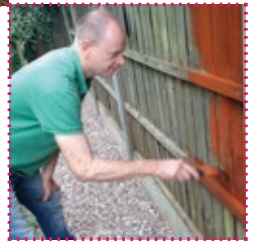


C R E A T E

As an employer, our aim is to create a unique working environment, in which every individual can excel and make a real difference.

Corporate responsibility in action



CONTENTS

Highlights	02
Environment	04
Workplace	06
Community	08
External Stakeholders	10
Conclusion	11



ENGAGE

We are committed to playing an active role in the wider community through supporting local initiatives and making charitable donations. We believe this leads to greater employee engagement and is also attractive to potential employees, suppliers and customers.

HIGHLIGHTS

During 2015 the Group's Corporate Responsibility ('CR') programme continued to focus on four pillars, namely Environment, Workplace, Community and External Stakeholders. Staff participated in a variety of CR initiatives – adding value to both the business and its wider stakeholder community.

Key achievements from 2015 include:

75%

Achieved (1.5 stars) in Business in the Community's CR Index benchmark

1,000

Trees planted in Phoenix Way Wood

100%

All core sites now divert 100% of waste from landfill

4th year

Inclusion in UK's 'Top Employers' listing for fourth consecutive year

Level 1

Achieved Level 1 - Worcestershire Works Well Accreditation

4th

Fourth place in 'Britain's Healthiest Workplace'

£174,797

Donated to charity across the year

£46,507

Donated to community-based initiatives

£13,762

Donated through the staff matched fundraising scheme

1,942

Hours donated through staff volunteering programme

78%

Of staff actively involved in 'making a difference' to our community programme

Winner

Midlands Air Ambulance Charity's 'Business Partner of the Year' Award

Business in the Community Governance

The Group has been a member of Business in the Community ('BITC') since 2010. BITC is a business-led charity offering advice and support on sustainability. The Group completed the CR Index for the first time, achieving 75% (1.5 stars). This benchmark has allowed the Group to compare its CR programme and achievements with other organisations and industries for the first time. The Group is using benchmark feedback to shape its future CR strategy.



The CR programme is sponsored at the highest level by the Group Chief Executive Officer. During 2015, Phoenix Life's Chief Executive Officer took on the role of Chair to the CR Steering Committee; a group that meets quarterly to agree CR strategy and the associated programme of activity across the Group.

In addition, working groups are held introducing cross-functional working, with staff focussing on each specific CR pillar.

The Group's CR Policy is reviewed annually, which incorporates risks, opportunities and control measures applicable to the programme. All staff are required to complete annual mandatory training covering topics such as Business Ethics and Ethical Conduct, Treating Customers Fairly, Financial Crime and Health and Safety.

The Group's policies, HR management and culture promote ethical and transparent working practices, such as proactively managing the risk of bribery and corruption. The Group reported no breaches during the year.

CR Goals

Launched in 2014, the Group's CR goals are at the heart of its responsible business programme, and cover the four pillars – Environment, Workplace, Community and External Stakeholders.

Progress against each goal is noted within this report.

ENVIRONMENT

04

WORKPLACE

06

COMMUNITY

08

EXTERNAL STAKEHOLDERS

10



The sustained commitment of companies to greater leadership in the field of responsible business has never been more important. That's why we're here, to help. I look forward to working with Phoenix Group on their responsible business journey.

STEPHEN HOWARD
CEO OF BUSINESS IN THE COMMUNITY

ENVIRONMENT

Our commitment to monitoring and reducing our environmental footprint



We want our staff to work in an efficient workplace that routinely considers its impact on the environment.

The Group's environmental aim is to 'put back what it takes out', which can be best exemplified through its internal resource-use. Following developments in recent years in IT capability onsite, print statistics are monitored monthly, which allows the Group to measure how much paper is being consumed. The Group gives back each year by planting additional trees in its 'Phoenix Way Wood', part of the wider Heart of England Forest initiative. During 2015, 1,000 trees were planted and over 400 hours were donated through the staff volunteering programme to woodland preservation in the local community. The Group has extended its range of online templates, introducing an e-letterhead, and further equipped meeting rooms with online technology. All paper used across the Group is accredited Forest Stewardship Council ('FSC').

Through its partnership with Heart of England Forest, the Country Trust and The Coppice Primary School, two forest school education events were arranged during the year, reaching 60 year-2 primary school pupils, mixing environmental awareness with wellbeing and fun.

The Group's core sites in Wythall, near Birmingham, and London now divert 100% of waste from landfill, further reducing our environmental impact. The London office received a 'Gold Award' certificate, for the Clean City Awards Scheme, relating to achievements in waste management, waste minimisation, re-use and recycling for the third year running. The Group donated unwanted IT consumables to Midlands Air Ambulance Charity raising valuable funds through the proceeds of their sale.

Onsite at Wythall, various energy-saving initiatives have been implemented during the year, including installation of low-energy hand dryers, stop-start technology on escalators, changes to LED lighting, and introduction of a Building Management System to control the lighting, heating and ventilation onsite. The Group also supported World Wide Fund for Nature's ('WWF') Earth Hour by turning off all non-essential lighting during its annual event.

.....
5.4 tonnes

CO₂e per FTE in 2015
.....

ENVIRONMENTAL PLANS FOR 2016

Environmental plans for 2016 will be to continue to focus on 'putting back what the Group takes out', focusing primarily on internal resource impacts such as paper and print consumption.

ENVIRONMENTAL REPORTING

This section includes mandatory reporting of greenhouse gas ('GHG') emissions pursuant to the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013. Emissions disclosed relate to properties where Phoenix Group has operational control. Phoenix Group has no responsibility for any emission sources that are not included in our consolidated financial statements.

Emissions have arisen principally through the combustion of fuel and operation of facilities (Scope 1) and the consumption of purchased electricity, heat, steam and cooling (Scope 2). Approximately 7% of 2015 emissions are estimated as full year data is not yet available for all properties. A sample of emissions from fuel use for transport, back-up generation and fluorinated gases were calculated and were determined to be non-material to the overall footprint, so have not been included.

The data reported is based on the main requirements of the ISO14064 Part 1 and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition); data gathered for ongoing reporting against the UK Carbon Reduction Commitment ('CRC') scheme and energy and fuel consumption data for occupied properties has been used to calculate the carbon footprint. The Government's Conversion Factors for Company Reporting 2015 have been used to convert energy data into CO₂e emissions.

Due to organisational structure changes in 2014 following the divestment of Ignis Asset Management Limited to Standard Life Investments (Holdings) Limited, the Group has restated 2014 data to represent only properties where the Group has operational control. This is in line with the Greenhouse Gas Protocol's guidance on organisational boundaries.

GREENHOUSE GAS EMISSIONS

GLOBAL GHG EMISSIONS DATA IN TONNES OF CO₂e

Emissions from:	2015	2014 restated
Combustion of fuel and operation of facilities (Scope 1)	1,013	1,028
Electricity, heat, steam and cooling purchased for own use (Scope 2)	2,939	3,508
Total Carbon Footprint (tonnes of CO ₂ e)	3,952	4,536

PHOENIX GROUP'S CHOSEN INTENSITY MEASUREMENT

Emissions reported above normalised to per m ²	0.09 tonnes CO ₂ e/m ²	0.10 tonnes CO ₂ e/m ²
Emissions reported above normalised to kg per m ²	90 kg CO ₂ e/m ²	103 kg CO ₂ e/m ²
Emissions from Group corporate offices normalised to per FTE	5.4 tonnes of CO ₂ e/FTE	6.1 tonnes of CO ₂ e/FTE

WORKPLACE

How we treat employees, including how we attract, develop and retain the best talent



We want staff to take personal responsibility for CR and we want our staff to be healthy, engaged and productive and recognise the importance of each other's wellbeing.

The Group continues to attract, develop and retain talented staff by offering a comprehensive range of benefits and development opportunities. The Group achieved inclusion in the UK's 'Top Employers' listing for the fourth consecutive year, which highlights the range of development opportunities, benefits and experiences staff employed by the Group can expect to receive.

A summary of the benefits Phoenix employees have available to them is shown below:

Learning and development opportunities	✓	Employee referral scheme	✓
Flexible benefits scheme	✓	Season ticket loans	✓
Share Save Scheme	✓	Family-friendly policies	✓
Share Incentive Plan	✓	Sports and Social Club membership	✓
Annual Incentive Plan	✓	Charitable donations (Give As You Earn)	✓
Employee Assistance Programme	✓	Living-wage employer	✓
Occupational Health Service	✓		

EMPLOYEE ENGAGEMENT

88% of employees participated in the 2015 employee engagement survey. Employee engagement comprises one element of the corporate component of the Annual Incentive Plan for senior managers. Overall the 2015 survey achieved an Employee Engagement Index ('EEI') of 78%, which compares positively against the Financial Services benchmark and was consistent with the previous year's survey.

Staff are encouraged to participate in the Group's CR programme of activity. The suggestion scheme received in excess of 100 new ideas during the year, many of which were reviewed and implemented by the CR working groups.

WELLBEING

The Group regularly promotes staff wellbeing initiatives, both physical and mental, encouraging individuals to lead healthier and more rewarding lives. A new online 'wellbeing portal' was launched to staff, removing the need for paper-based health promotion, supporting an agreed calendar of national health events.

The Group actively promotes mental wellbeing and regularly communicates the Time to Change Pledge which was originally signed in 2014. Through the staff volunteering programme, employees were able to receive Dementia Friend training onsite from Alzheimer's Society, an activity which will be repeated.

350 members of staff attended onsite health-checks, ranging from cholesterol testing, blood pressure monitoring and diabetes screening. Flu immunisations were offered to staff at all sites, to help protect them during the flu season. Staff at the Wythall site were able to book reflexology, sports massage, alternative therapies and fitness classes onsite during the year, utilising their Sports and Social Club membership for discounts.

Healthy vending was launched at the Wythall site, providing an alternative snack option, in addition to a greater range of healthy meal options available in the onsite restaurant and greater focus around nutritional information.

The Group supported 'National Walking Month' in May with the launch of a walking group onsite at Wythall, and signage to encourage staff to take the stairs. This, combined with an activity monitor promotion, enabled staff to track the number of steps they were taking during the course of a day, moving towards the recommended daily 10,000 steps. A bank of sit-stand desks was launched onsite at Wythall, introducing additional exercise into the working day.

Through the Group's charity fundraising programme staff participated in a wide range of sporting challenges over the year. 517 members of staff participated in the annual 'Phoenix Mile', which involved running or walking one mile, raising £5,170 for the Group's charity partners, Midlands Air Ambulance Charity and London's Air Ambulance. In addition, staff participated in abseils, half marathons, endurance cycle races, sky diving, tennis tournaments and climbing challenges.

The Group participated in Britain's Healthiest Company benchmark for the second year and achieved fourth place in the mid-sized category for 'Britain's Healthiest Workplace'* and ninth for 'Britain's Healthiest Company', improving several elements on previous year's report.

* Benchmark in association with Pru Health, Mercer and The Telegraph.

The Group also received external recognition from Worcestershire County Council through achieving level 1 in Worcestershire Works Well; a benchmark accreditation designed to help businesses improve their workplace wellbeing offering – keeping staff fit, healthy and in work.

	2015	2014
Percentage of days lost through sickness	1.4%	1.6%

The Chartered Institute of Personnel and Development ('CIPD') data shows the Group's metric for sickness is more favourable than benchmark – average of 3.6 days compared with 5.1 days.

HUMAN RIGHTS

The Group's business ethics and dignity at work principles have regard for, and are aligned to, relevant Articles of the United Nations Universal Declaration of Human Rights.

DIVERSITY

The Group recruits individuals to roles based on objective criteria to ensure staff with relevant skillsets are appointed. The Group tracks a number of diversity measures.

The Group reported 15.5% of its workforce as being from a Black, Asian or Minority Ethnic ('BAME') background, which is an increase on previous year.

LEARNING AND DEVELOPMENT

A range of in-house and externally sourced training programmes are delivered and tailored to different levels of management, from 'aspiring' to 'experienced'. Over 1,000 learning requests were supported by the Group which included professional qualifications, coaching and Continuing Professional Development.

The first cohort of the Open University Executive Education programme successfully completed 90-day business challenges. Set by the Executive Committee, challenges delivered genuine business improvements as a result of delegates' learning. Partnerships continue with prestigious business schools, including Ashridge and the London Business School, where a number of senior employees attended development programmes. Due to its success a second programme has commenced.

A suite of 'High Impact Training' sessions provides practical tools and guidance to new and existing leaders, as well as employees who require specific skill development. Examples include coaching, time management, handling conflict and presentation skills.

	2015	2014
Percentage of employees sponsored on a professional qualification	16%	21%
Total number of external staff training days	516	509

	2015	2014
Staff turnover (employees choosing to leave voluntarily)	6.1%	6.2%

Staff turnover at Phoenix compares favourably with the CIPD benchmark of 11.8%.

HEALTH AND SAFETY

All staff complete annual Health and Safety training which includes a review of their individual workstation ergonomics. The Group had no reportable accidents under the Reporting of Incidents, Disease and Dangerous Occurrence Regulations ('RIDDOR') during 2015.

WORKPLACE PLANS FOR 2016

Workplace plans will remain largely unchanged in 2016, with a continued focus on attracting, retaining and developing the very best talent in the workplace. The Group will develop its people and increase the internal succession pipeline through targeted management and leadership development.

Building upon efforts to support the physical wellbeing of employees over the past year, 2016 will focus on encouraging and supporting the financial, physical and mental wellbeing of its employees and wider stakeholder groups.

COMMUNITY

The contribution we make to the communities in which we operate and our obligations to the broader society



We want our local community to know we are a responsible corporate citizen.

Staff voted in favour of extending the Group's partnership with Midlands Air Ambulance Charity and London's Air Ambulance for a three-year period to March 2017. In 2015 'Our Community, Your Choice' was promoted, allowing staff to raise funds or volunteer for a cause close to their hearts in their own community, instead of only supporting the Group's community and charity partners. This created a community approach that is much more personal and meaningful for employees.

CHARITABLE DONATIONS

The Group's donation approach supports UK registered charities primarily in the local community, excluding causes that are considered religious or political.

During the year, £168,809.84 was donated to the Air Ambulance charities, a significant amount through extreme fundraising challenges, such as the Grand Union Challenge, whereby members of staff ran 240 miles between the London and Wythall sites; the Death Valley Challenge, which involved one individual cycling across the American plains in excessive heat, a 24-hour Bear Grylls Survival Challenge and various sky diving and abseiling challenges. In addition, teams fundraised in the more traditional sense by dressing-down, baking cakes, participating in organised races and attending onsite staff engagement events such as a firework display and family fun day. In total £402,404.30 has been donated to the Air Ambulance charities since the partnership began in April 2014.



The Phoenix Group partnership has been fundamental to our ability to grow our fundraising income and we are staggered at the level of commitment shown by staff."

SPOKESPERSON ON BEHALF OF MIDLANDS AIR AMBULANCE CHARITY AND LONDON'S AIR AMBULANCE

The Group was awarded Midlands Air Ambulance Charity's 'Business Partner of the Year' Award for 2015 at the charity's annual fundraising gala dinner.

£5,987.78 was donated to other charities the Group supported during the year, for example Mind, Shelter, SIFA Fireside in Birmingham and the Gurkha Charity Tamu Samaj UK following the earthquake disaster in Nepal.

£13,762.16 was donated through the staff-matched fundraising scheme, for causes supported by employees and their families. These include various schools and scouting groups that staff volunteer their time to outside of working hours.

COMMUNITY INVESTMENT

The Group's community programme focuses on 'making a difference' in the communities in which the Group's core sites are based. £46,507.82 was donated to various community initiatives during the year. This included the sponsorship of Woodrush High School's new community hub, which will be home to a community library, café and gym. In addition to monetary donations, the Group's catering team manager donated his time to the project and helped train pupils in how to run a coffee shop onsite, in preparation for the hub's opening.

The Group's partnership with The Money Charity continued into 2015, delivering financial education workshops to 11-16 year-olds in local schools. During the Group's latest partnership, over 300 pupils were reached through 12 workshops run by our trained staff volunteers.

A tea dance was arranged onsite for Wythall's Senior Friendship Club, where over 50 local elderly residents enjoyed an afternoon of entertainment and refreshments onsite. For the community's youth, a sponsorship programme with City of Birmingham Choir took place, reaching 200 children in the community, allowing them to join forces on a music concert called Zimbe.

The Group worked closely with Bromsgrove District Council, helping to launch new refuse bins within the Wythall area, in addition to participating in various local organised litter picks, all helping to reduce the volume of litter on the streets close to the Group's office.

The Group was again premier sponsor of the 'Wythall and Hollywood Fun Run' which included 10km, 5km and 1.5km races through the heart of the community, which even passed through the office grounds as part of the official distance. Staff volunteered for marshalling duties and took the opportunity to survey members of the community to better understand how the Group may further support its community.

Aside from donating funds, the Group has continued to loan its resources to community groups. Old furniture was donated to Trident Reach for use in their communal dining areas. The car park facilities at the Wythall site were made available for the 'Mad March Hare Sportive' and meeting room space was made available on several occasions to community partners during the year.

Onsite at Wythall, 'The Link' corporate responsibility room is host to various community donation stations benefiting a variety of local causes – staff regularly collect shoes, clothing, books, mobile phones, toiletries, postage stamps and ink cartridges.

VOLUNTEERING

36% of staff participated in the Group's volunteering programme during the year, donating 1,942 hours to community initiatives. This is nearly four times the amount donated in the previous year, which helps demonstrate the engagement staff have with the programme.

The Group worked with the following local charities and community partners during the year: SIFA Fireside, Trident Reach the People Charity, Birmingham Mind, Alzheimer's Society, Birmingham St Mary's Hospice, Trinity Hospice, Heart of England Forest, Dickens Heath Community Primary School and The Coppice Primary School.

The Group recognised personal staff contributions to its charity and community programme, by way of internal awards, which were presented at an end-of-year staff presentation. Awards included 'Volunteer of the Year', 'Volunteer Team of the Year', 'Extreme Fundraiser' and 'Charity Personality'. The awards were presented by the Chief Executive Officer of Phoenix Life who sponsors the CR Steering Group and Midlands Air Ambulance Charity's Chief Executive.

COMMUNITY PLANS FOR 2016

Community plans for 2016 will be to continue to support the Air Ambulance charities, extending the number of community partners the Group works with, and providing further opportunities for staff to get involved. The Group intends to focus on financial, mental and physical wellbeing in all areas of its CR strategy, so future community partners and initiatives will be closely aligned with this.



In my experience, doing voluntary work through Phoenix is a great opportunity for team building, whilst benefiting our local community partners."

PHOENIX GROUP'S VOLUNTEER OF THE YEAR 2015

EXTERNAL STAKEHOLDERS

Our relationships with
third parties



We want our external
stakeholders to know
we are a responsible
corporate citizen.

The Group sponsored an independent industry report entitled 'The Meaning of Life', which reviewed the future of the UK life industry in the private-sector pensions market. The Group looks forward to facilitating a debate with key stakeholders across the pensions industry, regulator environment and government, which the Group believes is essential for the protection of its policyholders.

The Group has continued to tackle the rise in pension scams by working with partners to prevent transfers to suspicious schemes. The issue has increased since the launch of pension freedoms in April 2015. To date, the Group has identified over 1,650 suspicious companies or schemes, preventing £26m of pension fraud.

Closer to home, the Group arranged sessions for its staff to be briefed on recent pension changes. By being better informed, staff should be better equipped to make any necessary changes that may directly affect their financial future.

The Group achieved an A-grade investment rating at the start of the year, highlighting its strong financial position recognised by Fitch Ratings. They assigned investment grade ratings for the Group's senior and subordinated debt.

EXTERNAL STAKEHOLDER PLANS FOR 2016

External Stakeholder plans for 2016 will be to review the range of opportunities available to the Group, to support the financial, mental and physical wellbeing of its external stakeholders group, in particular the life companies' 4.5 million policyholders, by offering them increased information to help them continue to make informed decisions.

Our mission is to improve returns for Phoenix policyholders and deliver value for shareholders. We aim to be recognised as the 'industry solution' for the safe, innovative and profitable decommissioning of closed life funds.

CONCLUSION



External benchmarks such as the CR Index have helped the Group focus on what should be included in the next evolution of the CR programme, where its strengths are, but most importantly it has highlighted areas for reflection and development.

The Group has high staff engagement levels, which are intrinsically linked with initiatives across the CR programme, best exemplified by the number of staff volunteering, fundraising and making that all important 'difference' to the lives of those less fortunate than themselves.

Staff engagement activity such as this helps highlight what a great place Phoenix is to work, making it one of the UK's 'Top Employers' year after year.

LUCY SYMONDS

CORPORATE RESPONSIBILITY MANAGER

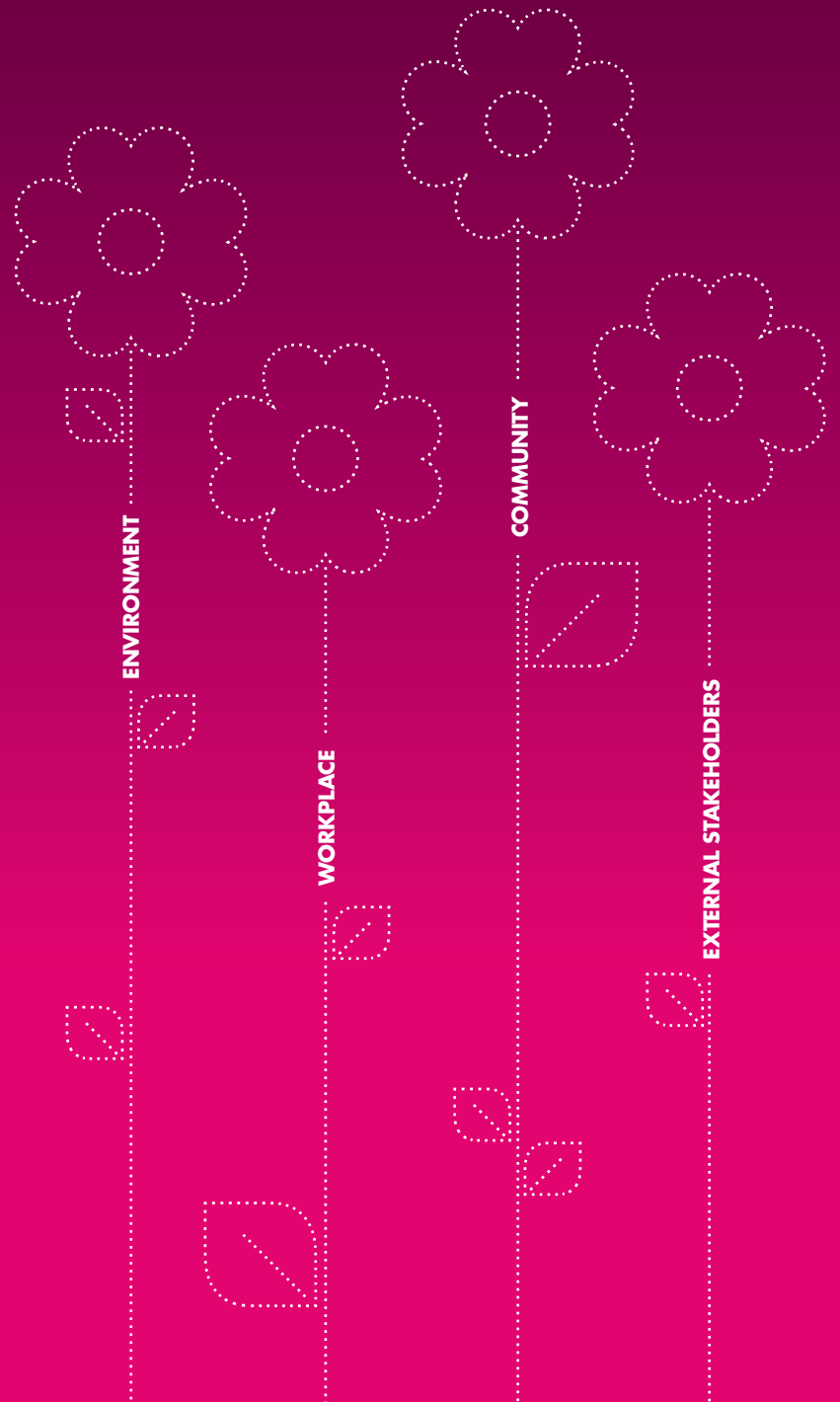
HELP US GROW OUR CR PROGRAMME

Should you wish to hear
more about the Group's CR
Programme, please contact:

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