate, including the appropriateness of the allowances for illiquidity and credit risk, together with the calibration of the risk adjustment assumption. Pension assumptions for use in the IAS 19 Employee Benefits valuations were reviewed and approved by the Committee. The Committee received and considered detailed written and verbal reporting from the External Auditor setting out their observations and conclusions in respect of the assumptions, methodologies and actuarial models, including benchmarking analysis.

Significant matters considered by the Committee in relation to the financial statements, where EY was invited to provide robust challenge.

Significant matters in relation to the 2023 IFRS financial statements	How these issues were addressed
Valuation of complex and illiquid financial assets	Management presented papers setting out the basis of the valuation of financial assets, including changes in methodology and assumptions, for the interim and year end reporting periods to the Phoenix Life Companies Board Audit Committee. The assumptions, valuations and processes, particularly for financial assets determined by valuation techniques using significant non-observable inputs (Level 3), were debated and challenged by the Phoenix Life Companies Board Audit Committee prior to being approved. This included a review of judgements made in respect of data and inputs driving the valuation of equity release mortgages, assumptions utilised in the valuation of modelled debt securities such as bond spreads, and the impacts of continued economic uncertainty. The valuation information was then presented for oversight review by the Committee which considered and further challenged the information prior to confirmation of the appropriateness of the basis of valuation.
Valuation and recoverability of intangible assets	Management presented papers detailing the results of annual impairment testing carried out in respect of goodwill balances and reviews for indicators of impairment performed in respect of finite life intangibles. This included assessing the potential impact of the risk of climate change. The Committee considered the results of the work performed and confirmed the appropriateness of the conclusions reached.
Provisions	Management presented papers detailing the basis of recognition and measurement of accounting provisions recognised by the Group. The Committee considered the results of the analysis performed, the uncertainties surrounding the measurements adopted and confirmed the appropriateness of the conclusions reached.
Alternative performance measures ('APMs')	The Committee reviewed the use of APMs in the Group's financial reporting, understanding the basis for determining the metrics and considering the clarity and explanation of their usage within the Group's Annual and Interim Reports. Specifically, the Committee considered the usage of new APMs such as Adjusted Shareholder Equity and amendments to existing APMs such as Adjusted Operating Profit, where necessary to reflect the implementation of IFRS 17. On reviewing the results, the Committee provided challenge as to the allocation of amounts to either Adjusted Operating Profit or to non-operating items for consistency with the Group's Adjusted Operating Profit framework. The Committee concluded that the usage, disclosure and prominence of APMs within the Group's Annual Report and Accounts was appropriate.
Assessment of whether the Annual Report and Accounts are fair, balanced and understandable	The Committee considered and confirmed agreement with the analysis in support of Management's conclusions that the Annual Report and Accounts are fair, balanced and understandable. As part of the year end procedures, the Committee discussed with Management and EY the review processes that operated over the production of the Annual Report and Accounts.
Going concern and viability analysis	The Committee reviewed information on the capital and liquidity position of the Group, together with a review of the associated risks and supporting stress and scenario testing. This was part of a comprehensive assessment undertaken prior to the Committee recommending to the Board that the Group financial statements should be prepared on a Going concern basis and that the disclosures, with regard to the long-term viability of the Group, were sufficient and appropriate.

Audit, risk and internal controls continued
Risk Committee report

John Pollock
Risk Committee Chair



The Committee has remained conscious of high-profile cyber security incidents that continue to impact corporates globally.

Composition of the Committee

The Board confirms that all members of the Committee are Independent Non-Executive Directors. Mark Gregory joined the Committee on 1 April 2023 and Kory Sorenson retired from the Board on 30 June 2023. Further information on the experience, skills and competencies of the Committee members can be found on pages 64 to 67.

Regular attendees include the Group Chief Financial Officer, the Group Chief Executive Officer, the Chair of the Life Companies Board Risk Committee, the Group CRO, the Group Head of Internal Audit and the Group Chief Actuary. The Chair meets regularly with the Group CRO to discuss priorities and track progress on key actions.

Committee meetings and membership

Under the Committee's Terms of Reference, the Committee should meet at least five times a year. During 2023 there were eight formal meetings.

	Member from	2023 meeting attendance	2023 % attendance
John Pollock	20 October 2016	8/8	100%
Belinda Richards[1]	1 October 2017	7/8	87.5%
Kory Sorenson[2]	2 July 2019	5/5	100%
Maggie Semple	1 September 2022	8/8	100%
Mark Gregory[3]	1 April 2023	6/6	100%

1 Belinda Richards was unable to attend a joint Audit and Risk Committee meeting due to attending a funeral.
2 Kory Sorenson retired from the Board on 30 June 2023.
3 Mark Gregory was appointed as a Director and became a member of the Risk Committee on 1 April 2023.

Committee gender

Male	50%
Female	50%

8
Number of Committee meetings held this year (including ad hoc)

Role of the Committee

The Committee is responsible for oversight of risk by assessing the effectiveness of the Group's Risk Management Framework, risk strategy, risk appetite and profile; risk culture, the methodology used in determining the Group's capital requirements and stress testing these requirements; assessing the adequacy of the Group's system of non-financial reporting controls and compliance with regulatory requirements. The Committee advises the Board on all high-level risk matters.

Following each meeting, the Chair provides a summary of discussions and outcomes and, where relevant, makes recommendations to the Board on matters such as the Annual Operating Plan, specific investment limits, ORSA and Final and Interim dividends in line with the Committee's Terms of Reference, which can be found at www.thephoenixgroup.com.

Overview of the year

Key Committee activities during 2023
Monitoring the risks created by the macro-economic environment, particularly capital and liquidity risks.
Oversight of conduct risk and the implementation of regulations in relation to Consumer Duty.
The application of the Group's Risk Management Framework which is reviewed and recommended to the Board for approval.
Monitoring the implementation of IFRS 17.
Assessing the risks in relation to the Group publishing its Net Zero Transition Plan.
Maintaining operational resilience through stress testing.
2024 focus
Continue oversight of capital and liquidity.
Maintain oversight over the implementation of regulations on Consumer Duty.
Monitor legal and regulatory developments in relation to anti-greenwashing and the impact on Group practices.
Continue to monitor the Group's control environment.
Oversight of change across the Group.

Committee review

The 2023 effectiveness review was facilitated by an external Board Reviewer. The review concluded that the Committee is functioning effectively, with both the Chair and Group CRO leading strong discussions and providing detailed insight into the business. However, the Board Reviewer did identify a few areas of enhancement by the Committee and these are highlighted below:

Action 1
Drive improvements in the quality of papers to ensure they are on time and more succinct.

Action 2
To ensure that supplementary papers are clearly signposted so that members are clear on what they should read and why.

Audit, risk and internal controls continued
Risk Committee report

Outcomes from Risk Committee discussions:
On an annual basis, a review of the Committee's activities is undertaken. In 2023, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the key activities undertaken during the year and the way in which they contributed to important outcomes are detailed in the following table:

Key activities

Key Committee activity	Outcome
Regular reporting.	Following changes to the membership of the Model Governance Committee, it was decided that the Chair of that Committee should attend each meeting to provide an update and answer any questions from members.
Operational and conduct risk	
Change delivery, project update and operational capacity.	Following the set-up of the Transformation Advisory Group ('TAG'), the Committee requested that a summary of the TAG meetings be presented at the next possible Committee meeting. The first TAG update was provided in November 2023.
Cyber risk, data protection and AI.	Following the rise of AI and its usage across the industry, the Committee requested a deep dive on AI, its opportunities and risks.
Customer and conduct risk.	The Committee requested a deep dive on Consumer Duty and the preparation that had been undertaken to ensure that Phoenix Group will meet the requirements. This presentation was delivered to the Board in October 2023.
Financial and strategic risk	
Liquidity risk.	Following industry liquidity stress tests in September/October 2022, the Company commissioned an external review of the liquidity management framework across the Group. These recommendations were presented to the Committee in June 2023 and the Committee requested a standing agenda item until such time that the recommendations were implemented.
Climate and sustainability risk.	Noting the rise in climate litigation and the introduction of anti-greenwashing regulations, the Committee requested that a deep dive on reputational risk be provided to better understand the potential impact on the Company. This was delivered in May 2023.
Risk Management Framework	
Risk appetite review and oversight.	The Committee requested to receive regular updates as the proposed improvements were implemented to ensure continued focus on risk appetite. This will be actioned in 2024.

Connectivity with principal subsidiaries and relevant Committees
During 2023, the Committee continued to actively engage with principal subsidiaries and relevant Committees to keep abreast of key workstreams and to monitor the principal risks relevant to the Group. Examples of this engagement include:

- the Chair of the Life Companies Board Risk Committee attending all meetings to provide update on discussions such as Consumer Duty and the Internal Model;
- the Chair of the Risk Committee of Standard Life International Dac attending two meetings to provide formal updates to the Committee;
- a member of the Model Governance Committee attending all meetings to provide updates on discussions to the Committee; and
- the Chair of the Board Investment Committee attending on two occasions to provide an update on investment decision-making and oversight.

This participation and connectivity promoted the sharing of information and best practices between the Group and its subsidiaries and allows the Committee to appropriately assess a broad range of risks and their impact across all stakeholders. All interactions between the Group, its subsidiaries and other committees continue to further the Committee's understanding of the risk profile of the Group's principal subsidiaries, leading to more comprehensive review and challenge by members.

A set of Operating Principles are in place to define the responsibilities and accountabilities of all relevant subsidiary Committees and Boards to mitigate the overlap of focus or assurance activity and are reviewed annually to ensure they remain appropriate.

See pages 94 and 107 of the Audit Committee report and Sustainability Committee report, respectively, for examples of collaborative governance between the Audit, Sustainability and Risk Committees.

Group CRO report
At each meeting, the Committee receives a formal report from the Group CRO which highlights key factors impacting the Group's operating environment as well as an assessment of emerging risks. The review includes analysis of risks arising from the macro-economic outlook and conditions in financial markets, together with geopolitical, legislative and regulatory change risks that may impact the Group and its customers as well as risks associated with the implementation of the Group's business strategy. A summary of the principal risks and uncertainties facing the Group can be found on pages 50 to 57.

Cyber risk
The Committee has remained conscious of high-profile cyber security incidents that continue to impact corporates globally, driven by the use of destructive malware and ransomware. The Group is continually improving its controls, attack detection and response processes, identifying weaknesses through ongoing assessment and review. Supplier-related cyber attacks were detailed to the Committee through the Group CRO report along with the oversight and assurance processes in place to mitigate the impact on the Group.

In 2023, the Committee received two cyber security updates which covered the threat landscape; cyber awareness and defence; and actions being undertaken to support and continually improve Phoenix Group's security culture. The Committee found this session extremely informative and, as such, another session will be presented to the Board as part of its continued education in 2024. For more information on the classification of cyber risk and the controls in place to monitor and mitigate the impact on the business, please see page 55.

Climate risk
The Committee remained cognisant of the continued prevalence of climate risk and the need to ensure collaboration across Board Committees. The Terms of Reference of the Audit, Risk and Sustainability Committees divide accountability for oversight and monitoring of work undertaken. During 2023, the Risk Committee received climate risk updates as well as reviewing disclosures in the Sustainability Report and Climate Report, which can be found on the Company's website. The Committee worked in close collaboration with the Sustainability Committee on the Group's first Net Zero Transition Plan. The Committee also remained vigilant in relation to anti-greenwashing and ensured that the Group's labelling of investment funds was appropriate for future compliance.

Individual responsibility for ensuring appropriate identification, assessment, management and reporting of climate-related financial risks and opportunities that could impact the Group sits with the Group's CFO and CRO, both appointed as joint Senior Managers responsible for climate-related financial risk under the PRA and FCA's Senior Managers and Certification Regime.

Consumer Duty
The Committee received regular updates in the delivery phase of the Group's Consumer Duty plans, assessments of fair value and improvements to the customer journey. Updates were also provided by the Chair of the Life Companies Board Risk Committee as to the work being undertaken by subsidiaries to ensure that the customers' best interests remain at the heart of decision-making at every level of the organisation. This focus and vigilance will continue into 2024.

John Pollock
Chair of the Risk Committee

Sustainability governance
Sustainability Committee report


Karen Green
Sustainability Committee Chair

The Committee is delighted that the first edition of Phoenix Group's Net Zero Transition Plan was published in May 2023.

Composition of the Committee
The Board confirms that all of the members of the Committee are Independent Non-Executive Directors and have been selected to ensure cross-Board Committee membership to facilitate engagement on sustainability matters across the Group's governance framework. Further information on the experience, skills and competencies of the Committee members can be found on pages 64 to 67.

Regular attendees at the Committee include the Chair of the Board, Group CEO, Group HR Director, Director of Corporate Affairs and Investor Relations and the Chief Sustainability Officer. During 2023, a nominated NED from the Phoenix Life Companies Board was also a standing attendee.

Committee meetings and membership
Under the Committee's Terms of Reference, the Committee should meet at least five times a year. During 2023 there were six formal meetings.

	Member from	2023 meeting attendance	2023 % attendance
Karen Green (Chair)	1 December 2020	6/6	100%
Maggie Semple	1 September 2022	6/6	100%
Nicholas Shott	1 December 2020	6/6	100%
Kory Sorenson[1]	1 December 2020	3/3	100%

1 Kory Sorenson retired from the Board on 30 June 2023.

Committee gender

Male	33%
Female	67%

6
Number of Committee meetings held this year.

Role of the Committee
The Committee is responsible for assisting the Board in overseeing the Group's sustainability strategy and related activity, and approach to ESG matters.

Following each meeting, the Chair provides a summary of discussions, outcomes and where relevant, makes recommendations to the Board on matters such as the Group's sustainability strategy, Net Zero Transition Plan and TCFD disclosures, in line with the Committee's Terms of Reference, which can be found at www.thephoenixgroup.com.

Overview of the year

Key Committee activities during 2023
Overseeing the Group's aim to be a leader in sustainability.
Ensuring tangible, measurable progress against the Group's sustainability strategy.
Monitoring the development, publication and progress of the Group's Net Zero Transition Plan.
Supporting the Board and Board Audit Committee in respect of the Group's sustainability related reporting e.g. TCFD.
Monitoring developments in sustainability and emerging best practice.
Providing oversight of regulatory compliance and actions being taken to enhance the Group's contribution to a more sustainable world.
2024 focus
Continue to monitor the progress of the Group's Net Zero Transition Plan.
Support and oversee thought leadership initiatives throughout the organisation.
Continue to monitor the Group's culture and review key people metrics including diversity.
Activity related to closing the UK pension savings gap.
Continue to consider how the Group can further support customers using wider social initiatives.
Continue to review the ways in which wider macro-economic factors will impact customers and colleagues.
Oversee the development of the Group's nature and biodiversity strategy.

Committee review
The 2023 effectiveness review was facilitated by an external Board Reviewer. The review concluded that the Committee is functioning very effectively. Members of the Committee agreed that the meetings are constructive, with all members demonstrating a high level of engagement in topics throughout the year. It was noted that the agenda remains well balanced with appropriate information and insight and the rolling schedule of education on sustainability-related matters and external perspective sessions is valued and increases knowledge of emerging best practice. The Board Reviewer identified the following areas of enhancement by the Committee and these are highlighted below:

Action 1
Maintain focus on how to help customers through retirement and ensuring Consumer Duty remains a key consideration in all discussions.

Action 2
Continue to address current affairs and how they impact the organisation's strategy and culture.

Action 3
Consider whether training sessions should be held as strategic deep dives with consideration of impact on the Group strategy.

Sustainability governance continued
Sustainability Committee report

Outcomes from Sustainability Committee discussions:
On an annual basis, a review of the Committee's activities is undertaken. In 2023, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. In addition, all elements of the Group's sustainability strategy are covered throughout the year. The sustainability strategy in 2023 was divided into 'Planet' and 'People' with key themes falling below each pillar. These themes were 'Investing in a sustainable future', 'Engaging people in better financial futures' and 'Building a leading responsible business'. An overview of some key activities undertaken during the year and the way in which they contributed to the sustainability strategy are detailed in the following table:

Key activities

Key Committee activity	Outcome
Investing in a sustainable future	
Multiple discussions on all aspects of stewardship and the Stewardship Code including: the Stewardship Report, proxy voting guidelines and asset management commitments.	Following rigorous challenge, the organisation was formally accepted as a signatory to the Stewardship Code in August 2023.
Review and consideration of the Group's Net Zero Transition Plan.	Improved clarity following Committee challenge on managerial decisions for the pathway to decarbonising investments. The Committee requested further oversight of this aspect of the plan and its development, and this has become a standing agenda item in 2024.
Monitored progress against proposals for TNFD regulation.	Following a presentation from the Co-Chair of The Taskforce on Nature-related Financial Disclosures ('TNFD'), the Committee decided that close engagement with that organisation should continue to allow the Company to disclose against the regulations once finalised. The Committee will continue to oversee engagement throughout 2024.
Engaging people in better financial futures	
Review and oversight of the Money Mindset digital platform, which provides a holistic financial wellness solution to Standard Life Workplace customers.	As a result of several updates throughout the year, the Committee developed a deeper understanding of the technological products being developed within the Group to support consumers.
Monitoring the ongoing work of Phoenix Insights.	In-depth understanding of areas of investigation for the Company and how these might be disclosed to better provide a future of possibilities for consumers. The Committee requested an annual update on the proposition of collaborating with other think tanks to progress research and initiatives.
Oversight of the launch of the Midlife MOT, a colleague initiative to help members of the Group workforce plan for the future.	Following discussion and challenge, the Committee requested an investigation into the ways in which the product could be extended for those interested, and how engagement with the initiative would be sustained to make a long-term, meaningful difference. The 2024 Committee agenda will include an update on engagement and statistics around uptake, alongside a view on how this product could be extended to customers.
Building a leading responsible business	
Oversight of the research phases of a proposed five-year Race and Ethnicity Action Plan which sets out the roadmap for how the Company will increase ethnicity representation at all levels of Phoenix Group and more broadly within financial services.	The Committee discussed research into views on diversity and the introduction of a framework on cultural intelligence and fluency training. The Committee requested oversight of the development of the framework to ensure the intended cultural development was embedded and sustained.
Oversight of collaboration with a third-party consultancy to determine actions required to align to international best practice in human rights.	The Committee reviewed and recommended to the Board for approval the first Human Rights policy for the Group, which sets out commitments to respect human rights in alignment with the international framework of the United Nations Guiding Principles on Business and Human Rights.

More information about how the Company delivered against the specific pillars of the sustainability strategy can be found the Group's Sustainability Report. This is available on the Company's website at www.thephoenixgroup.com.

The Committee also received education sessions as shown on pages 80 and 81.

Connectivity with other relevant Committees
The following joint Committees promoted the sharing of information and best practices. The Committees were able to review, approve and recommend for Board approval the following items:

Sustainability and Risk Committees

- Net Zero Transition Plan – May 2023.
- Annual Report disclosures relating to climate and sustainability – February 2023.

Audit, Risk and Sustainability Committees

- Review of Year End 2023 Climate and Sustainability Reports – March 2024.

The Committee ensures that collaboration with other Board Committees (Audit and Risk) takes place to provide holistic challenge on publicly communicated targets and statistics and to monitor changes in climate risk.

The Group's CEO, Andy Briggs, regularly attends meetings to provide insight into executive decision making and assurance. The Group's External Auditor, EY, provides external limited assurance on both TCFD data and the disclosures made in the Sustainability Report, which can be found on the Company's website.

Net Zero Transition Plan
The Committee is delighted that the first edition of Phoenix Group's Net Zero Transition Plan was published in May 2023. The plan sets out the actions the Company will take on its journey to becoming net zero by 2050 and to support achievement of its stretching interim targets in 2025 and 2030 across its investment portfolio, operations and supply chain. The plan helps to ensure that our decarbonisation strategy is aligned with our wider business objectives and to deliver the right outcomes for our customers.

The Net Zero Transition Plan is in line with the latest industry guidance from the Transition Plan Taskforce and Glasgow Financial Alliance for Net Zero. However, it is important to acknowledge that related policy setting and global decarbonisation are still evolving and that the Group is in the early stages of its net zero transition. As such, our Net Zero Transition Plan will continue to be developed and refined with customer outcomes at the heart of all decision-making.

Monitoring culture and the Employee Voice
In accordance with Provision 5 of the 2018 Code, the Board is required to maintain an effective mechanism to engage with the workforce. Committee member Maggie Semple is the Designated NED for Workforce Engagement and provides regular updates to the Committee and the Board on the outcomes of her interactions with the Phoenix Colleague Representation Forum ('PCRF') and the actions being undertaken as a result. This mechanism provides the Committee and the Board with an in-depth understanding of colleagues' perspectives in relation to topics such as mental wellbeing, flexible working, diversity and inclusion and insights into the tone of the Group's culture from the ground up. In 2023, the Committee noted that there should be more interaction with the workforce following Board discussions to communicate outcomes and to ensure that colleagues are aware that the Board takes concerns seriously. This is something that will be improved and made standard practice in 2024. More information on how Maggie Semple and other Board members engage with the workforce can be found on pages 108 to 110.

The Committee also receives updates from the Group HR Director on people and culture metrics, which allows members to review the Group's people strategy and to monitor culture. This dashboard includes information on turnover and absenteeism rates, employee surveys, whistleblowing and 'Speak Up' data, and diversity and inclusion statistics. The Committee will continue to follow best practice guidance and to identify both qualitative and quantitative data that should be reviewed to assess the development of culture in the organisation.

Karen Green
Chair of the Sustainability Committee

Workforce engagement

Engagement in action – listening to the colleague voice

Our growth and success at Phoenix Group are down to our amazing colleagues. They drive our business performance and help us to achieve our purpose. Having regular engagement with colleagues is integral to our strategy and vision to be the best company that colleagues have ever worked for. Through regular two-way dialogue, the Board seeks to understand the issues that matter most to our colleagues.

Board engagement with colleagues
The Board sets the cultural tone for the organisation and seeks to engage with colleagues, both directly and indirectly, throughout the year. The Board recognises that colleagues are central to the achievement of our strategic priorities and the Group's ability to provide customers and wider stakeholders with the best outcomes possible.

Across 2023, the Phoenix Group Board members, including the Chair of the Group Board, myself and our Executive Directors, held two dedicated sessions as part of our Board agenda to meet with colleagues. We held these in May and November, and we invited targeted groups of individuals to join us in an open and transparent conversation so that we could hear first-hand their experiences of working at Phoenix Group.

At our session in May, we met with 17 members of the Group's graduate programme, and the primary focus of our conversations were around career and leadership. We thoroughly enjoyed the dynamic attitudes of the graduates, and how comfortable they were in speaking up and sharing their thoughts. Our discussions showcased that our graduates have come from varied backgrounds with a wide plethora of degrees, and they valued the approach to the Phoenix Group graduate programme as it provided them with an opportunity to rotate into many different business areas, giving them lots of exciting opportunities and experiences.

> It's insightful to have Maggie's experience and fresh perspective on our people agenda items. Maggie's input and challenge ensures we discuss items from a 360-degree perspective which results in in-depth discussions and tangible outcomes we can work towards together to benefit both colleagues and the business.
>
> **David Berry,** PCRF Lead Rep, Operations.

A key learning on the day was the approach for managing 'home' seats, which is the first seat the graduate rotates into and, at the end of the programme, if they've not secured an alternative role they will be guaranteed a role in their home seat. On the surface of it, this sounded positive and gave job security to the graduates; however, they shared that they have limited choice in where they start their graduate career with us, and so often their home seat was not an area they wanted to return to. This learning from our engagement with the graduate programme was discussed at the Board.

Outcome: was a management action set by the Board to review the approach to rotations and home seats, which is currently being considered by the Group. This would facilitate greater choice for the graduates when they come to the end of their two-year programme.

Our Board session in November focused on the experiences of females in their 50s, with a focus on the working environment. This session was attended by 12 women from across the Group, covering many of our locations and our corporate grades. We had a very engaging conversation covering their experiences at Phoenix Group and previous roles. What was incredibly pleasing to hear was that many of the women in the room said that, at Phoenix Group, they didn't feel like they were treated as a 'stereotype'. They spoke positively and favourably about the support and importance that the Group has placed on critical areas such as menopause and carers.

They were also supportive of the focus Phoenix Group and Phoenix Insights has been placing on later working life, through their research and reporting and through initiatives such as the Over 50s jobs fair and the colleague Midlife MOT, which has helped them to feel comfortable and confident of their futures with the Group.

Hearing the wider colleague voice
In addition to the two sessions held with the wider Board members this year, I have spent time with colleagues across our sites to hear more from them about their experiences at Phoenix Group.

One of my key points of connection with colleagues has been meeting with the PCRF on a quarterly basis. This is an autonomous forum made up of colleague representatives from each of our functions. Our partnership with the PCRF enables us to have direct, honest and open discussions about strategic topics and how they impact colleagues.

One topic of note which came up frequently in our discussions was the colleague understanding of the Phoenix Group reward framework. With the backdrop of the economic situation, this was a particularly important topic which colleagues wanted to speak about. Through my discussions with the PCRF, it was agreed with Sara Thompson, Group HR Director, that a more proactive approach to communicating updates on the reward framework would be shared with colleagues.

Outcome: was a common theme when the Remuneration Committee completed its education session on the 2018 Code in October. Particular attention was given to Provision 41 relating to the impact of engaging with the wider workforce on Executive Directors' Remuneration policy and outcome. From that education session and my feedback on the PCRF to the Board, the outcome was that I should join the Remuneration Committee as a member with effect from 1 January 2024. This would allow me to provide a better link between the PCRF on wider workforce remuneration matters and the Remuneration Committee. Changes to the Executive Directors' Remuneration policy or discretion applied to their remuneration outcomes would also be better understood and communicated to the wider workforce through the PCRF.

In addition to regularly meetings with the PCRF, I hear from the colleague-led networks and I have taken the opportunity to invite wider colleagues to informal meetings to enable them to share what is on their mind in the moment, including a trip to visit colleagues in Dublin to hear more from them. At this visit, I also informally met with the representatives from Unite. Through this discussion, I took away that they were looking for greater clarity and communication when strategic decisions were made affecting their work. This comment related to a decision on Phoenix Group's strategic partnership with TCS Diligenta that had been taken in a previous year. I provided this feedback to the Board.

Outcome: was for the Group to ensure that communication relating to strategic decisions is clear and well understood by colleagues and their relevant representative bodies.

Workforce engagement continued

Reflecting on 2023

In my role as the Designated NED for Workforce Engagement I get to witness the power of two-way conversation. I share regular feedback from my sessions with colleagues to the Board, which provides additional perspective and insights on colleagues and can lead to outcomes that improve the experience of our wider workforce at Phoenix Group. I share key aspects of our Board discussions with colleagues when I meet with them and ask for their opinions, again relaying these back to the Board for potential outcomes. I have also this year created a blog which I share with colleagues, focusing on topics that they have told me are important to them.

Continuing to develop two-way communication enables colleagues to be kept informed of how the Board is engaged in overseeing the development and execution of the Group's strategy and enables the Board to stay connected to what is important to our colleagues and the impact of Board decisions.

Maggie Semple
Designated NED for Workforce Engagement

Each quarter, our colleague-led forum, made up of the PCRF central team and colleague representatives from each UK business function, meet with Maggie Semple to discuss key themes we're hearing from colleagues. Partnering together has resulted in enabling direct honest and open conversations, more frequent feedback, and continuous listening through a variety of channels. We're also able to hear first-hand about the Board's priorities and provide representation and insights from colleagues.

After the quarterly meetings, the PCRF shares the key themes and discussions from the meeting with colleagues. Maggie also shares feedback from these sessions with the Board, which has allowed it to gain additional perspective and insights on colleagues' working lives and the colleague voice on Phoenix Group's strategic priorities and initiatives.

Continuing to develop this two-way communication enables colleagues to be kept informed of how the Board is driving the Group, and connects the Board to what's important to colleagues and how their decisions impact their working lives.

Steph Jones, PCRF Colleague Consultant.

Directors' Remuneration report

Nicholas Shott
Remuneration Committee Chair

In my first year as Remuneration Committee chair, the Committee's focus has been on implementing our new Policy to ensure that remuneration aligns with our purpose and strategic priorities and has regard to the wider stakeholder experience.

Composition of the Committee

The Board confirms that all of the members of the Committee are Independent Non-Executive Directors. Before Nicholas Shott was appointed Chair of the Remuneration Committee on 4 May 2023, he had served on the Committee since 2016.

Regular attendees include the Group HR Director, Executive Reward Director, Group Reward Director, Group Company Secretary, Group Chief Executive Officer and external adviser, PwC LLP. The Group CRO also attends to discuss his report at Full Year and Half Year. The Chair meets regularly with the Executive Reward Director to discuss priorities and track key actions.

Committee meetings and membership

Under the Committee's Terms of Reference it should meet at least four times a year. During 2023 there were five formal meetings and one education session.

	Member from	2023 meeting attendance	2023 % attendance
Nicholas Shott[1]	20 October 2016	5/5	100%
Kory Sorenson[2]	3 July 2014	3/3	100%
Karen Green	1 July 2017	5/5	100%
Belinda Richards	2 July 2019	5/5	100%
Maggie Semple[3]	1 January 2024	–	–

1 Nicholas Shott became Chair of the Committee on 4 May 2023.
2 Kory Sorenson retired as Chair of the Committee at the close of the Annual General Meeting on 4 May 2023 and from the Board on 30 June 2023.
3 Maggie Semple was appointed as a member of the Committee on 1 January 2024.

Committee gender

Male	25%
Female	75%

5
Committee meetings and one education session held in 2023

Role of the Committee

The Committee is responsible for establishing, implementing, overseeing and reviewing the Group-wide Remuneration policy in the context of business strategy and changing risk conditions. This is consistent with Solvency II requirements. The Group-wide Remuneration policy focuses on ensuring sound and effective risk management so as not to encourage risk-taking outside of the Group's risk appetite. The Committee ensures the remuneration of our Executive Officers is aligned to the Group's purpose and values and that our wider workforce are also engaged and an overview is provided of executive remuneration. None of the Committee's members has any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement with running the business. The Committee's Terms of Reference can be found at www.thephoenixgroup.com. No Director is involved with any discussion about their own remuneration. The Committee makes recommendations to the Group Board on the Remuneration policy and Shareholder Consultation every three years and on the Committee's Terms of Reference.

Directors' Remuneration report continued

Overview of the year

Key Committee activities during 2023
Approval of incentive outcomes for the 2022 AIP and 2020 LTIP.
Approval of remuneration for all colleagues within the Committee's remit.
Consideration and approval of metrics for 2023 variable pay schemes to align with the Group's evolving business strategy.
Full benchmarking exercise of remuneration undertaken for the Business Leadership population.
2024 focus
Approval of incentive outcomes for 2023 AIP and 2021 LTIP.
Review the good leaver process as part of Phoenix Group's review of its strategic requirements
Monitoring the take-up of all-employee plans.
Listening to the voice of the wider workforce through the appointment of Maggie Semple, the Board's Designated NED for Workforce Engagement, to the Committee and through her work with the Phoenix Colleague Representation Forum ('PCRF').
Further review on the impact on remuneration and the work of the Committee now that the 2024 Code has been published.

Committee effectiveness

The 2023 effectiveness review was facilitated by an external Board Reviewer. The review concluded that the Committee is functioning effectively, though the Board Reviewer did not observe a regular meeting, as the October one was an education session. Nevertheless, the external Board Reviewer did suggest that the effectiveness could be enhanced by building on some of the practices that had already been put in place and these are highlighted to the right.

Action 1

The Chair had instigated a process of agreeing with the Committee what the priority items of focus would be for each meeting. This had worked well and would be maintained going forward.

Action 2

To continue with the Chief Risk Officer's ('CRO') report which was deemed to be best practice and to be commended in supporting the Committee's consideration of variable remuneration adjustments for senior leadership.

Outcomes from Remuneration Committee discussions:

On an annual basis, a review of the Committee's activities is undertaken. In 2023, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the key activities undertaken during the year and the way in which they contributed to important outcomes is detailed in the following table:

Key activities

Key Committee activity	Outcome
Review of Executive Directors' pay against wider workforce in line with 2023 and 2024 proxy advisers' reports.	With effect from 1 April 2023 Executive Directors received a pay increase of 4%, compared to the wider workforce of 6%. For 2024 it was agreed the Executive Directors would receive no pay increase, compared to the pay budget for the wider workforce of 4.4%. Wider workforce increases will be applied with effect from 1 April 2024.
Engagement with shareholders to explain and receive feedback on the 2023 Directors' Remuneration policy.	2023 Directors' Remuneration policy approved by shareholders at the AGM on 4 May 2023 with 98.8% of votes in favour by our shareholders and the 2023 Directors' Remuneration report approved with over 99% of votes in favour by our shareholders.
Review of Full Year and Half Year 2023 CRO report.	The CRO Reports provided positive guidance to individuals whose remuneration may require adjustment.
Education session – Proposals under the 2024 UK Corporate Governance Code, wider workforce engagement and Consumer Duty.	Education session to become an annual event. A dashboard on wider workforce metrics to be provided at each education session. Maggie Semple joined the Committee with effect from 1 January 2024. Given her role as Designated NED for Workforce Engagement, she will be able to communicate the views of the wider workforce on pay and its alignment with Executive Directors' remuneration to the Committee, as well as her deep ESG and sustainability knowledge.

Dear Shareholder,

I am pleased to present my first Directors' Remuneration Report as Chair of the Remuneration Committee (the 'Committee'), having taken over the role from Kory Sorenson on 4 May 2023. On behalf of the Committee I should like to take this opportunity to thank Kory on behalf of the Committee for her work as Chair and, in particular, her work last year engaging with our shareholders over our new Directors' Remuneration policy ('Policy'), which received 98.8% support at the 2023 AGM.

Summary of the year

Phoenix has again performed well in 2023, as we continued to execute against our strategy priorities, and which has supported strong financial results across our financial framework of cash, capital and earnings.

We have delivered over £2 billion of cash generation in 2023, supported by strong business performance and the impact of the Part VII transfer of Standard Life and Phoenix Life. Our organic growth continues at pace, with new business net fund flows increasing 72% year-on-year, which helped to support us in delivering £1.5bn of new business long-term cash generation. This means we have achieved our 2025 new business long-term cash target two years early, reflecting the focus and investment we have put into our growth strategy. Our balance sheet also remains resilient with a Solvency II ('SII') surplus of £3.9 billion and Shareholder Capital Coverage Ratio of 176%. Our IFRS earnings have also improved during the year, with adjusted operating profit before tax increasing 13% year-on-year to £617m.

Executive remuneration outcomes for 2023

Based on its assessment of the corporate metrics, the Committee determined that the Annual Incentive Plan ('AIP') outcome should be 78.2% of the maximum opportunity. This outcome was driven by exceptional cash generation performance in the year, which benefited from particularly strong management actions delivery including the completion of one of the largest UK insurance Part VII transfers ever completed, with the funds merger of the Standard Life and Phoenix Life businesses into Phoenix Life Limited. With regard to the achievements under the Strategic Scorecard which represents 20% of the Executive Directors' AIP, the Committee determined outcomes should be 69.0% for Andy Briggs and 69.8% for Rakesh Thakrar. This results in a formulaic outcome of 76.4% and 76.5% respectively of the maximum AIP opportunity.

Each year the Committee reviews the AIP outcomes in the context of the Group's management of risk, overall business performance and the broader stakeholder experience. In reviewing the 2023 AIP outcome, the Committee considered the delays faced during the year relating to the IFRS 17 project. As Group CFO, Rakesh Thakrar had the principal responsibility for delivering the project in a timely manner, so the Committee decided it was appropriate to use its discretion to reduce his AIP outcome by £75k (10%).

Andy Briggs recognises that, as Group CEO, he has ultimate accountability for all projects, including IFRS 17. Accordingly, in discussion with the Committee, he suggested – and the Committee agreed – that he should forgo £50k (4%) of his AIP outcome.

As a result of these discretionary adjustments, overall outcomes under the AIP were 73.4% of maximum for the Group CEO, and 69.0% of maximum for the Group CFO.

The 2021 Long Term Incentive Plan ('LTIP') award covering the years 2021–2023 was based on Net Operating Cash Receipts, Return on Shareholder Value, Persistency, and Relative Total Shareholder Return ('TSR'). The overall vesting outcome is 41.1% of the maximum opportunity. Further details are set out on page 122.

The resulting single total figure of remuneration for Andy Briggs is £2,901k and for Rakesh Thakrar is £1,543k. Full details are set out on page 121.

Updated metrics to align remuneration with our evolving strategy

The Committee approved a number of changes to the metrics for the AIP and LTIP in 2024 to ensure continued alignment to business priorities.

For the 2024 AIP, the Committee has decided to replace the Incremental New Business Long-Term Cash Generation (less strain) plus Own Funds impacting management actions metric with a New Business Contribution ('NBC') metric. NBC is a measure of the day one value of writing new business on a discounted basis. The metric is more aligned to peer disclosures and reflects feedback from the market over a preference for the use of a discounted metric within the business. A new Cost Savings metric will also be included which reflects the criticality of reducing our cost base in order to improve performance across our financial metrics. The targets are aligned to those defined as part of our strategic cost review. The Open Net Flows metric that was used in 2023 to incentivise growth in our Pensions and Savings business will now be a Group Net Flows metric, which aligns with our external reporting and supports our focus on improving overall Group net funds flows. No changes are proposed to the definitions or weightings of our Customer metrics in the AIP assessment.

For the 2024 LTIP, the Group In-force Long Term Free Cash metric will be replaced by a Return on Capital metric to provide a measure of the efficiency of the Company's use of capital. The Persistency metric in the previous year's LTIP will be replaced by a Cumulative Net Flows metric, which demonstrates our commitment to incentivising growth in new business and retention of existing business. Following a significant reduction in emissions from operations, the Decarbonisation from Operations metric (10% weighting) will be replaced by a Diversity, Equity & Inclusion metric measuring ethnicity representation amongst our senior leadership population.

Consistent with previous years, targets have been set with reference to the Group Annual Operating Plan and maximum payouts will only be delivered in the event of exceptional performance. The LTIP targets are disclosed prospectively on page 127.

Directors' Remuneration report continued

Implementation of pay in 2024

The Committee decided that there will be no increase to the base salary of either Andy Briggs and Rakesh Thakrar in 2024. The Company continues to target increases to more junior and lower paid colleagues this year with a pay award budget of 4.4%. Further details on how we implement pay for the wider workforce is set out on page 133.

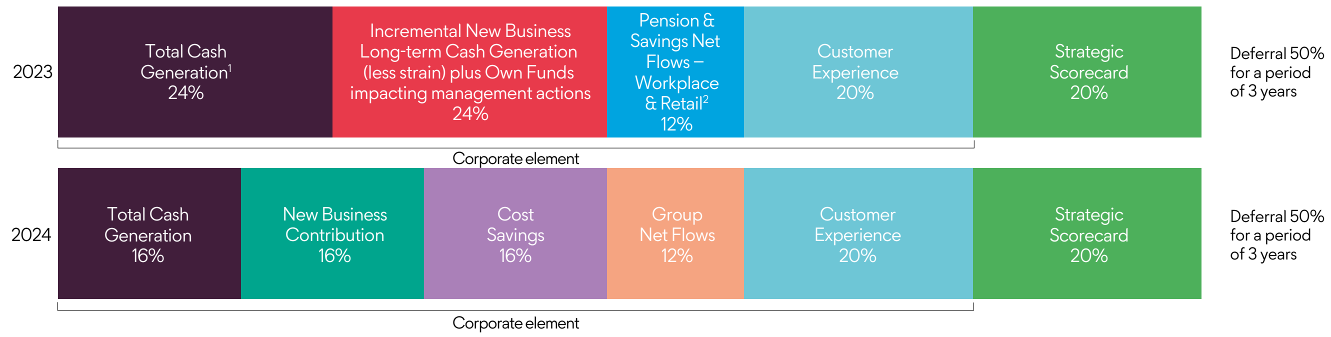
Consistent with the approach for executive directors, there will be no increases to Non-Executive Director base fees in 2024. The Chair's fee was last reviewed in August 2021 with the next review due to take place in August 2024. For simplicity, it has been decided not to proceed with the review in 2024 and instead to consider the Chair's fee at the same time as the annual review of Non-Executive Director fees from 2025, which is normally in quarter one.

Looking forward

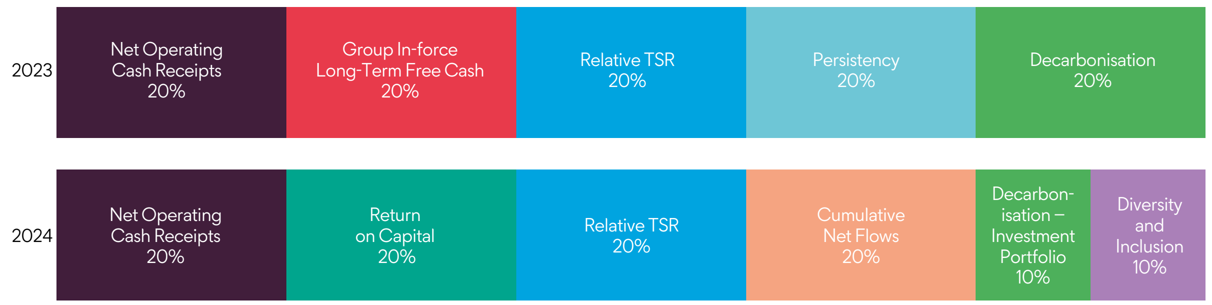
I hope that the implementation of pay as set out in this report will meet our shareholders' expectations and will receive a favourable voting outcome in the resolution proposed at the 2024 AGM. I would welcome any comments you may have on this report as I begin my first full year as Chair of the Committee.

Nicholas Shott
Remuneration Committee Chair
21 March 2024

Annual Incentive Plan



Long Term Incentive Plan



1 Total Cash Generation was previously referred to as Cash Generation.
2 Pensions and Savings Net Flows – Workplace and Retail was previously referred to as Open (Pensions and Savings) Net Flows.

Remuneration at a glance

Overview

Remuneration structure

Base salary

Base salaries are reviewed each year against companies of similar size and complexity.

Pension

Competitive employer sponsored defined contribution pension plan with contributions at the same level as the wider workforce.

Benefits

Market competitive benefits are provided in a consistent manner with the wider workforce.

Annual Incentive Plan

AIP to motivate employees and incentivise delivery of annual performance targets aligned to strategy.

Long Term Incentive Plan

LTIP to motivate and incentivise delivery of sustained performance over the long-term in line with our strategy and purpose, and to promote alignment with shareholders' interests.

Statement of intent

The Committee adopts a simple and transparent approach to remuneration to support the Group's purpose, values and strategic priorities, in order to ensure the sustainability of the business. When setting the remuneration for Executive Directors, the Committee carefully considers wider workforce pay across the whole organisation.

Company performance snapshot

78.2%
Outturn of 2023 AIP

41.1%
Outturn of 2021 LTIP

Alignment to purpose and strategy

Our Remuneration policy is designed to align to our purpose and focused on the delivery of our strategy and long-term value creation for our stakeholders.

Our variable pay plans ensure remuneration outcomes are directly aligned to our core strategic priorities as shown on page 117 and to deliver long-term sustainable value. A significant portion of Executive remuneration is delivered in shares and deferred for up to five years.

Our purpose

Helping people secure a life of possibilities

Our strategy

- Grow
- People
- Optimise
- Planet
- Enhance
- Building a sustainable business

Pay for performance

A material portion of total remuneration is based on variable pay (c.80% of total maximum remuneration for the Group CEO and Group CFO). Performance targets are set with reference to Annual Operating Plan ('AOP') and consensus such that maximum payouts can only be achieved for exceptional performance. Under the maximum scenario, over 63% of the Group's CEO maximum remuneration is delivered in shares, deferred for three years under the DBSS and subject to a combined vesting and holding period of 5 years for LTIP. This ensures strong alignment between Executive Directors and shareholders.

For more information see page 118

Directors' Remuneration report continued
Remuneration at a glance

2023 at a glance

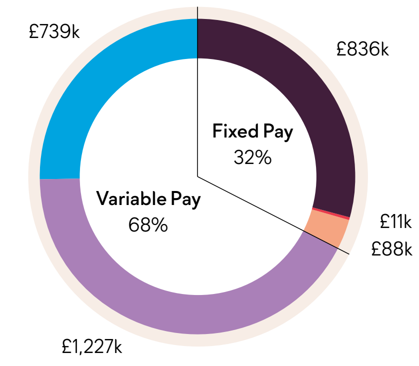
Remuneration for 2023

2023 single figure
The outcomes under the AIP and LTIP resulted in a single figure outcome for Andy Briggs of £2.901m and for Rakesh Thakrar of £1.543m. Further details are on page 119.

CEO total pay
£2.9m

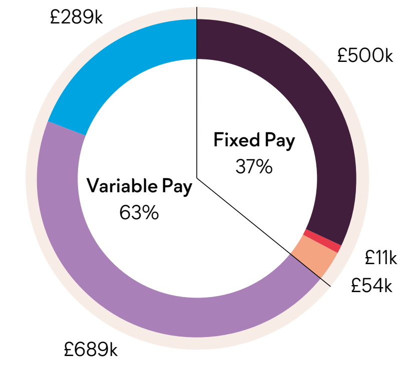
CFO total pay
£1.5m

Group CEO
Fixed vs variable pay (% weighting)



Fixed pay	32%
Salary	29%
Benefits	0%
Pension	3%
Variable pay	**68%**
AIP	42%
LTIP	25%

Group CFO
Fixed vs variable pay (% weighting)



Fixed pay	37%
Salary	32%
Benefits	1%
Pension	3%
Variable pay	**63%**
AIP	45%
LTIP	19%

2023 AIP weighted performance outturn

Total AIP out of maximum opportunity

Group CEO
73.4%

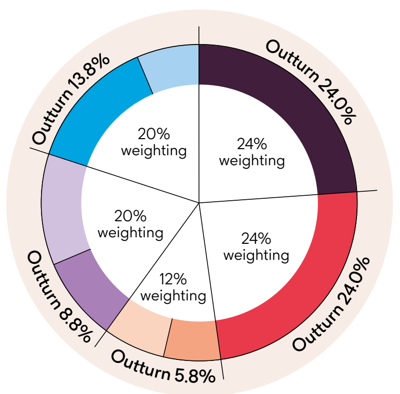
Group CFO
69.0%

The above figures and charts opposite reflect AIP outcomes after discretionary adjustment (see page 120 to 121 for further details).

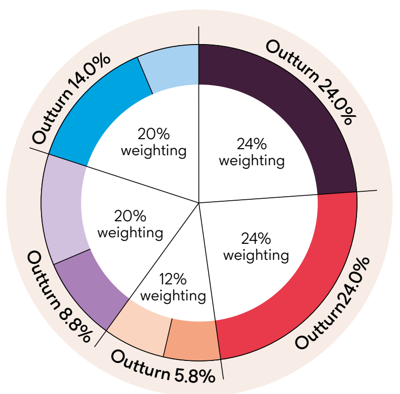
- Total Cash Generation[1]
- Incremental New Business Long-term Cash Generation (less strain) plus Own Funds impacting management actions
- Pension & Savings Net Flows – Workplace & Retail[2]
- Customer Experience
- Strategic Scorecard

1 Previously referred to as Cash Generation.
2 Previously referred to as Open (Pensions and Savings) Net Flows.

Group CEO



Group CFO



2021 LTIP weighted performance outturn

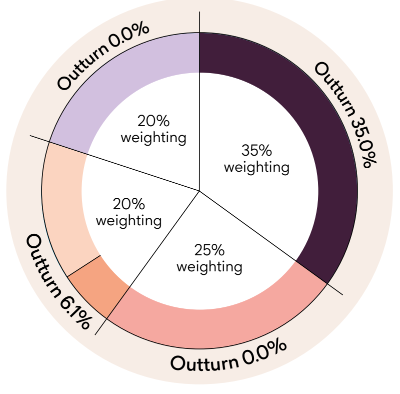
Total LTIP

Group CEO
41.1%

Group CFO
41.1%

(See page 122 for further details).

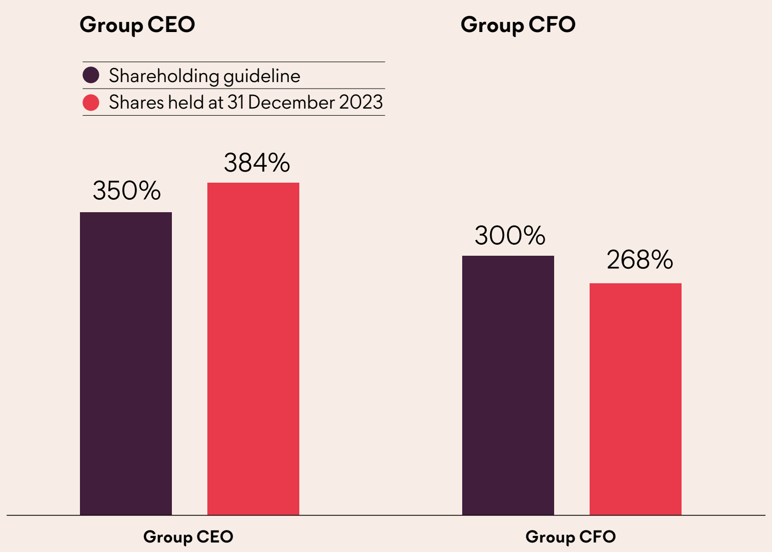
- Net Operating Cash Receipts
- Return on Shareholder Value
- Persistency
- Relative TSR



Share ownership guidelines ('SOGs')

A significant proportion of Executive remuneration is delivered in shares which are released over a period of five years. In combination with our shareholding guidelines, this aligns Executive Directors with shareholders over the long-term. As at 31 December 2023, shareholdings for Andy Briggs and Rakesh Thakrar are shown to the right.

Further details on SOGs, including post-cessation requirements are included in the Remuneration policy on page 140. The SOGs increased from 2023 under the new Remuneration policy.



SOGs percentages shown for Andy Briggs and Rakesh Thakrar include the value of shares held based on a share price of £5.352 (as at close of business on 29 December 2023). Shares included are those shares held directly and beneficially, any vested LTIP awards that have not been exercised and unvested Deferred Bonus Share Scheme options taking into account tax liabilities.

2024 at a glance

Alignment to strategy
This table demonstrates how each of our performance measures for AIP and LTIP align with the Group's strategic priorities.

Performance measures 2024

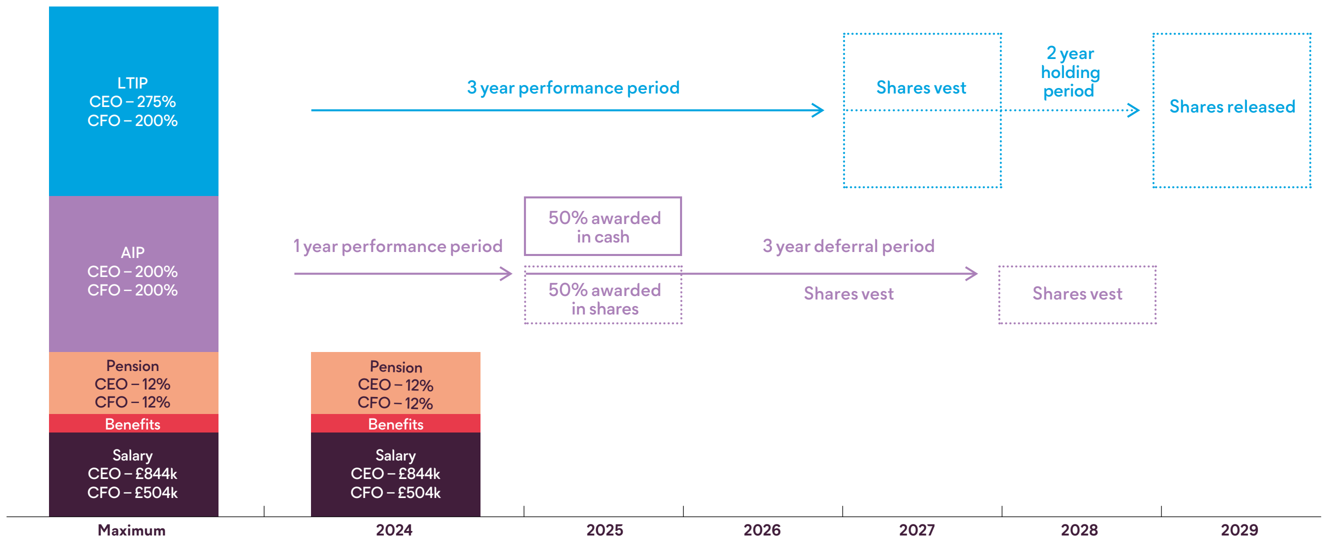
		Strategic priorities		
		Grow	Optimise	Enhance
AIP	Total Cash Generation	✓	✓	✓
	New Business Contribution	✓	–	✓
	Cost Savings	–	✓	✓
	Group Net Flows	✓	–	✓
	Customer Experience	✓	–	✓
	Strategic Scorecard	✓	✓	✓
LTIP	Net Operating Cash Receipts	✓	✓	✓
	Return on Capital	✓	✓	✓
	Relative TSR	✓	✓	✓
	Cumulative Net Flows	✓	–	✓
	Diversity and Inclusion	–	–	✓
	Decarbonisation – Investment Portfolio	–	✓	–

All employees, with the exception of certain colleagues in our Asset Management function, participate in a common incentive plan ensuring consistency of corporate goals and individual performance management. Certain colleagues in our growth centres have additional functional metrics, and our Asset Management colleagues participate in a separate bonus plan more aligned to their external market.

Directors' Remuneration report continued
Remuneration at a glance

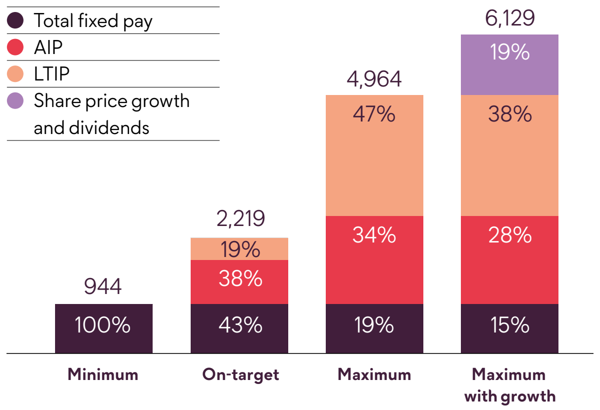
Alignment to shareholders

Our Executive remuneration is designed to align with shareholder interests to deliver long-term sustainable value. The diagram below shows how a significant portion of Executive remuneration under the Remuneration policy is delivered in shares and deferred for up to five years. Under the maximum scenario, over 63% of the Group CEO's maximum remuneration is delivered in shares.

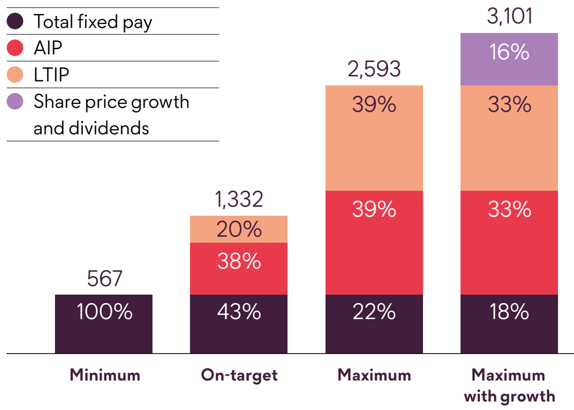


Scenario charts

Group CEO – Andy Briggs
£000



Group CFO – Rakesh Thakrar
£000



Name	Base salary £000	Benefits £000	Pension £000	Total fixed £000
Andy Briggs	844	10	90	944
Rakesh Thakrar	504	10	53	567

Minimum	Consists of base salary, benefits and pension: • Base salary is the salary to be paid in 2024. • Benefits measured as benefits to be paid in 2024. • Pension measured as the full entitlement of approximately 10.6% of base salary receivable (after the reduction to payments made in cash for employers' National Insurance Contributions).
On-target	Based on what the Executive Director would receive if performance was on-target: • AIP: consists of the on-target annual incentive (100% of base salary). • LTIP: consists of the threshold level of vesting (50% of base salary for Group CEO and Group CFO). In addition, the potential value of ShareSave and Share Incentive Plan ('SIP') participation is also recognised.
Maximum	Based on the maximum remuneration receivable: • AIP: consists of the maximum annual incentive (200% of base salary). • LTIP: assumes maximum vesting of awards and valued as on the date of grant (award of 275% of base salary for Group CEO and 200% of base salary for Group CFO). ShareSave and SIP valued on the same basis as in the on-target row.
Maximum with Growth	Based on the maximum remuneration receivable assuming share price growth of 50%: • AIP: consists of the maximum annual incentive (200% of base salary). • LTIP: assumes maximum vesting of awards and valued as on the date of grant (award of 275% of base salary for Group CEO and 200% of base salary for Group CFO) and assumes 50% share price growth. ShareSave and SIP valued on the same basis as in the on-target row.

Annual report on remuneration

This section of the Directors' Remuneration report sets out the Executive Directors' remuneration for 2023. It contains the annual report on remuneration which forms part of the Directors' Remuneration report to be proposed for approval by the Group's shareholders at the Group's 2024 AGM on 14 May 2024.

Introduction

This report contains the material required to be set out as the Directors' Remuneration report ('Remuneration report') for the purposes of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended) ('the DRR regulations').

Directors' Remuneration policy

A summary of the Remuneration policy approved by the shareholders at the 2023 AGM is set out on pages 136 to 140 of this Remuneration report. The full policy can be found on the company's website and on pages 118 to 126 of the 2022 Annual Report and Accounts.

Implementation report – Audited information

Single Figure Table

	Salary/fees[1,2]		Benefits[3]		Pension[4]		Total fixed pay		Annual incentive[5]		Long-term incentives		Total variable pay		Total	
£000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**[6]	2022[7] (restated)	**2023**	2022[7] (restated)	**2023**	2022[7] (restated)
Executive Directors																
Andy Briggs	**836**	809	**11**	11	**88**	85	**935**	905	**1,227**	1,053	**739**	1,154	**1,966**	2,207	**2,901**	3,112
Rakesh Thakrar	**500**	471	**11**	13	**54**	50	**565**	534	**689**	601	**289**	441	**978**	1,042	**1,543**	1,576

1 Andy Briggs' salary increased to £844,480 with effect from 1 April 2023. Rakesh Thakrar's salary increased to £504,400 with effect from 1 April 2023.
2 The Executive Directors are entitled to adjust their salary/benefit combination under flexible benefits arrangements and the figures shown are before individual elections.
3 Benefits for Executive Directors include car allowance, private medical insurance, other taxable allowances, ShareSave and matching shares awarded under the Share Incentive Plan. No individual benefit provided has a value which is significant enough to warrant separate disclosure.
4 Executive Directors are entitled to each receive a Company pension contribution of 12% which may be paid as a cash supplement, reduced for the effect of employers' National Insurance Contributions. Andy Briggs received his whole contribution as a cash supplement (10.6%) and Rakesh Thakrar received a combination of cash supplement and contribution (10.8%). No Director participated in a defined benefit pension arrangement in the year and none have any prospective entitlement to a defined benefit pension arrangement.
5 Annual incentive amounts are presented inclusive of any amounts which must be deferred into shares for three years and which are subject to continued employment (i.e. 50% of the AIP award for 2023). In 2023 £613,644 of Andy Briggs's incentive payment is subject to three-year deferral delivered in shares (2022: deferral of £526,416), and £344,706 of Rakesh Thakrar's incentive payment is subject to a similar deferral (2022: deferral of £300,280).
6 The 2023 value for long-term incentives is an estimate of the vesting outcomes for LTIP awards granted in 2021 which are due to vest once the Full Year results are announced. This vesting level is at 41.1% reflecting outcomes against the Net Operating Cash Receipts, Return on Shareholder Value, Persistency and Relative TSR performance measures to 31 December 2023 (see page 122). This vesting outcome is then applied to the average share price between 2 October 2023 and 29 December 2023 (478.621 pence) to produce the estimated long-term incentives figures shown for 2023 in the above table. The assumptions will be trued up for actual share price at the day of vesting in the Directors' Remuneration report for 2024. For Andy Briggs, the disclosed LTIP figure of £739k comprises the disclosed LTIP figure of £587,837 for the value of the proportion of the original LTIP award which ultimately vested, plus the value of dividend roll-up on those shares of £150,679. All values are calculated using the three-month average share price to 29 December 2023 (478.621 pence). For Rakesh Thakrar, the disclosed LTIP figure of £289k comprises the disclosed LTIP figure of £229,791 for the value of the proportion of the original LTIP award which ultimately vested, plus the value of dividend roll-up on those shares of £58,899. No portion of the awards for Andy or Rakesh related to share price appreciation.
7 For 2020's LTIP awards which are reflected in the 2022 long-term incentives column above, the performance conditions were met as to 44.3% of maximum. The 2022 long-term incentives values in the above table reflect the value of the Company's shares on the date of vesting which was 13 March 2023 (598.4 pence per share) multiplied by the number of shares vesting whereas the equivalent figure within the published 2022 Single Figure Table was an estimate which reflected the average share price between 1 October 2022 and 31 December 2022 (570.5 pence per share) and certain assumptions regarding the cumulative value of dividends on the number of shares vesting.

Directors' Remuneration report continued

AIP outcomes for 2023 – Audited information

The overall weightings between Corporate measures and Strategic Scorecard for AIP in 2023 were:

- 80% – Corporate (financial and customer) performance measures.
- 20% – Strategic Scorecard (strategic company priorities).

As described in the Remuneration policy, 50% of 2023 AIP outcomes will be delivered as an award of deferred shares under the DBSS which will vest after a three-year deferral period subject to continued employment or good leaver status.

Corporate (financial and customer) performance measures

The Corporate (financial and customer) measures represent 80% of the overall incentive opportunity. The table below details the outcome against the measures and targets that were agreed by the Remuneration Committee at the start of the year.

2023 performance targets and outcomes

Performance measure	Threshold performance level of 2023 AIP	Target performance level for 2023 AIP	Maximum performance level for 2023 AIP	Performance level attained for 2023 AIP	% of Corporate element based on performance measure	% achieved
Total Cash Generation (£m)[1]	1,300	1,400	1,500	**2,024**	30.00%	**30.00%**
Incremental New Business Long-Term Cash Generation (less strain) plus Own Funds impacting management actions (£m)	905	1,091	1,277	**1,595**	30.00%	**30.00%**
Pensions and Savings Net Flows – Workplace and Retail (£m)[2]	2,742	3,142	3,542	**3,130**	15.00%	**7.28%**
Customer Satisfaction – Telephony (%)[3]	86%	88%	90%	**87%**	6.25%	**1.56%**
Customer Satisfaction – Digital (%)[4]	92%	94%	96%	**93%**	6.25%	**1.56%**
Service Levels (Demand Processed) (%)[5]	88%	90%	92%	**91%**	6.25%	**4.69%**
Complaints Resolved in < 3 days (%)[6]	33%	35%	37%	**35%**	6.25%	**3.13%**
Total of Corporate element					**100%**	**78.22%**

1 Total Cash Generation was previously referred to as Cash Generation
2 Pensions and Savings Net Flows – Workplace and Retail was previously referred to as Open (Pensions and Savings) Net Flows.
3 Customer Feedback scores as reported through a survey following telephony service, where customers can rate us between 1–5. The approach is now consistent across each platform/entity for 2023. The target was reduced from 91% in 2022 to 88% in 2023 in light of implementing this consistent survey approach across Phoenix Group; the Committee was satisfied the targets remained equivalently stretching to prior years.
4 Customer Satisfaction scores as gathered immediately following Customer Digital journeys, where customers can rate their experience between 1–5. For Standard Life, all transactional journeys for which feedback is live on our secure site including all transactional journeys for which feedback is live on our mobile app. For Phoenix Life, encashment journey for which survey is live on MyPhoenix.
5 Percentage of all back-office manual workflow completed within service level (services levels vary across entities). Across entities this includes Claims & Servicing, with Standard Life also including new business acquisition and straight through processing. The target was reduced from 92% in 2022 to 90% in 2023 to align with our in-house manpower model and contractual agreements with OSPs which have a 90% target; the Committee was satisfied the targets remained equivalently stretching to prior years.
6 Percentage of complaints that were closed within three days of the date of receipt.

Total Cash generation in 2023 benefitted from particularly strong management actions delivery including the completion of one of the largest UK insurance Part VII transfers ever completed, with the funds merger of the Standard Life and Phoenix Life businesses into Phoenix Life Limited. The Part VII transfer created additional free surplus within our life companies through the realisation of the diversification benefit, which enabled the Group to significantly increase total cash generation in 2023.

Incremental New Business Long-Term Cash Generation (less strain) plus Own Funds impacting Management Actions benefitted from a strong year of organic growth and management actions delivery. Our organic growth was supported by targeted participation in a growing BPA market, and strong growth in our Workplace business, as we retain our existing schemes and win new schemes in the market.

As described in the Committee Chair's covering letter (page 113), Phoenix has achieved strong financial and non-financial performance and progress on key strategic objectives during the year. The Committee is satisfied that the remuneration outcomes for 2023 are an appropriate reflection of the year's business performance and its trajectory providing strong alignment between pay and performance and with appropriate regard to both the management of risk within our incentives and the broader stakeholder experience. Prior to confirming the outcomes for the 2023 AIP, the Committee reviewed in detail the extent to which the Group had operated within its stated risk appetite during the year and determined that no moderation of the 2023 formulaic outcome was necessary. Separately, the Committee made individual adjustments to the AIP outcomes which are set out on page 121.

Whilst the performance measures for the 2024 AIP have been disclosed (see Implementation of Remuneration policy for 2024 on page 126), the actual performance targets for these measures are regarded as commercially sensitive at the current time and accordingly are not disclosed. However, as in previous years, the Group intends to disclose the performance targets for 2024's AIP retrospectively in next year's Remuneration report on a similar basis to the disclosures made above in respect of 2023's AIP.

Strategic Scorecard

The Strategic Scorecard represents 20% of the overall incentive opportunity. Metrics and targets relating to this scorecard were agreed by the Remuneration Committee at the start of the year. The table below details the outcome against targets of the Strategic Scorecard together with respective weightings and outturns for the Group CEO and Group CFO.

2023 performance targets and outcomes

Strategic priority	CEO	CFO	Description	Base	Performance	Outcome	CEO outcome	CFO outcome
Optimise our in-force business	15%	20%	% range for all sustainable illiquid asset origination and transition assets	50–70%	87%	100%	15.00%	20.00%
			Publish Net Zero Transition Plan	Plan published	Plan published			
			BPA NB strain (%)	5.50%	4.7%			
			BPA Cash Multiple (x)	2.8x	3.7x			
Enhance our operating model…	30%	30%	ReAssure integration – Capital synergies lifetime	£1,064m	£1,089m	75%	22.50%	22.50%
			SLOC integration – Cost synergies lifetime[1]	£16m	£16m			
			Risk culture dashboard	Green	Green			
			Action Plan delivery	Green	Amber			
… and our culture	20%	15%	Employee Engagement eNPS	13	32	75%	15.00%	11.25%
			Female senior leaders (%)	40%	39%			
Grow organically and through M&A by better addressing customer needs	25%	20%	Phoenix Group corporate reputation score	25%	21%	50%	12.50%	10.00%
			Provide access for at least 1.5m Standard Life customers to an integrated financial wellness hub, Money Mindset	1.5m Standard Life customers	Complete			
			Reach 1.5m customers to raise awareness about the impact of their investments	1.5m customers reached	1.65m customers reached			
			Complaints resolved in 8 weeks	91%	87%			
Financial framework – Cash, Resilience and Growth	10%	15%	New Business Contribution	£372m	£354m	40%	4.00%	6.00%
Total							**69.00%**	**69.75%**

1 The SLOC integration target was reduced from £19m to £16m following a review of the definition of activity in scope. The Committee was satisfied that the revised base was equally stretching as originally intended.

Each year the Committee reviews the AIP outcomes in the context of the Group's management of risk, overall business performance and the broader stakeholder experience. In reviewing the 2023 AIP outcome, the Committee considered the delays faced during the year relating to the IFRS 17 project. As Group CFO, Rakesh Thakrar had the principal responsibility for delivering the project in a timely manner, so the Committee decided it was appropriate to use its discretion to reduce his AIP outcome by £75,000 (10%). Andy Briggs recognises that, as Group CEO, he has ultimate accountability for all projects, including IFRS 17. Accordingly, in discussion with the Committee, he suggested – and the Committee agreed – that he should forgo £50,000 (4%) of his AIP outcome.

As a result of these reductions, the Committee determined it was appropriate to pay the following outcomes under the AIP:

Name	Corporate element outcome (80% weighting) % and £000	Scorecard element outcome (20% weighting) % and £000	Total outcome % and £000	Discretionary adjustment % and £000	Actual outcome % and £000	Maximum opportunity as % of salary % and £000
Andy Briggs	78.2%	69.0%	76.4%	4% of outcome	**73.4%**	200%
	£1,046	£230	£1,277	£50	**£1,227**	£1,673
Rakesh Thakrar	78.2%	69.8%	76.5%	10% of outcome	**69.0%**	200%
	£625	£139	£764	£75	**£689**	£999

Directors' Remuneration report continued

LTIP outcomes for 2021 awards – Audited information

Performance measure and weighting	Target range	Performance achieved	Vesting outcome	% achieved
Net Operating Cash Receipts (35%)	Target range between Net Operating Cash Receipts of £4.330bn and Net Operating Cash Receipts of £4.780bn	£4.966bn	100.0%	35.0%
Return on Shareholder Value (25%)	Target range between 2% CAGR and 4% CAGR	(6.3)%	0.0%	0.0%
Persistency (20%)	Target range between 7.4% and 6.1%	7.3%	31.0%	6.1%
Relative TSR (20%)	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts) rising on a pro rata basis until full vesting for upper quintile performance. In addition, the Committee must consider whether the TSR performance is reflective of the underlying financial performance of the Company	32nd percentile	0.0%	0.0%
Total				**41.1%**

The above targets were all measured over the period of three financial years 1 January 2021 to 31 December 2023.

Underpin and discretion

In addition to the above targets, the Committee confirmed that the underpin performance condition relating to risk management within the Group, customer satisfaction and, in exceptional cases, personal performance had been achieved in the performance period.

Windfall gains

The Committee reviewed the grant price of the 2021 LTIP (736.2 pence) compared to the grant price of the 2020 LTIP (620.54 pence) and was satisfied that no adjustments were required to the awards on grant for windfall gains. The Committee has again reviewed the position ahead of the vesting, taking into account Phoenix Group's share price as at 29 February 2024 (496.35 pence) and is satisfied that no windfall gains have occurred and that no adjustment is required on vesting.

Share-based awards

LTIP targets

The performance conditions for the 2021, 2022 and 2023 awards are set out below.

Performance measure[1]	2021 award 35% Net Operating Cash Receipts 25% Return on Shareholder Value 20% Relative TSR 20% Persistency	2022 award 20% Net Operating Cash Receipts 20% Return on Shareholder Value 20% Relative TSR 20% Persistency 20% Decarbonisation	2023 award 20% Net Operating Cash Receipts 20% Group In-Force Long-Term Free Cash 20% Relative TSR 20% Persistency 20% Decarbonisation
Net Operating Cash Receipts	Target range of £4.330bn to £4.780bn	Target range of £3.800bn to £4.100bn	Target range of £3.556bn to £4.006bn
Return on Shareholder Value	Between 2% CAGR and 4% CAGR	Between 3% CAGR and 5% CAGR	n/a
Group In-Force Long-Term Free Cash	n/a	n/a	Target range between £14.7bn and £15.4bn
Persistency	Target range between 7.4% and 6.1%	Target range between 7.6% and 6.2%	Target range between 7.10% and 6.08%
Decarbonisation – Investment Portfolio	n/a	Net zero strategy applied between target range of 75% and 85% of assets in scope by 2025 Reduction of 18%–22% in portfolios where a net zero strategy has been applied	Net zero strategy applied to target range of 80%–90% of in-scope assets and 25% reduction in carbon intensity (provided in the best interests of customers)
Decarbonisation – Operations	n/a	Target range of 15%–25% reduction year on year against 2019 carbon intensity of Scope 1 and 2 emissions from occupied premises and Scope 3 emissions from business travel	Target range of 75% to 85% reduction pre-offset, plus net zero post offset
Relative TSR[2] 25% of this part vests at threshold performance rising on a pro rata basis until 100% vests	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts) rising on a pro rata basis until full vesting for upper quintile performance	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts rising on a pro rata basis until full vesting for upper quintile performance	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts) rising on a pro rata basis until full vesting for upper quintile performance

1 For each measure above, 25% of the award vests at threshold performance rising on a pro rata basis until 100% vests. Measured over three financial years commencing with the year of award.
2 The Committee must also consider whether the TSR performance is reflective of the underlying performance of the Company measured over three financial years commencing with the year of award.

A consistent approach to target setting for the LTIP metrics has been taken each year with reference to the Group's long range plan so that delivery of target performance is considered to be comparably stretching for each award. As a result, the cash targets have not always increased and did indeed reduce in 2022 and 2023 reflecting our business model shifting from being a closed life consolidator to an organic growth business. The 2024 LTIP cash targets disclosed on page 127 have again been set with reference to the Group's business plan and are higher than in 2023.

LTIP underpin

Awards are subject to an underpin relating to risk management within the Group, consideration of customer satisfaction and, to meet Solvency II requirements, in exceptional cases, personal performance.

Share-based awards – Audited information

As at 31 December 2023, Directors' interests under long-term share-based arrangements were as follows:

LTIP

Name	Date of grant	Share price on grant	No. of shares granted as at 1 Jan 2023	No. of shares granted in 2023	No. of dividend shares accumulating at vesting[1]	No. of shares exercised[2]	No. of shares lapsed[3]	No. of shares as at 31 Dec 2023	Vesting date[4]
Andy Briggs									
LTIP	13 Mar 2020	620.5p	354,529	–	80,777	–	(242,466)	192,840	13 Mar 2023
LTIP	12 Mar 2021	736.2p	298,831	–	–	–	–	298,831	12 Mar 2024
LTIP	18 Mar 2022	635.9p	351,133	–	–	–	–	351,133	18 Mar 2025
LTIP	17 Mar 2023	576.6p	–	402,712	–	–	–	402,712	17 Mar 2026
			1,004,493	**402,712**	**80,777**	**–**	**(242,466)**	**1,245,516**	
Rakesh Thakrar									
LTIP	11 Mar 2019	700.4p	39,259	–	8,530	–	(10,323)	37,466	11 Mar 2022
LTIP	13 Mar 2020	620.5p	135,365	–	30,840	–	(92,577)	73,628	13 Mar 2023
LTIP	12 Mar 2021	736.2p	116,816	–	–	–	–	116,816	12 Mar 2024
LTIP	18 Mar 2022	635.9p	152,530	–	–	–	–	152,530	18 Mar 2025
LTIP	17 Mar 2023	576.6p	–	174,935	–	–	–	174,935	17 Mar 2026
			443,970	**174,935**	**39,370**	**–**	**(102,900)**	**555,375**	

1 In addition to the share options awarded under the LTIP shown above, dividends are awarded as additional options at vest. Dividends calculated are based on the final vesting figure (post-performance) to reflect dividends paid from the date of award to the date of vest. Once the additional holding period of two years has been reached, further dividends are awarded to reflect dividends paid from the date of vest to the end of the holding period.
2 Whilst both Andy Briggs and Rakesh Thakrar had LTIP awards which have vested, they cannot be exercised due to the additional two-year holding requirement resulting in an overall gain of £nil in 2023 (2022: £645,224).
3 The 2020 LTIP award vested at 44.3% of maximum. The 2019 LTIP award vested at 78.4% of maximum.
4 LTIP awards granted on 12 March 2021 will vest after the 2023 Full year results are announced. LTIP awards made to all members of the Executive Committee are subject to a three-year performance period and a two-year holding period.

DBSS

The DBSS is the share scheme used for the deferral of the AIP. Whilst no performance conditions are applicable, awards are subject to continued employment or a good leaver status.

Name	Date of grant	Share price on grant	No. of shares granted as at 1 Jan 2023	No. of shares granted in 2023	No. of dividend shares accumulating at vesting[1]	No. of shares exercised[2]	No. of shares lapsed/waived	No. of shares as at 31 Dec 2023	Vesting date
Andy Briggs									
DBSS	12 Mar 2021	736.2p	67,269		–	–	–	67,269	12 Mar 2024
DBSS	18 Mar 2022	635.9p	73,610	–	–	–	–	73,610	18 Mar 2025
DBSS	17 Mar 2023	576.6p	–	91,285	–	–	–	91,285	17 Mar 2026
			140,879	**91,285**	**–**	**–**	**–**	**232,164**	
Rakesh Thakrar									
DBSS	13 Mar 2020	620.5p	15,262	–	3,476	(18,738)	–	–	13 Mar 2023
DBSS	12 Mar 2021	736.2p	27,381	–	–	–	–	27,381	12 Mar 2024
DBSS	18 Mar 2022	635.9p	39,209	–	–	–	–	39,209	18 Mar 2025
DBSS	17 Mar 2023	576.6p	–	52,071	–	–	–	52,071	17 Mar 2026
			81,852	**52,071**	**3,476**	**(18,738)**	**–**	**118,661**	

1 In addition to the share options awarded under the DBSS shown above, dividends are awarded as additional options at vest. Dividends calculated are based the final vesting figure to reflect dividends paid from the date of award to the date of vest.
2 Gains of Directors (Rakesh Thakrar only) from share options exercised and vesting shares under the DBSS in 2023 was £102,537.03 (2022: £91,800.33) arising from an award exercised on 27 March 2023 at a share price of 547.2 pence.

Directors' Remuneration report continued

Scheme interests awarded in the year – Audited information

Name	Date of award	Type of award	Nature of the award	How the award is calculated	Face value of award	Percentage vesting at threshold performance[1]	Vesting date	Performance measures[1]
Andy Briggs	17 Mar 2023	LTIP	Nil Cost Option	275% of salary	£2,322,320	25%	17 Mar 2026	See page 122
Andy Briggs	17 Mar 2023	DBSS	Nil Cost Option	50% of AIP	£526,416	–	17 Mar 2026	None
Rakesh Thakrar	17 Mar 2023	LTIP	Nil Cost Option	200% of salary	£1,008,800	25%	17 Mar 2026	See page 122
Rakesh Thakrar	17 Mar 2023	DBSS	Nil Cost Option	50% of AIP	£300,281	–	17 Mar 2026	None

1 The DBSS awards have no threshold performance level.

The face value represents the maximum vesting of awards granted (but before any credit for dividends over the period to vesting) and is calculated using a share price of the average of the closing middle market prices of Phoenix shares for the three dealing days preceding the award date (2023 LTIP and DBSS award share price was 576.6 pence).

ShareSave – Audited information

Name	As at 1 Jan 2023	Options granted	Options exercised	Options lapsed	As at 31 Dec 2023	Exercise price	Exercisable from	Date of expiry
Andy Briggs	3,056	–	–	–	3,056	£5.89	01 Jun 2024	01 Dec 2024
Rakesh Thakrar	1,768	–	–	1,768	–	£5.09	–	–
Rakesh Thakrar	2,546	–	–	2,546	–	£5.89	–	–
Rakesh Thakrar	–	8,359	–	–	8,359	£3.78	01 Dec 2028	01 Jun 2029

ShareSave options are granted at a 20% discounted option price, calculated using the three-day average share price immediately before the invitation date.

Rakesh Thakrar closed his 2021 and 2022 ShareSave plans and elected to save the maximum amount into ShareSave 2023 for an increased five-year term. There was nil gain in 2023. (2022: £1,963).

Aggregate gains of Directors from share options exercised under all share plans in 2023 was £102,537 (2022: £738,988). This figure relates to Rakesh Thakrar's 2020 DBSS share option exercise.

During the year ended 31 December 2023, the highest mid-market price of the Company's shares was 647.0 pence and the lowest mid-market price was 441.6 pence. At 31 December 2023, the Company's share price was 535.2 pence (29 December 2023 price).

Executive Directors' interests – Audited information

The number of shares and share plan interests held by each Director and their connected persons are shown below:

Name	Share interests as at 1 January 2023 or date of appointment if later[1]	Share interests as at 31 December 2023 or retirement if earlier	Total share plan interests as at 31 December 2023 – Subject to performance measures	Total share plan interests as at 31 December 2023 – Not subject to performance measures	Total share plan interests as at 31 December 2023 – Vested but unexercised scheme interest
Andy Briggs	358,839	380,274	1,052,676	232,164	192,840
Rakesh Thakrar	115,441	130,556	444,281	118,661	111,094

1 Share interests values have reduced due to SIP matching shares being included previously.

The Directors' share interests of the following Directors have increased between 31 December 2023 and 21 March 2024 (being the latest practicable date prior to the release of this Annual Report). Andy Briggs and Rakesh Thakrar acquired an additional 89 shares each following purchases under the Group's Share Incentive Plan. There were no other changes between these dates.

Shareholding requirements – Audited information

The Executive Directors are subject to shareholding requirements during their employment with the Group and for a period of two years post termination of employment. Andy Briggs and Rakesh Thakrar are subject to a post-cessation shareholding of 100% of their in-employment shareholding for a period of two years post-employment. The extent to which Executive Directors have achieved the requirements by 31 December 2023 (using the share price of 535.2 pence as at 29 December 2023) is summarised below. Unvested share awards no longer subject to performance conditions (discounted for tax liabilities) are included within the SOGs.

The Executive Directors are subject to shareholding requirements during their employment with the Group and for a period of two years post termination of employment. Andy Briggs and Rakesh Thakrar are subject to a post-cessation shareholding of 100% of their in-employment shareholding for a period of two years post-employment. The extent to which Executive Directors have achieved the requirements by 31 December 2023 (using the share price of 535.2 pence as at 29 December 2023) is summarised below. Unvested share awards no longer subject to performance conditions (discounted for tax liabilities) are included within the SOGs. In addition to the unvested share awards and shares previously acquired, during 2023, Andy Brigs and his connected persons purchased 20,964 shares privately and a total of 471 shares were purchased and/or awarded under the Phoenix Group UK SIP (partnership and dividend shares). During 2023, Rakesh Thakrar purchased 3,566 shares privately, received an additional 737 dividend shares based on his ISA holdings, retained 9,860 net shares following his 2020 DBSS exercise and a total of 952 shares were purchased and/or awarded under Phoenix Group UK SIP (partnership and dividend shares).

The extent to which the Executive Directors have achieved their SOG percentage is shown below:

Name	SOG (minimum % of salary)	Value of shares held at 31 December 2023 (% of salary)
Andy Briggs	350%	384%
Rakesh Thakrar	300%	268%

The post-cessation shareholding requirement is monitored and enforced by direct liaison and confirmation with the Directors and their brokers; all trades and transfers are notified to the Group by the relevant Director and registered accordingly.

The Executive Directors are required to sign a declaration that they have not, and will not at any time during their employment with Phoenix Group, enter into any hedging contract in respect of their participation in the AIP, LTIP, ShareSave, Share Incentive Plan or any other incentive plan of the Company, or pledge awards in such plans as collateral, and additionally that they will neither enter into a hedging contract in respect of, nor pledge as collateral, any shares which are required to be held for the purposes of the Company's shareholding requirements or any vested LTIP award shares subject to a LTIP holding period.

Non-Executive Directors' interests – Audited information

The number of shares held by each Director and their connected persons are shown below:

Name	Share interests as at 1 January 2023 or date of appointment if later	Share interests as at 31 December 2023 or retirement if earlier
Nicholas Lyons	65,990	105,990
Alastair Barbour	9,716	17,966
Karen Green	–	–
Stephanie Bruce	–	11,054
Eleanor Bucks	–	–
Hiroyuki Iioka	–	–
Mark Gregory	–	–
Katie Murray	4,600	9,780
John Pollock	14,666	14,666
Belinda Richards	–	–
David Scott	–	–
Maggie Semple	–	–
Nicholas Shott	69,473	182,146
Kory Sorenson	45,000	45,000

Directors' Remuneration report continued

Implementation of Remuneration policy in 2024 – Non-auditable
A summary of the packages of the Executive Directors is set out in the table below.

	Andy Briggs	Rakesh Thakrar
Salary	£844,480, no change to 2023.	£504,400, no change to 2023.
Benefits	Benefits in line with the rest of the workforce including legacy car allowance of £10,000 and Private Medical Insurance cover for self only. Executive Directors are also entitled to receive benefits in accordance with our Directors' Remuneration policy which will be reported in the Single Figure Table each year.	
Pension	Contribution rate of 12% of base salary (reduced for the impact of employers' NIC if taken as a cash payment), aligned to our wider workforce.	
Annual bonus	200% of base salary at maximum. Details of the 2024 AIP are set out below.	
LTIP	275% of base salary.	200% of base salary.
	Details of the 2024 LTIP awards are set out overleaf.	
Shareholding requirement	350% of base salary.	300% of base salary.
	Where any performance vested LTIP awards are subject to a holding period requirement, the relevant LTIP award shares (discounted for anticipated tax liabilities) will count towards the shareholding requirements. Unvested awards under the DBSS which are not subject to performance conditions are included in this assessment on a net of tax basis. Unvested awards under the LTIP are not included in this assessment.	
Post cessation shareholding requirement	Executive Directors are expected to retain the lower of their shareholding on termination or their full in-employment shareholding requirement for two years.	

Element of Remuneration policy

Annual Incentive Plan ('AIP')

The Committee regularly reviews the performance measures of the incentive plans to ensure they remain aligned with our strategy, are appropriately challenging, support the Company's culture and values, and create value for stakeholders. As detailed in the Committee Chair's covering letter on page 114 the metrics for the 2024 AIP are shown below.

The Strategic Scorecard reflects 20% of the Executive Directors' AIP. This will include a number of the strategic priorities for the year (but avoiding duplication with any outcomes under the Corporate element) and which can be clearly articulated and measured. Sustainability remains at the heart of our purpose and ESG metrics continue to form part of the Strategic Scorecard elements of the Executive Directors.

The overall weightings between Corporate measures and Strategic Scorecard for AIP in 2024 are:

- Corporate (financial and customer) performance measures – 80%; no change from 2023.
- Strategic Scorecard (strategic Company priorities) – 20%; no change from 2023.

The weightings of the AIP performance measures for 2024 are summarised below:

Performance measure Corporate measure	% of incentive potential
Total Cash Generation	16% (20% of Corporate element)
New Business Contribution	16% (20% of Corporate element)
Cost Savings	16% (20% of Corporate element)
Group Net Flows	12% (15% of Corporate element)
Customer Experience	20% (25% of Corporate element)
Strategic Scorecard	20%
Total	**100%**

Whilst the performance measures for the 2024 AIP are disclosed above, the actual performance targets for these measures are regarded as commercially sensitive at the current time and accordingly are not disclosed. However, as in previous years, the Group intends to disclose the performance targets for 2024's AIP retrospectively in next year's Remuneration report on a similar basis to the disclosures made above in respect of 2023's AIP.

Outcomes from performance measures for 2024's AIP may be moderated by the Remuneration Committee in line with the approved Remuneration policy. This will include a review by the Remuneration Committee of the extent to which the Group has operated within its stated risk appetite and that there are no other risk-related concerns that would necessitate moderation before any 2024 AIP outcomes are confirmed. The targets for the specific performance measures for the AIP in 2024 are regarded as commercially sensitive by the Group but will be disclosed retrospectively in the Remuneration report for 2024.

50% of AIP outcomes for 2024 will be delivered as an award of deferred shares under the DBSS which will vest after a three-year deferral period.

Deferred Bonus Share Scheme ('DBSS')

DBSS awards made in 2024 (in respect of 2023's AIP outcome) will be made automatically on the fourth dealing day following the announcement of the Group's 2023 annual results in accordance with the Remuneration policy.

The number of shares for DBSS awards will be calculated using the average share price for the three dealing days before the grant of the DBSS awards. The three-year deferral period will run to the three-year anniversary of the making of the DBSS awards. Dividend entitlements for the shares subject to DBSS awards will accrue over the three-year deferral period.

Long Term Incentive Plan ('LTIP')

Awards under the LTIP will be made automatically on the fourth dealing day following the announcement of the Group's Full or Half year results under a procedure similar to that described above for awards under the DBSS.

The number of shares for LTIP awards will be calculated using the average share price for the three dealing days before the grant of the LTIP awards. The initial three-year vesting period will run to the three-year anniversary of the granting of the LTIP awards. At this time, the performance conditions will be determined.

All annual LTIP awards made to Executive Directors are subject to a holding period so that any LTIP awards for which the performance conditions are satisfied will not be released for a further two-years from the third anniversary of the original award date. Dividend accrual for LTIP awards will continue until the end of the holding period.

The Committee reviews the performance measures and targets of the LTIP each year to ensure these are aligned to Phoenix Group's strategic priorities, are appropriately challenging, support the Company's culture and values, and create value for stakeholders. For the 2024 LTIP, the Long-Term Free Cash metric will be replaced by a Return on Capital metric to provide a measure of the efficiency of the Company's use of capital. The Persistency metric in the previous year's LTIP will be replaced by a Cumulative Net Flows metric, which demonstrates our commitment to incentivising growth in new business and retention of existing business. Following a significant reduction in emissions from operations, the Decarbonisation from Operations metric (10% weighting) will be replaced by a Diversity, Equity & Inclusion metric measuring ethnicity representation amongst our senior leadership population.

The targets are measured over a period of three financial years, commencing with financial year 2024. As detailed in the Committee Chair's covering letter on page 114 the 2024 LTIP measures have changed. Measures, weightings and targets are shown below:

Performance measure and weighting	Threshold target	Full vesting target
Net Operating Cash Receipts (20%)	£3,848m	£4,298m
Return on Capital (20%)	12.6%	14.7%
Cumulative Net Flows (20%)	£(7.1)bn	£3.8bn
Decarbonisation – Investment Portfolio[1] (10%)	29% carbon intensity reduction of equity and credit portfolio and 87.5% of assets to have an agreed decarbonisation approach taken through governance[2]	35% carbon intensity reduction of equity and credit portfolio and 100% of assets to have an agreed decarbonisation approach taken through governance[2]
Diversity and Inclusion – Senior Leadership Black, Asian and Ethnic Minority Representation[3] (10%)	>12.0%	>14.0%
Relative TSR (20%) measured against the constituents of the FTSE 350 (excluding Investment Trusts), subject to the Committee considering whether the TSR performance is reflective of the underlying financial performance of the Company (20%)	50th percentile	80th percentile

1 For the investment portfolio that is within control and influence.
2 Includes where the approved strategy can be to take no further action.
3 The current Race and Ethnicity % senior leadership figure is based on c. 68% workforce coverage/respondents at the time the targets were set. A new data capture exercise is underway and as part of this the starting point will be assessed in H2 and any impact on target considered.

As described on page 123, the 2024 LTIP cash targets are higher than in 2023. A consistent approach to target setting is taken each year with reference to the Group's business plan so that delivery of target performance is considered to be comparably stretching for each award.

All 2024 LTIP awards are subject to an underpin relating to risk management within the Group, consideration of customer satisfaction and, to meet Solvency II requirements, in exceptional cases, personal performance. This underpin relating to the formulaic outturn of the LTIP reflects the extent to which the Group has operated within its stated risk appetite and ensures that Management is not incentivised to accept risk outside of appetite in the pursuit of improved delivery against LTIP performance targets. It also offers a broader assessment than the previous focus on the management of the Group's debt position.

For the Group CEO, awards vesting under the LTIP will be subject to a cap on threshold performance of the lower of 50% of salary or 25% of maximum vesting.

The rules of the Company's LTIP reserve discretion for the Committee to adjust the outturn for any LTIP performance measures (from zero to any cap) should it consider that to be appropriate. The Committee may operate this discretion having regard to such factors as it considers relevant, including the performance of the Group, any individual or business.

With regard to the 2024 LTIP grants to be made in March, the Committee will review the outcome at the point of vesting in 2027 to consider if any windfall gains have been made.

All-Employee Share Plans

Executive Directors have the opportunity to participate in HMRC tax advantaged ShareSave and Share Incentive Plans on the same basis as all other UK employees. Employees based in the Republic of Ireland and Germany have the opportunity to join the Irish SIP and International Purchase Plan.

All incentive plans are subject to malus/clawback. See 'Notes to the Remuneration policy table' on pages 122 to 125 of the 2022 Annual Report for details.

Directors' Remuneration report continued

Non-executive fees – Audited information

The emoluments of the Non-Executive Directors for 2023 based on the current disclosure requirements were as follows:

Name	Directors' salaries/fees 2023 £000	Directors' salaries/fees 2022 £000	Benefits[1] 2023 £000	Benefits[1] 2022 £000	Total 2023 £000	Total 2022 £000
Non-Executive Chair						
Nicholas Lyons[2]	**38**	307	**–**	8	**38**	315
Alastair Barbour[3]	**430**	307	**30**	21	**460**	276
Non-Executive Directors						
Karen Green	**173**	159	**2**	3	**175**	162
Stephanie Bruce[4]	**–**	–	**–**	–	**–**	–
Eleanor Bucks[5]	**7**	–	**–**	–	**7**	–
Mark Gregory[6]	**86**	–	**3**	–	**89**	–
Hiroyuki Iioka[7]	**–**	–	**–**	–	**–**	–
Katie Murray	**107**	74	**2**	2	**109**	76
John Pollock	**146**	141	**4**	3	**150**	144
Belinda Richards	**126**	116	**2**	2	**128**	118
David Scott[8]	**–**	–	**–**	–	**–**	–
Maggie Semple	**128**	63	**3**	1	**131**	64
Nicholas Shott[9]	**159**	139	**2**	2	**161**	141
Kory Sorenson[10]	**71**	141	**–**	1	**71**	142
Total[11]	**1,471**	1,395	**48**	43	**1,519**	1,438

1 The amounts within the benefits columns reflect the fact that the reimbursement of expenses to Non-Executive Directors for travel and accommodation costs incurred in attending Phoenix Group Holdings plc Board and associated meetings represent a taxable benefit. This position has been clarified with HMRC and the amounts shown are for reimbursed travel and accommodation expenses (and the related tax liability which is settled by the Group).
2 Nicholas Lyons stepped down from the Board on 1 September 2022 and commenced his sabbatical. He returned as Chair of the Group Board on 1 December 2023.
3 Alastair Barbour became Chair of the Group Board on 1 September 2022 and stepped down from the position of Chair of the Group Board and the Nomination Committee on 30 November 2023. Alastair Barbour then retired from the Board on 31 December 2023.
4 Stephanie Bruce retired from the Board on 11 May 2023 and waived all emoluments with regard to her Directors' fees.
5 Eleanor Bucks was appointed as a Director on 1 December 2023.
6 Mark Gregory was appointed as a Director on 1 April 2023 and became a member of the Risk Committee on 1 April 2023.
7 Hiroyuki Iioka has waived all current and future emoluments with regard to his Directors' fees.
8 David Scott was appointed as a Director on 11 May 2023 and has waived all current and future emoluments with regard to his Directors' fees.
9 Nicholas Shott became Chair of the Remuneration Committee on 4 May 2023.
10 Kory Sorenson retired from the Board on 30 June 2023.
11 The increase in fees for Non-Executive Directors of the Company reflect the increase in base fee from 2022 to 2023 and fees in relation to chairing a committee as well as changes to committee membership.

The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions and annual incentive was £5.963 million (2022: £6.181 million).

Implementation of Remuneration policy in 2024 – Non-auditable

A summary of the annual base fees of the Non-Executive Directors are set out below.

	Fee from 1 April 2023 £000	Fee from 1 April 2024 £000
Chair of the Group Board	460	460
Non-Executive Director	78	78
Senior Independent Director	20	20
Designated NED for Workforce Engagement	15	15
Committee Chair	30	30
Committee Member	18	18

On 1 April 2023 the base fee for Non-Executive Directors increased by 4%, lower than that of the wider workforce. Consistent with the approach for executive directors, there will be no increases to Non-Executive Directors' base fees in 2024.

The Chair's fee was last reviewed in August 2021 with the next review due to take place in August 2024. For simplicity, it has been decided not to proceed with the review in 2024 and instead to consider the Chair's fee at the same time as the annual review of Non-Executive Director fees from 2025, which is normally in quarter one.

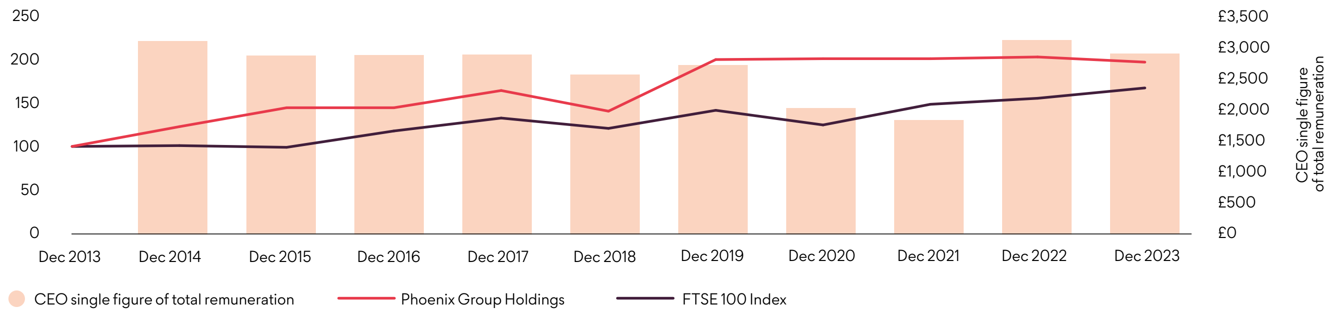
Performance graph and table

The graph below shows the value to 31 December 2023 on a TSR basis, of £100 invested in Phoenix Group Holdings plc on 31 December 2013 compared with the value of £100 invested in the FTSE 100 Index (excluding Investment Trusts).

The FTSE 100 Index (excluding Investment Trusts) is considered to be an appropriate comparator for this purpose as it is a broad equity index of which the Group is a constituent.

Total Shareholder Return

Value of a 100 unit investment made on 31 December 2013.



The total figure of remuneration for 2020 shown above is a combination of the single figures for Clive Bannister and Andy Briggs to reflect the change in Group CEO in 2020.

The DRR regulations also require that this performance graph is supported by a table summarising aspects of the Group CEO's remuneration for the period covered by the above graph.

Group CEO remuneration

		Single figure of total remuneration (£000)	Annual variable element award rates against maximum opportunity ('AIP')	Long-Term incentive vesting rates against maximum opportunity ('LTIP')
2023	Andy Briggs	2,901	73%	41.1%
2022	Andy Briggs	3,112	87%	44.3%
2021	Andy Briggs	1,831	78%	n/a[1]
2020	Andy Briggs[2]	1,706	83%	0.0%[3]
	Clive Bannister[2,4]	321	81%	n/a[5]
2019	Clive Bannister	2,715[6]	92%	68.5%
2018	Clive Bannister	2,567	86%	49.5%
2017	Clive Bannister	2,888	86%	64.0%
2016	Clive Bannister	2,878	84%	55.0%
2015	Clive Bannister	2,867	82%	57.0%
2014	Clive Bannister	3,104	68%	57.0%[7]

1 Andy Briggs was not in receipt of a 2019 LTIP due to the timing of his appointment.
2 Clive Bannister left the role of Group CEO on 10 March 2020 and left Phoenix Group on the same date. Andy Briggs was appointed to the Board on 10 February 2020 and remained as CEO-designate until 10 March 2020.
3 See footnote 11 on page 130 of the 2020 Annual Report and Accounts for details of Andy Briggs's LTIP vesting.
4 Clive Bannister's 2020 single figure of total remuneration does not include compensation for loss of office.
5 Clive Bannister's 2020 single figure of total remuneration does not include any value in respect of the 2018 LTIP. LTIP awards which vested after Clive Bannister stepped down from the Board of the Company have been reported as Payments to Past Directors on page 132 of the 2022 Annual Report and Accounts and are not included in the single figure of total remuneration, in line with the reporting regulations.
6 The single figure of total remuneration for 2019 has been restated and now reflects the actual price of shares on the day the 2017 LTIP vested (24 March 2020, 557.4 pence per share) rather than the three-month average share price to 31 December 2019 (717.09 pence per share) which was required to be used last year for the single figure of total remuneration.
7 The long-term incentive vesting rate is shown as 57%. The group CEO decided to voluntarily waive any entitlement in excess of two-thirds of the shares which would otherwise have vested.

Directors' Remuneration report continued

CEO pay ratio

The table below details the CEO pay ratio for the year ended 31 December 2023, in line with the UK regulatory requirements. The ratios compare the CEO total pay against the pay of three UK employees, whose earnings represent the lower quartile, median, and upper quartile positions of the UK employee population. The calculations are based on Option A of the three methodologies, which we believe is the most statistically robust approach.

The CEO value used is the total single figure remuneration data for 2023 (as detailed on page 119). For the 2023 ratio, the total compensation figure for UK employees follows the same methodology as for the CEO and is based on a full-time equivalent of actual earnings including amounts due from incentive plans.

The Group reviewed the pay of the three identified employees at the 25th percentile, 50th percentile (median) and 75th percentile and concluded that they were a fair representation of pay at the relevant quartiles of the UK employee base. Each individual was a direct employee on a permanent or fixed-term contract during 2023 and received remuneration in line with Group-wide remuneration policies. None received an exceptional award that would otherwise inflate their pay figure.

The table below sets out the salary and total single figure remuneration for the Group CEO and percentile employees included in the below ratios.

	Year	Methodology	CEO	25th percentile	50th percentile (median)	75th percentile
Salary	2023	Option A	836,360	26,640	40,453	61,858
Total remuneration (single figure)			2,901,513	33,217	53,493	85,926
2023 ratio (total compensation)				87:1	54:1	34:1
2022 ratio (total compensation)				100:1	69:1	41:1
2021 ratio (total compensation)				66:1	46:1	26:1
2020 ratio (total compensation)				78:1	54:1	31:1
2019 ratio (total compensation)				94:1	62:1	40:1

The reduction in ratio for 2023 reflects the lower level of total compensation for the CEO compared to 2022 due in part to the lower AIP outturn and LTIP vesting figures. Additionally, salary and total compensation levels at the relevant data points have increased reflecting our changed demographic as result of the Group-wide organisational review and capability uplift to deliver on our future strategy, in particular in our growth centres. The figures are also impacted by a number of lower earners transferring out of the Group as part of our ongoing outsource strategy.

Colleagues are also eligible to participate in our all-employee share plans, which were not included in the values in the employee single figure. Nearly half of all employees participate in Phoenix Group's growth and success through either the ShareSave Scheme, the Share Incentive Plan or the International Purchase Plan.

Phoenix Group is committed to attracting best in class talent at all levels with a compelling and competitive total reward proposition. This includes a holistic core and flexible suite of benefits with the ability to customise these to meet individual needs, as well as industry-leading people policies including equal parental leave.

We are confident that the median pay ratio reported this year is consistent with our approach to pay, reward, career progression and growth for all colleagues. All colleagues have the opportunity for annual pay awards, performance-driven pay and recognition, as well as access to opportunities to develop their careers at Phoenix Group, ensuring we create an environment for everyone to feel it is the best place our colleagues have ever worked.

Directors' percentage change in pay 2022 to 2023

In accordance with the DRR regulations, the table below provides a comparison of the percentage change in the prescribed pay elements of each individual who was a Director during the year (salary, taxable benefits and annual incentive outcomes) between financial years 2022 and 2023 and the equivalent percentage changes in the average of all staff employed by Phoenix Group. As no staff are employed directly by Phoenix Group Holdings plc, we have disclosed information for an appropriate group that is representative of the employees of Phoenix Group and its subsidiaries, in line with the regulatory guidance for this disclosure). This group was selected as being representative of the wider workforce using the same process as was used for this comparison in last year's Annual Report and Accounts.

	Salary %				Taxable benefits %				Annual incentive %			
Year-on-year % change	**2023**	2022	2021	2020	**2023**	2022	2021	2020	**2023**	2022	2021	2020
Executive Directors[1]												
Andy Briggs[2]	**3.4**	1.1	0.0	–	**(0.96)**	2.6	3.3	–	**16.6%**	12.4	(5.5)	–
Rakesh Thakrar[2]	**6.0**	10.2	2.3	–	**(15.8)**	20.7	3.3	–	**14.8%**	20.4	(3.3)	–
Chair												
Nicholas Lyons	**(87.5)**	(17.1)	13.8	0.0	**(100)**	897.6	0.0	(100)	**n/a**	n/a	n/a	n/a
Alastair Barbour[6]	**68.8**	58.4	11.0	0.0	**41.7**	109.1	66.6	(60)	**n/a**	n/a	n/a	n/a
Non-Executive Directors[3]												
Karen Green	**8.9**	12.8	12.8	6.8	**(26.2)**	362.9	0.0	(100)	**n/a**	n/a	n/a	n/a
Stephanie Bruce[6]	**0.0**	n/a[4]	–	–	**0.0**	n/a[4]	–	–	**n/a**	n/a	n/a	n/a
Eleanor Bucks[5]	**n/a[4]**	–	–	–	**n/a[4]**	–	–	–	**n/a**	n/a	n/a	n/a
Mark Gregory[5]	**n/a[4]**	–	–	–	**n/a[4]**	–	–	–	**n/a**	n/a	n/a	n/a
Hiroyuki Iioka	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**n/a**	n/a	n/a	n/a
Katie Murray	**45.4**	0.0	–	–	**(3.3)**	0.0	–	–	**n/a**	n/a	n/a	n/a
John Pollock	**3.4**	0.0	4.4	0.7	**56.0**	0.0	0.0	(100)	**n/a**	n/a	n/a	n/a
Belinda Richards	**8.4**	4.5	5.7	0.0	**(10.7)**	0.0	0.0	(100)	**n/a**	n/a	n/a	n/a
David Scott[5]	**n/a[4]**	–	–	–	**n/a[4]**	–	–	–	**n/a**	n/a	n/a	n/a
Maggie Semple	**102.8**	0.0	–	–	**106.4**	0.0	–	–	**n/a**	n/a	n/a	n/a
Nicholas Shott	**14.5**	7.7	22.8	0.0	**42.8**	208.3	(100)	(80)	**n/a**	n/a	n/a	n/a
Kory Sorenson[6]	**0.0**	0.0	12.8	0.0	**0.0**	0.0	0.0	(100)	**n/a**	n/a	n/a	n/a
Wider employee population	**8.9**	**4.4**	**4.7**	3.9	**(55.3)**	**57.2**	**1.4**	7.4	**11.5**	**27.6**	9.1	n/a

1 The Taxable Benefits figures used for Andy Briggs and Rakesh Thakrar includes ongoing taxable benefits only.
2 The Taxable Benefits figures reflect a change in approach to reporting from 2022 whereby the benefits under the ShareSave and Share Incentive Plan (previously included within the LTIP figure within the Single Figure Table) are now included within Taxable Benefits instead.
3 The increase in fees for Non-Executive Directors of the company reflects the increases in base fees from 2022 to 2023 and fees in relation to chairing a committee and membership of a committee as well as changes to the membership of a committee. See page 128 for further details on fees and taxable benefits for Non-Executive Directors. Non-Executive Directors do not participate in the AIP.
4 No taxable benefit received in the prior year and therefore not possible to calculate a percentage change.
5 Eleanor Bucks, Mark Gregory and David Scott, are newly appointed Directors and therefore it is not possible to calculate a percentage change.
6 Whilst Alistair Barbour, Kory Sorenson and Stephanie Bruce resigned from the Board in 2023, their details have been included as they were active members during the year.

For both Executive Directors the figures shown above reflect the change in the total salary figures as disclosed in the Single Figure Table for the years 2022 and 2023. As the disclosures reflect salary earned during 2023 compared to salary earned during 2022 the figures shown above do not therefore equate to 4%. The agreed increase of 4% of salary was applied to the salaries of both Executive Directors in April 2023.

The reduction in taxable benefits figure reflects a lower premium for private medical cover in 2023 (whilst retaining the same level of cover). The reduction for Rakesh also reflects that the 2022 figure included a gain under his ShareSave Scheme; there was no such gain in 2023.

The change in Annual Incentive for both Executive Directors reflects the increase in maximum potential incentive for the 2023 performance year from 150% to 200% of salary.

With regard to the figures for the wider employee population:

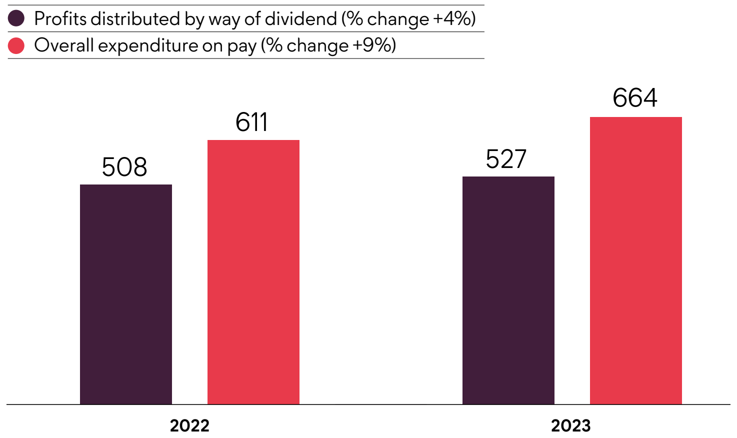
- The pay review in April 2023 was operated using a consistent approach with a pay budget of 6%. As in 2022, the pay budget was focused on colleagues at lower grades ensuring a higher increase for this population compared to more senior colleagues. Additional salary increases were awarded throughout the year, where appropriate, to ensure consistency, internal relativities, and to retain talent. A separate exercise was also undertaken to review all senior management compensation to ensure market alignment. As part of this review, car allowance was removed and an appropriate sum in lieu of this was added to base salary. The changes made as a result of this exercise have impacted the figure shown above.
- The change to the taxable benefits figure compared to 2022 is largely as a result of: (i) a reduction in the PMI premium for 2023; (ii) the removal of car allowance where appropriate; and (iii) the post-pandemic £1,000 payment to all colleagues below senior management and the working from home allowance were not continued beyond 2022. As in previous years, ShareSave and Share Incentive Plan values are not included in the wider employee population figures.
- The increase in annual incentive payments compared to 2022 relates primarily to the fact that bonuses are salary linked. Over 2023 base salaries increased on average by 8.9% driven by the high inflation environment in the UK over this period and other factors described under both the pay review paragraph above and the CEO Ratio on page 130.

Directors' Remuneration report continued

Distribution statement

The DRR Regulations require each quoted company to provide a comparison between profits distributed by way of dividend and overall expenditure on pay.

Relative importance (£m)



Profit distributed by way of dividend has been taken as the dividend paid and proposed in respect of the relevant financial year. For 2023 this is the Interim dividend paid (£260 million) and the recommended Final dividend of 26.65 pence per share multiplied by the total share capital issued at the date of the Annual Report and Accounts as set out in note D1 in the notes to the consolidated financial statements. No share buy-backs were made in the year.

Overall expenditure on pay has been taken as employee costs as set out in note C5 'Expenses' in the notes to the consolidated financial statements. Expenditure on pay has increased by 9% in the period reflecting the impact of the continued planned expansion of key areas in the Pensions and Savings and Retirement Solutions business, the acquisition of the Sun Life of Canada UK business, as well as the impact of a 6% pay increase to the wider workforce and the resulting higher share scheme costs. These increases have been partly offset by the impact from the Group's Transition and Transformation programme which has reduced headcount within the customer teams in 2023.

Wider workforce pay

Alignment to wider workforce

The Committee considers a range of factors when setting the remuneration for Executive Directors, one of which is the alignment with remuneration practices across the wider workforce. Phoenix provides colleagues across the Group with a competitive reward package with details of each element included in the table below.

	Executive Directors and Executive Committee	Senior Management	Wider workforce
Salary	Salaries are reviewed annually and increases are typically in line with or less than the wider employee population.		Base salary is the basis for a competitive total reward package for all employees, and these are reviewed annually with engagement from employee representatives. Regular benchmarking exercises are carried out to ensure salaries remain competitive against the market. We are an accredited Living Wage employer and all employees are paid at least the Real Living Wage.
Benefits and Pension	All employees are eligible to participate in our range of flexible benefits and wellbeing initiatives in respective markets. Core benefits include private medical cover, 12 times life assurance cover, group income protection and a range of flexible benefits. The level of core benefits is the same across all grades. Colleagues can participate in a share matching plan under the Phoenix SIP and, in the UK, the Phoenix ShareSave Scheme. All employees are automatically enrolled in the Company's Mastertrust pension scheme with a 10% core contribution and 2% matching contribution (plus salary sacrifice uplift of 10% of the employee contribution). Payment in lieu of contribution, reduced for the impact of employer's NIC is permitted where lifetime or annual limits are reached. Separate occupational pension schemes with varying contribution rates operate in Ireland and Germany.		
AIP	All permanent and fixed-term employees are eligible to participate in an AIP which is based on Group measures, business unit performance (where applicable) and personal objectives. Malus and clawback provisions apply.		
Deferral	Half of any AIP award is subject to deferral into shares for a three- year period. Malus and clawback provisions apply.	One third of any AIP award is subject to deferral into shares for a three-year period. Malus and clawback provisions apply.	Deferral where required on an individual basis for Solvency II purposes. Malus and clawback provisions apply.
LTIP	Senior executives participate in a LTIP with a three-year performance period and vesting is subject to Group performance outcomes. Measures and targets for long-term incentive plans are consistent for all participants and measured over a three-year period. Malus and clawback provisions apply.		A number of colleagues with exceptional achievements during the performance year are considered for a long-term incentive award in the form of Phoenix shares with a vesting period of three years.
Holding period	A two-year holding period after the vesting date also applies for LTIPs.	No holding period.	Not applicable.
SOGs	Shareholding requirements ensure greater alignment with interests of shareholders. • 350% of salary for Group CEO • 300% of salary for Group CFO • 150% of salary for ExCo members	No SOGs required.	Not applicable.

Consideration of employee pay

When determining the Remuneration policy and remuneration for our Executive Directors, the Committee took into consideration the pay and benefits of the wider workforce to ensure that our reward offering remains competitive, attractive, and suitably aligned to our Group performance, while supporting our values and purpose of helping people secure a life of possibilities.

We have a reward policy that is broadly consistent for all levels of employees, with the same remuneration principles guiding reward decisions for all Group colleagues, including Executive Directors. The AIP and LTIP performance metrics are the same for Executive Directors as for other eligible colleagues, with a higher proportion of total remuneration for the Executive Directors linked to corporate performance. For certain areas, business unit aligned metrics are also included in their AIP. Pay for the wider colleague base is driven primarily by market practice and there is a standard benefit offering across all levels, except where the external market drives differences based on role accountability. Colleagues are also eligible to participate in the Group's success through our share schemes (ShareSave and Share Incentive Plan) on the same basis as those offered to Executive Directors.

Directors' Remuneration report continued

We offer benefits which engage and retain our existing colleagues, as well as attract new talent to the organisation. To support this, we offer a transparent flexible and tailored reward package that is competitive in the market, with clear principles around pay, alongside comprehensive benefits and wellbeing support. Our Diversity, Equity and Inclusion agenda remains an integral underpin to our approach to reward and to support colleague we have extended our Private Medical Insurance for all colleagues to include the addition of IVF treatment and neurodiversity support.

In 2023 we completed a holistic review of our reward framework to ensure it is appropriate for a business of our size, scale and potential. This work included externally benchmarking all roles and career levels to ensure alignment with the external market. A thorough process of validation and independent review was undertaken to ensure all colleagues are treated fairly. A number of changes to our grade structure were introduced to help accurately define and reward the contribution every role makes. In response to colleague feedback, we also published a refreshed and Group-wide set of pay ranges for 2024, rigorously benchmarked using external pay data and designed to give greater transparency and confidence on pay at Phoenix Group. To conclude this extensive remuneration review, we have committed that any colleague below the minimum of their pay range will have their fixed pay increased to that minimum level, as a priority, in the 2024 fixed pay review. We are a proud Real Living Wage employer, and are committed to ensuring that these pay ranges, which are reviewed annually, will always be at or above the Real Living Wage.

Equal pay and consistency of treatment for all colleagues, irrespective of gender or ethnicity, are integral guiding principles of the reward practices across the Group. The remuneration principles and framework are reviewed on a regular basis to ensure these are aligned with the Group's purpose, values and sustainability strategy. Maggie Semple, our Designated Non-Executive Director for Workforce Engagement, has joined the Remuneration Committee in 2024 and will provide additional input to the Committee on the views of the wider workforce. Further details of Maggie Semple's engagement with the workforce throughout 2023 are shown on pages 108 to 110 of the Corporate governance report.

Payments for loss of office – Audited information
No payments were made to Directors in 2023 for loss of office.

Payments to past directors – Audited information
No payments were made to past Directors in 2023.

Directors' service contracts
The dates of contracts and letters of appointment and the respective notice periods for Directors are as follows:

Executive Directors' service contracts

Name	Date of service contract	Notice period from either party (months)
Andy Briggs	07 November 2019	12
Rakesh Thakrar	06 March 2020	12

Subject to Board approval, Executive Directors are permitted to accept outside appointments on external boards as long as these are not deemed to interfere with the business of the Group. They are also entitled to retain any external fees.

Andy Briggs is a board member of the Association of British Insurers and is the UK Government's Business Champion for Older Workers. He received no payment for either appointment.

Rakesh Thakrar is a Non-Executive Director, Chair of the Board Audit Committee and a member of the Risk Committee of Bupa Insurance Limited and Bupa Insurance Services Limited for which he received payment of £76,959 in 2023 on a pro-rated basis. He remains as a Director of Mythili Magha for which no payments are received.

Non-Executive Directors' letters of appointment

Name	Date of current appointment /re-appointment letter	Date of expiry of current appointment/ re-appointment letter[1]	Unexpired term (months)
Nicholas Lyons	8 November 2023	1 December 2026	6
Karen Green	12 May 2023	30 June 2026	1
Eleanor Bucks	23 November 2023	1 December 2026	1
Mark Gregory	9 March 2023	31 March 2026	1
Hiroyuki Iioka	24 July 2023	23 July 2026	1
Katie Murray	1 April 2022	1 April 2025	1
John Pollock	31 October 2022	30 August 2025	1
Belinda Richards	1 October 2023	30 September 2026	1
David Scott	11 May 2023	10 May 2026	1
Maggie Semple	9 May 2022	31 May 2025	1
Nicholas Shott	31 October 2022	30 August 2025	1

1 The date of expiry refers to each individual Directors' letter of appointment which covers a three-year term. All Directors are subject to annual re-election at the AGM on 14 May 2024.

The tables above have been included to comply with UKLA Listing Rule 9.8.8. In the event of cessation of a Non-Executive Director's appointment (excluding the Chair of the Group Board) they would be entitled to a one-month notice period. The Chair of the Group Board, as detailed in his letter of appointment, would be entitled to a six-month notice period.

Dilution
The Group monitors the number of shares issued under the Group's employee share plans and their impact on dilution limits. The Group's current practice is for all the executive share plans to use market purchase shares which are held in the Employee Benefit Trust (the Trust) on exercise of any awards. There is a dividend waiver in place for all shares held in the Trust. For the Group's all-employee ShareSave Scheme only, new shares are issued. Therefore the usage of shares compared to the 10% dilution limits (in any rolling ten-year period) set by the Investment Association in respect of all share plans as at 31 December 2023 is 1.39% and no shares count towards the dilution limit for executive plans only (5% in any rolling ten-year period).

Advice provided to the Committee
During the year, the Committee received independent remuneration advice from its appointed adviser, PwC, which is a member of the Remuneration Consultants Group (the professional body for remuneration consultants) and adheres to its code of conduct. The Remuneration Committee was satisfied that the advice provided by PwC was objective and independent.

PwC also provided general consultancy services to management during the year including support on other Board and Risk matters and technical advice regarding share schemes. Separate teams within PwC provided unrelated services in respect of tax, assurance, risk consulting, sustainability and transaction support during the year. The Committee is satisfied that these activities did not compromise the independence or objectivity of the advice it has received from PwC as Remuneration Committee advisers.

PwC's fees for work relating to the Committee for 2023 were £142,844 which included continued support for the renewal of the Remuneration policy. These were charged on the basis of the firm's standard terms of business for advice provided.

The Committee assesses the performance of its advisers regularly, the associated level of fees and reviews the quality of advice provided to ensure that it is independent of any support provided to Management.

The Group CEO, Group HR Director, Executive Reward Director and Group Finance Director, attend by invitation various Committee meetings during the year. No Executive is ever permitted to participate in discussions or decisions regarding his or her own remuneration.

The Committee consults with the Chief Risk Officer (without Management present) on a regular basis. The Chief Risk Officer is asked to detail the extent to which the Group has operated within its stated risk appetite during the year and to keep the Committee informed of any risk-related concerns that required the Committee to consider using its judgement to moderate incentive plan outcomes. The Chair of the Remuneration Committee also sits on the Risk Committee to enable additional linkage between risk matters and remuneration outcomes.

Voting outcomes on remuneration matters
The table below shows the votes cast to approve the Directors' Remuneration report for the year ended 31 December 2022 and the Directors' Remuneration policy at the 2023 AGM held on 4 May 2023.

	For		Against		Abstentions
	Number	% of votes cast	Number	% of votes cast	Number
To approve the Directors' Remuneration report for the year ended 31 December 2023 (2023 AGM)	767,333,037	99.20	6,157,257	0.80	152,575
To approve the Directors' Remuneration policy (2023 AGM)	764,184,513	98.81	9,241,995	1.19	216,361

Approval
This report in its entirety has been approved by the Remuneration Committee and the Board of Directors and signed on its behalf by:

Nicholas Shott
Remuneration Committee Chair

Approved by the Board on 21 March 2024

The Directors' Remuneration policy

This appendix contains the Directors' Remuneration policy approved by the Group's shareholders at the Group's 2023 AGM. It applies for a period of three years, until the 2026 AGM, unless a revised policy is approved by shareholders before then.

General policy

The Remuneration policy for Executive Directors is summarised in the table below along with the policy on the Chair's and the Non-Executive Directors' fees. Further details on the Remuneration policy can be found in the 2022 Annual Report and Accounts on pages 122 to 125.

Remuneration principles

The Group's overall positioning on remuneration for Executive Directors has been set with reference to the provisions of the UK Corporate Governance Code, best practice and feedback received from shareholders during consultation.

An appropriate balance is maintained between fixed and variable components of remuneration.

Remuneration is aligned to the long-term success of the Group.

Remuneration takes account of the risk profile of the Group.

Remuneration supports a strong pay for performance culture.

Our Remuneration policy benchmarks the total target remuneration for the Executive Directors using appropriate market data sets which are consistent with those used for other roles in the Group.

This section does not form part of the Remuneration policy and is for information only.

How our Remuneration policy addresses the following factors set out in the UK Corporate Governance Code

Clarity and simplicity

- The reward framework seeks to embed simplicity and transparency in the design and delivery of remuneration. Both the Corporate element and the Strategic Scorecard relating to the AIP have transparent, measurable metrics.
- We have included diagrams and charts in this Remuneration report to improve clarity for readers regarding the alignment of Executive remuneration with shareholders and our strategy.

Risk

- The Committee undertakes an annual review of risk before confirming the outcomes for the AIP to ensure that there are no risk-related concerns that require the moderation of AIP outcomes.
- Malus and clawback operate in respect of the AIP and LTIPs (see page 123 in the 2022 Annual Report and Accounts for details on trigger events).
- The Committee may apply discretion to override formulaic outcomes if they are considered inconsistent with the underlying performance of the Group.

Proportionality

- A high percentage of rewards are delivered in the form of shares, meaning Executive Directors are strongly aligned with shareholders
- Executive Directors are required to hold shares from LTIP awards for two years following vesting which provides focus on sustainable share price growth. Significant deferral levels under the AIP further align remuneration outcomes to shareholders.

Predictability

- The range of potential award levels to individual Executive Directors is set out in the scenario chart on page 118 which also demonstrates the impact of potential share price growth by 50% over the three-year performance period until LTIP vesting.

Alignment to culture

- We have engaged with our employees through Peakon (our employee engagement survey), PCRF (our colleague representative forum), our many employee networks, and our Designated Non-Executive Director for Workforce Engagement to develop our values and to improve our understanding of what is required to become a high-performing organisation. Our remuneration philosophy supports our purpose and core values.

Remuneration policy table

Element and purpose in supporting strategic objectives	Policy and operation	Maximum	Performance measures
Base Salary This is the core element of pay which supports the recruitment and retention of Executive Directors and reflects the individual's role and position within the Group as well as their capability and contribution.	• Base salaries are reviewed each year against companies of similar size and complexity. Both salary levels and overall remuneration are set by reference to the median data of comparators which the Remuneration Committee considers to be suitable based on index, size and sector. • The Remuneration Committee uses this data as a key reference point in considering the appropriate level of salary. Other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities, and the level of salary increases awarded to other employees of the Group are also considered. • Base salary is paid monthly in cash. • Changes to base salaries normally take effect from 1 April.	• Salary levels are specific to the role and individual. • Maximum salary will be the median level of salaries for CEOs in the FTSE31–100 (currently £812,000), provided that this figure may be increased in line with UK RPI inflation for the duration of this policy. • However, when reviewing salaries for Executive Directors, the Remuneration Committee will also review the salaries, and salary increases, for senior management and employees in relevant countries to maintain consistency. Percentage increases for Executive Directors will not exceed that of the broader employee population, other than in specific circumstances identified by the Remuneration Committee (e.g. in response to a substantial change in responsibilities).	• N/A
Benefits To provide other benefits valued by recipient.	• The Group provides market competitive benefits in kind. Details of the benefits provided in each year will be set out in the Implementation Report. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of the Group to do so, having regard to the particular circumstances and to market practice. • Where appropriate, the Group will meet certain costs relating to Executive Director relocations and other exceptional expenses.	• It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will normally operate. • The Remuneration Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances. • Relocation expenses are subject to a maximum limit of £50,000.	• N/A
Pension To provide retirement benefits which keep Phoenix Group competitive within the marketplace and provide for the future of our employees.	• The Group provides a competitive employer sponsored defined contribution pension plan. • All Executive Directors are eligible to participate in the Defined Contribution Pension Plan available to all new joiners or they may opt to receive the contribution in cash if they are impacted by the relevant lifetime or annual limits. Any such cash payments are reduced for the effect of employers' National Insurance Contributions. • Phoenix will honour the pensions obligations entered into under all previous policies in accordance with the terms of such obligations.	• Pension contributions for Executive Directors are aligned with the wider workforce rate which is currently 12% of salary (reduced to 10.6% when taken as cash in lieu of contribution).	• N/A

Directors' Remuneration report continued

Remuneration policy table

Element and purpose in supporting strategic objectives	Policy and operation	Maximum	Performance measures
Annual Incentive Plan ('AIP') and Deferred Bonus Share Scheme ('DBSS') To motivate employees and incentivise delivery of annual performance targets aligned to strategy.	• AIP levels and the appropriateness of measures are reviewed annually to ensure they continue to support the Group's strategy. • AIP outcomes are paid in cash in one tranche (less the deferred share award). • At least 50% of any annual AIP award is to be deferred into shares for a period of three years although the Remuneration Committee reserves discretion to alter the current practice of deferral (whether by altering the portion deferred, the period of deferral or whether amounts are deferred into cash or shares). Such alterations may be required to ensure compliance with regulatory guidelines for pay within the insurance sector, but will not otherwise reduce the current deferral level or the period of deferral. • Deferral of AIP outcomes into shares is currently made under the DBSS. • Awards under DBSS will be in the form of awards to receive shares for nil-cost. • DBSS awards are typically made automatically each year on the fourth dealing day following the announcement of annual results, using the average of the preceding three dealing days' share prices to calculate the number of shares in awards. • The three-year period of deferral will run to the third anniversary of the award date. • Dividend entitlements will accrue over the three-year deferral period and be delivered as additional vesting shares. • Malus/clawback provisions apply to the AIP and to amounts deferred under DBSS as explained in the notes to this table.	• The maximum annual incentive level for an Executive Director is 200% of base salary per annum.	• The performance measures applied to AIP will be set by the Remuneration Committee and may be financial or non-financial and corporate, divisional or individual and in such proportions as it considers appropriate. However, the weighting of financial performance measures will not be reduced below 60% of total AIP potential in any year for the duration of this policy. • In respect of the financial and non-financial performance measures, attaining the threshold performance level produces a £nil annual incentive payment. • On-target performance on all measures produces an outcome of 50% of maximum annual incentive opportunity. However, the Remuneration Committee reserves the right to adjust the threshold and target levels for future financial years in light of competitive practice. • The AIP operates subject to three levels of moderation: – either through management guidance or consensus forecasts). Recognising that the business of the Group is to engage in corporate activity, the Remuneration Committee may adjust targets during the year to take account of such activity and ensure the targets continue to reflect performance as originally intended. – There is a specific adjustment factor of 80%–120% of the provisional outturn whereby the Remuneration Committee may adjust the provisional figure (but subject to any over-riding cap) to take account of its broad assessment of performance both against pre-set targets, risk considerations, and more generally, of the wider universe of stakeholders. With respect to financial performance measures, this assessment will include consideration of the quality of how particular outcomes were achieved. – The AIP remains a discretionary arrangement and the Remuneration Committee reserves discretion to adjust the outturn (from zero to any cap) should it consider that to be appropriate. In particular, the Remuneration Committee may operate this discretion in respect of any risk concern.

Remuneration policy table

Element and purpose in supporting strategic objectives	Policy and operation	Maximum	Performance measures
Long Term Incentive Plan ('LTIP') To motivate and incentivise delivery of sustained performance over the long-term in line with our strategy and purpose, and to promote alignment with shareholders' interests, the Group operates the Phoenix Group Holdings plc LTIP.	• Awards under the LTIP may be in any of the forms of awards to receive shares for nil-cost (as described for DBSS above). • LTIP awards are typically made automatically each year on the fourth dealing day following the announcement of annual results, using the average of the preceding three dealing days' share prices to calculate the number of shares in awards. • The vesting period will be at least three years and run until the third anniversary of the award date (unless a longer vesting period is introduced). • A holding period will apply so that Executive Directors may not normally exercise vested LTIP awards until the fifth anniversary of the award date. • Dividend entitlements will accrue until the end of the holding period in respect of performance vested shares and be delivered as additional vesting shares. • Malus/clawback provisions apply on a basis consistent with the equivalent provisions in the AIP and DBSS and as explained in the notes to this table. • The Group will honour the vesting of all awards granted under previous policies in accordance with the terms of such awards.	• The formal limit under the LTIP is 300% of base salary per annum (and 400% per annum in exceptional cases). • The Remuneration Committee's practice is to make LTIP awards to Executive Directors each year over shares with a value (as at the award date) of up to 275% of the CEO's annual base salary and 200% of the CFO's annual base salary although discretion is reserved to make awards up to the maximum levels for the policy as stated above.	• The Remuneration Committee may set such performance measures for LTIP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). • The Remuneration Committee retains discretion to adjust the weightings or substitute metrics but would expect to consult with its major shareholders regarding any material changes of the current performance measures applied for LTIP awards made to Executive Directors or the relative weightings between these performance measures. • For every LTIP award, appropriate disclosures regarding the proposed performance conditions will be made in the annual Implementation Report. • Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to make adjustments to the performance measures to ensure alignment with strategic objectives, provided that any adjusted performance measure is, in its opinion, neither materially more nor less difficult to satisfy than the original measure. • For each part of an LTIP award subject to a specific performance condition, the threshold level of vesting will be no more than 25% of that part of the LTIP award. • The performance period for LTIP awards will be at least three years, but the Remuneration Committee reserves discretion to lengthen the applicable performance periods for LTIP awards.
All-employee share plans To encourage share ownership by employees, thereby allowing them to participate in the long-term success of the Group and align their interests with those of the shareholders.	• Executive Directors are able to participate in all-employee share plans on the same terms as other Group employees as required by HMRC legislation.	• ShareSave – the Remuneration Committee has the facility to allow individuals to save up to a maximum of £500 each month (or such other level as permitted by HMRC legislation) for a fixed period of three or five years. At the end of the savings period, individuals may use their savings to buy ordinary shares in the Group at a discount of up to 20% of the market price set at the launch of each scheme. • Share Incentive Plan ('SIP') – the Remuneration Committee has the facility to allow individuals to have the opportunity to purchase, out of their pre-tax salary, shares in the Group and receive one matching share for every purchased share up to a maximum of £50. The maximum saving is £150 each month (or up to such level as permitted by the Group in line with HMRC legislation). SIP also has the facility to allow for reinvestment of dividends in further shares, or the award of additional free shares (up to the limits as permitted by HMRC legislation).[1]	• Consistent with normal practice, such awards are not subject to performance conditions.

1 Updated from two matching shares to correct a typographical error.

Directors' Remuneration report continued

Remuneration policy table

Element and purpose in supporting strategic objectives	Policy and operation	Maximum	Performance measures
Shareholding guidelines To encourage share ownership by the Executive Directors over the long-term, including post cessation of employment, and ensure interests are aligned.	• Executive Directors are expected to retain all shares (net of tax) which vest under the DBSS and under the LTIP (or any other discretionary long-term incentive arrangement introduced in the future) until such time as they hold a minimum of 350% of base salary in shares for the CEO and 300% of base salary in shares for the CFO. • Only beneficially owned shares, vested share awards, and unvested share awards not subject to performance conditions (discounted for anticipated tax liabilities), may be counted for the purposes of the guidelines. Share awards subject to performance conditions do not count prior to vesting. • Once shareholding guidelines have been met, individuals are expected to retain these levels as a minimum. The Remuneration Committee will review shareholdings annually in the context of this policy. • Post cessation of employment, Executive Directors are expected to retain the lower of their full level of employment shareholding guideline or their actual shareholding at termination for a period of two years.	• N/A	• N/A
Chair of the Group Board and Non-Executive Director fees	• The fees paid to the Chair of the Group Board and the fees of the other Non-Executive Directors are set to be competitive with other listed companies of equivalent size and complexity. • The Group does not adopt a quantitative approach to pay positioning and exercises judgement as to what it considers to be reasonable in all the circumstances as regards quantum. • Additional fees are paid to Non-Executive Directors who chair or are a member of a Board committee, or sit on the board of a subsidiary company or on the Solvency II Model Governance Committee, and to the Senior Independent Director ('SID') and Designated NED for Workforce Engagement. • Fees are paid monthly in cash. • Fee levels for Non-Executive Directors are reviewed annually with any changes normally taking effect from 1 January. Additional reviews may take place in exceptional circumstances, such as following major corporate events, to ensure that fees remain appropriate in the context of the Group's size and complexity and to reflect the time commitment required.	• The aggregate fees of the Chair of the Group Board and Non-Executive Directors will not exceed the limit from time to time prescribed within the Group's Articles of Association for such fees (currently £2 million per annum in aggregate). • The Group reserves the right to vary the structure of fees within this limit including, for example, introducing time-based fees or reflecting the establishment of new Board or subsidiary company committees.	• N/A

Directors' report

The Directors present their report for the year ended 31 December 2023. Phoenix Group Holdings plc is incorporated in England and Wales (registered no. 11606773) and has a premium listing on the London Stock Exchange.

Shareholders

Dividends

Dividends for the year ended 31 December 2023

Dividends for the year are as follows:

Ordinary shares	
Paid Interim dividend	26.0p per share (2022: 24.8p per share)
Recommended Final dividend	26.65p per share (2022: 26.0p per share)
Total ordinary dividend	52.65p per share (2022: 50.8p per share)

Dividends declared in respect of the Company's ordinary shares must be capable of being cancelled and withheld or deferred at any time prior to payment. This is so that the Company's ordinary shares can be counted towards Group capital. Accordingly, the Final dividend will be declared on a conditional basis and the Directors reserve the right to cancel or defer the recommended dividend. The Directors do not expect to exercise this right other than where they believe that it may be necessary to do so as a result of legal or regulatory requirements.

Share capital

Issued share capital

The issued share capital of the Company increased by 1,185,942 shares during 2023 which related to shares issued under the Company's ShareSave Scheme.

At 31 December 2023, the issued ordinary share capital totalled 1,001,538,419. Subsequently, 9,467 ordinary shares have been issued in 2024 in connection with the Company's ShareSave Scheme to bring the total in issue to 1,001,547,886 at the date of this Directors' report. Full details of the issued and fully paid share capital as at 31 December 2023 and movements in share capital during the period are presented in note D1 to the IFRS consolidated financial statements.

Authority to purchase own shares

At the Company's 2023 AGM, shareholders approved the renewal of the Company's authority to make purchases of up to 100,045,720 of its own shares and make payment for the redemption or purchase of its own shares in any manner permitted by the Companies Act 2006 including without limitation, out of capital, profits, share premium or the proceeds of a new issue of shares. The authority was not used and none of the Company's ordinary shares were purchased by the Company during 2023. The authority will expire at the 2024 AGM. A resolution to renew this authority shall be proposed in the 2024 AGM Notice of Meeting.

Treasury shares

The Company held no treasury shares during the year or up to the date of this Directors' report.

Rights and obligations attached

The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association (the 'Articles') which are available on the Company's website at www.thephoenixgroup.com.

Phoenix Group Employee Benefit Trust ('EBT')

Where the EBT holds shares for unvested awards, the voting rights for these shares are exercisable by the trustees of the EBT at their discretion, taking into account the recommendations of the Group.

Restrictions on transfer of shares

Under the Articles, the Directors may, in certain circumstances, refuse to register transfers of shares. Certain restrictions on the transfer of shares may be imposed from time to time by applicable laws and regulations (for example, insider trading laws), and pursuant to the Listing Rules of the FCA and Phoenix Group's own share dealing rules whereby Directors and certain employees of the Group require individual authorisation to deal in the Company's ordinary shares.

Substantial shareholdings

Information provided to the Company pursuant to Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules ('DTR') is published on a Regulatory Information Service and on the Company's website. As at 31 December 2023, the following interests with voting rights in the ordinary share capital of the Company had been notified to it under DTR 5. No changes have occurred in respect of the holdings below between 31 December 2023 and 21 March 2024.

Name	Number of voting rights in shares	Percentage of shares in issue
MS&AD Insurance Group Holdings Inc.	144,877,304	14.48%
abrdn plc	107,025,201	10.70%
BlackRock, Inc.	51,251,518	5.12%
Kingdom Holding Company	50,051,192	5.00%

Directors' report continued

Shareholders continued

AGM	
2024 AGM	The AGM of the Company will be held at Floor 22, Freshfields Bruckhaus Deringer LLP, 100 Bishopsgate, London, EC2P 2SR on 14 May 2024 at 10am. A separate Notice of Meeting convening this AGM will be distributed to shareholders in due course and will include an explanation of the items of business to be considered at the meeting.
Investor communications	
Investor communications	The Company's Annual Report, together with the Company's Half Year Report and other public announcements and presentations, are designed to present a fair, balanced and understandable view of Phoenix Group's activities and prospects. These are available on the Company's website at www.thephoenixgroup.com, along with a wide range of relevant information for private and institutional investors, including the Company's financial calendar.

Board

Board membership	The membership of the Board of Directors during 2023 is given within the Corporate governance report on pages 64 to 67, which is incorporated by reference into this Directors' report. During 2023, and up to the date of this Directors' report, the following changes to the Board took place: • Mark Gregory was appointed as a Director on 1 April 2023. • Stephanie Bruce, abrdn plc Shareholder Nominated Director, retired as a Director on 11 May 2023. • David Scott, abrdn plc Shareholder Nominated Director, was appointed as a Director on 11 May 2023. • Kory Sorenson retired as a Director on 30 June 2023. • Nicholas Lyons returned from his sabbatical as Chair of the Group Board on 1 December 2023. • Alastair Barbour stepped down as Chair of the Group Board on 30 November 2023 and retired as a Director on 31 December 2023. • Eleanor Bucks was appointed as a Director on 1 December 2023.
Related party transactions	Details of related party transactions which took place during the year with Directors of the Company and consolidated entities where Directors are deemed to have significant influence, are provided in note I4 to the IFRS consolidated financial statements.
Appointment, re-election and removal of Directors	The rules about the appointment and replacement of Directors are contained in the Articles. These state that a Director may be appointed by an ordinary resolution of the shareholders or by a resolution of the Directors. If appointed by a resolution of the Directors, the Director concerned holds office only until the conclusion of the next AGM following their appointment. In accordance with the 2018 Code, Directors must stand for election/re-election annually. The Board of Directors will be unanimously recommending that all of the Directors should be put forward for election/re-election at the forthcoming AGM to be held on 14 May 2024. The Articles give details of the circumstances in which Directors will be treated as having automatically vacated their office and also state that the Company's shareholders may remove a Director from office by passing an ordinary resolution.
Director powers and authorities	The powers of the Directors are determined by the Companies Act 2006, the provisions of the Articles and by any valid directions given by shareholders by way of special resolution. The Directors have been authorised to allot and issue securities and grant options over or otherwise dispose of shares under the Articles.
Directors' remuneration and interests	A report on Directors' remuneration is presented within the Directors' Remuneration report on pages 111 to 140 including details of their interests in shares and share options or any rights to subscribe for shares in the Company.
Directors' indemnities	The Company has entered into deeds of indemnity with each of its Directors whereby the Company has agreed to indemnify each Director against all losses incurred by them in the exercise, execution or discharge of their powers or duties as a Director of the Company, provided that the indemnity shall not apply when prohibited by any applicable law. The deeds of indemnity remain in force as at the date of signature of this Directors' report.
Directors' conflicts of interest	The Board has established procedures for handling conflicts of interest in accordance with the Companies Act 2006 and the Articles. See page 70 of the Corporate governance report for more detail. On an ongoing basis, Directors are responsible for informing the Group Company Secretary of any new, actual or potential conflicts that may arise.
Directors' and Officers' liability insurance	The Company maintains Directors' and Officers' liability insurance cover which is renewed annually.

As part of its comprehensive assessment as to whether Phoenix Group is a Going concern, the Board has considered financial projections over the period to 31 March 2025, which demonstrate the ability of Phoenix Group to withstand market shocks in a range of severe but plausible stress scenarios.

Rakesh Thakrar, Group Chief Financial Officer

Governance

Going concern

Phoenix Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report includes details of Phoenix Group's cash flow and solvency position, including sensitivities for both, alongside details of any key events affecting the Company (and its consolidated subsidiaries) since the end of the financial year. Principal risks and their mitigation are detailed on pages 50 to 57. In addition, the IFRS consolidated financial statements include, amongst other things, notes on Phoenix Group's borrowings (note E5), management of its financial risk including market, credit and liquidity risk (note E6), its commitments and contingent liabilities (notes I5 and I6) and its capital management (note I3). The Strategic report (on pages 20 to 23) sets out the business model and how Phoenix Group creates value for shareholders and policyholders.

As part of its comprehensive assessment as to whether Phoenix Group is a Going concern, the Board has considered financial projections over the period to 31 March 2025, which demonstrate the ability of Phoenix Group to withstand market shocks in a range of severe but plausible stress scenarios. Further details of these stress scenarios are included in the Viability statement on pages 58 and 59, but they include a recessionary economic stress that reflects a further increase in inflation, additional credit downgrades and falling equity and property values. The projections demonstrate that appropriate levels of capital would remain in the Life Companies under both the base and reasonably foreseeable stress scenarios, thus supporting cash generation in the Going concern period. In addition, the Board noted Phoenix Group's access to additional funding through its undrawn £1.75 billion revolving credit facility. The stresses do not give rise to any material uncertainties over Phoenix Group's ability to continue as a Going concern.

The Directors therefore have a reasonable expectation that Phoenix Group has adequate resources to meet its liabilities as they fall due and continue in operational existence over the period to 31 March 2025, the period covered by the Going concern assessment. Thus, they continue to adopt the Going concern basis of accounting in preparing the annual financial statements.

The Directors have acknowledged their responsibilities in the Statement of Directors' Responsibilities in relation to the IFRS financial statements for the year ended 31 December 2023.

Viability statement

The Viability statement, as required by the 2018 Code, has been undertaken for a period of three years to align to Phoenix Group's business planning and is detailed on pages 58 and 59.

Corporate governance statement

The disclosures required by section 7.2 of the FCA's Disclosure Guidance and Transparency Rules can be found in the Corporate governance report on pages 60 to 147 which is incorporated by reference into this Directors' report and comprises the Company's Corporate governance statement.

The 2018 Code applies to the Company and details on the Company's compliance with the Code are included in the Corporate governance report on page 68. The 2018 Code is available on the website of the FRC – www.frc.org.uk. The new UK Corporate Governance Code 2024 was published in January 2024 and will become effective 1 January 2025 and 1 January 2026 for Provision 29. Phoenix Group will ensure that compliance with the 2024 Code is appropriately measured and disclosed.

The disclosures required by the Companies Act 2006 in respect of the following matters are set out in the Strategic report, as below:

Our strategy and future developments	The Company's strategy and priorities for 2023 are highlighted in the 'Our strategic priorities' section of the Strategic report.	• See pages 24 to 29 of the Strategic report.
Our people and diversity	The Company's People strategy for colleagues is detailed in the Group's Sustainability Report. The Company's diversity and inclusion targets for colleagues are also detailed in the Group Sustainability Report, with highlights set out in the Strategic report.	• See pages 28, 29 and 63. • See the Sustainability Report on the Company's website.