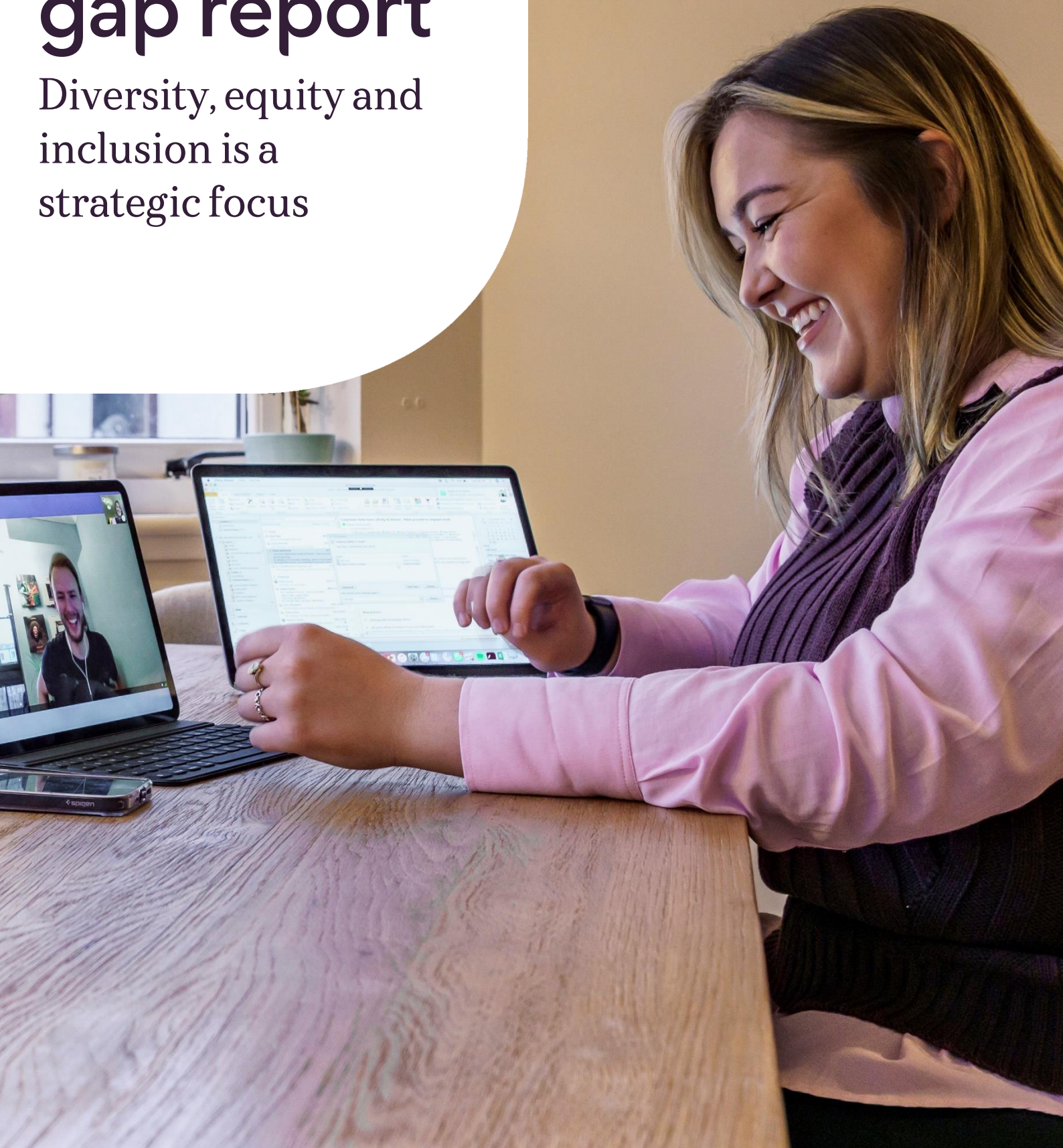




Gender pay gap report

Diversity, equity and inclusion is a strategic focus



Introduction

As the UK's largest long-term savings and retirement business, we make a difference to the lives of millions of people. Diversity, Equity and Inclusion is a core component of our strategy. They are aligned with our purpose of helping people secure a life of possibilities and embedded in our company values. We want to be the employer of choice for talented people from all backgrounds and identities.

This year we have renewed our strategic focus on Diversity, Equity and Inclusion (DEI), with our new DEI strategy. We know that by nurturing a diverse workforce that represents our customers and communities, valuing and understanding our differences to drive innovation, and creating a supportive environment where our people can bring their whole selves to work, we will create a diverse, equitable and inclusive Phoenix, where everyone feels they belong.

Gender equity is one of the key areas of focus in our DEI strategy, and we have committed to a goal that by the end of 2023, 40% of our senior leaders will be women.



We are moving in the right direction; our top 100 salaried colleagues saw a 4-percentage point increase in female representation between 31 March 2020 and 31 March 2021.

We know there is a connection between our gender pay gap and female representation in senior roles, which is why our target is focussed on our highest salaried and most senior population. Over time we expect to see improvements in both female representation and the connected gender pay gap.

In order to progress our gender equity at all levels, we have created a data-led approach, informed by our 'Who We Are' diversity data and colleague insights, so that we can target the things that will make a difference. These include:

- prioritising diverse shortlists for leadership roles, including gender balance
- actively promoting our flexible working options to better attract diverse talent, including offering job-shares and part-time working at the most senior levels
- providing enhanced maternity, paternity, parental and shared parental leave and carers leave policies
- ensuring our leadership development programmes target gender balance and diverse participation
- providing sponsorship and mentorship opportunities for women at all career stages
- building a long-term gender-balanced pipeline via our early career and social mobility opportunities

In this document we are sharing our gender pay gap data for the period April 2020 – March 2021, which is now some time ago. We have made progress since then and going forward we intend to publish closer to the reporting period, so that the data and actions are more closely aligned.

Although we are making progress, our gender pay gap remains above where we want it to be. We know that gender representation in senior levels of our organisation is the primary reason for our gender pay gap. We review our Top 100 roles, female succession pipeline and our gender pay gap regularly to identify and target specific and continued action. We are fully committed to narrowing the gap through our clear DEI strategy and plans of action.

We confirm that the Phoenix Group gender pay gap calculations are accurate:



Andy Briggs

Group CEO, Phoenix Group



Sara Thompson

HRD, Phoenix Group



What is the gender pay gap?

The gender pay gap is the difference in the total average earnings of males and females, regardless of the nature of their work, across an organisation. It does not compare pay on an individual level for males and females undertaking the same role.

How is this different to equal pay?

Equal pay refers to the legal requirement that male and female employees, who are engaged in equal or similar work, or work of equal value, must receive equal pay. Having reviewed our reward principles, we are confident that our gender pay gap and bonus pay gap are not caused by equal pay concerns.

Who is included in the calculations?

For this reporting period we have included four of Phoenix's 'employing entities': Pearl Group Management Services (PGMS), Standard Life Assurance Employee Services Limited in the UK (SLAESL), ReAssure (RUKSL) and ReAssure Life Limited. In addition, using all of the data from across all the employing entities, we have included an overall Phoenix Group figure.

How is the gender pay gap calculated?

We report on the following key figures:

- **Mean gender pay gap**

Compares the average male salary from across the relevant employing entity and the average female salary from across the entity (calculated by adding up all the salaries for each gender and dividing by the number of colleagues).

- **Median gender pay gap**

Calculated by looking at all the male salaries and all the female salaries for the relevant entity, identifying the middle salary for each and then calculating the difference between these two figures.

- **Mean bonus pay gap**

Compares the average male bonus payment from across the relevant entity and the average female bonus payment from across the entity (calculated by adding up all the bonus payments for each gender and dividing by the number of colleagues).

- **Median bonus pay gap**

Calculated by looking at all the male and female bonus payments, identifying the middle payment for both and then calculating the difference between these two figures.

- **Proportion of men and women in each pay quartile**

- **Proportion of men and women receiving a bonus**

In addition to the above, internally we also monitor earnings across our top 100, top 250 and top decile of colleagues.

Who and what is included in the calculations?

- For this reporting period we have included four of Phoenix's 'employing entities': Pearl Group Management Services (PGMS), Standard Life Assurance Employee Services Limited in the UK (SLAESL), ReAssure (RUKSL) and ReAssure Life Limited.
- The individual figures for the respective employing entities have been calculated following the government guidelines and are provided in the table below.
- This year we are reporting on ReAssure Life Limited for the first time, as their headcount is greater than 250.
- Using all of the data from across the entities we have included an overall Phoenix Group figure which we will track against overall to give us a group wide comparison.
- The snapshot date for this data is 5 April 2020.

The data and what it shows

2021 statutory gender pay gap										
	PGMS		SLAESL		RUKSL		ReAssure Life **		Phoenix Group **	
Median pay gap	25.2% (-2.0%)		25.2% (+0.8%)		18.5% (+0.5%)		-0.2%		28.8%	
Mean pay gap	27.3% (+1.1%)		*20.35% (-0.1%)		26.9% (-0.1%)		18.1%		29.8%	
Median bonus gap	40.2% (-12.4%)		32.3% (-0.2%)		28.6% (-0.4%)		5.0%		33.7%	
Mean bonus gap	62.9% (-4.9%)		33.5% (-4.0%)		55.4% (-5.6%)		39.9%		57.7%	
Quartiles	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Upper	72.3%	27.7% ↑	61.4%	38.6% ↑	63.8%	36.2% ↑	38.1%	61.9%	63.1%	36.9%
Upper middle	64.8%	35.2% ↓	54.7%	45.3% ↑	47.9%	52.1% ↑	31.7%	68.3%	52.5%	47.5%
Lower middle	55.7%	44.3% ↓	39.7%	60.3% ↓	39.5%	60.5% ↑	32.3%	67.7%	41.8%	58.2%
Lower	44.7%	55.3% ↓	36.8%	63.2% ↑	40.7%	59.3% ↑	39.7%	60.3%	38.5%	61.5%
% Received a bonus	93.7%	90.7% ↓	98.7%	98.7% ↑	88.9%	91.3% ↑	85.4%	87.7%	93.7%	94.2%

Favourable movement compared to 2020 figures shown in **amber**.

*SLAESL mean pay gap shown to 2 decimal places to explain 0.1% reduction from 20.44% in 2020.

**No previous year data available for comparison against ReAssure Life or Phoenix Group.

Median pay gap

Median pay gap, the primary focus of gender pay reporting, can be considered a more stable representation of the true middle and not as responsive to outliers as mean calculations.

- The median pay gap has decreased in PGMS but has increased in both SLAESL and RUKSL.
- PGMS is the only entity that has seen reductions in female representation in both of the lower quartiles, which is likely to be the main driver of the significant drop in the median pay gap.
- The increase in the median pay gap in SLAESL is driven by an increase in female representation in the lowest quartile.

Mean pay gap

Mean pay gaps are more volatile than median pay gaps, as they are impacted more by outliers.

- The mean pay gap has decreased in RUKSL and SLAESL but has increased in PGMS.
- PGMS has the smallest population of the three comparable entities and is therefore subject to greater fluctuation.

Bonus pay gap

Bonus payments are formulaically linked to an individual's salary, so with a greater female representation in the higher paid employees across the Group, the bonus pay gap concurrently reduces.

- Across all three entities comparable to the previous reporting year, there have been reductions in mean and median bonus pay gaps.
- The proportion of females receiving a bonus has increased in RUKSL and SLAESL.
- In PGMS the percentage of females receiving a bonus has decreased, but there has been a significant reduction in the bonus gap, both median and mean. This can be attributed the increased number of females in the upper quartile.

Gender representation by pay quartile

A higher proportion of male colleagues are in the higher salary quartiles across each of the entities, with more females in lower-paid quartiles. However, there has been progress:

- Across all three entities comparable to the previous reporting year, female representation in the upper quartile has increased.
- The same is true in the upper middle quartile with the exception of PGMS.
- In the lower middle quartile female representation has reduced in PGMS and SLAESL.
- In the lower quartile female representation has reduced for PGMS but increased across the other two legal entities.

Analysing our data by seniority

Gender representation in senior levels of our organisation is the primary reason for our gender pay gap.

- We have seen the number of women in our top 10% salaried roles rise by nearly 3 percentage points over the reporting year, through greater retention of women in these roles (compared with men), and proportionally more women being recruited into these roles. These patterns are also seen in the top quartile.
- In our top 100 roles, female representation rose by 4 percentage points to 21% by 31 March 2021. This increased again by a further 6% (to 27%) by the end of 2021. Female representation in the top 100 roles is the basis of measurement of our Women in Finance Charter target.

Increasing female representation in senior roles is a key part of our DE&I strategy, and we have built a robust approach to senior hiring and development to enable us to attract, retain and develop the best talent. With continued focus and rigour, we expect to see the impact of this strategy going forwards.

Our strategic approach to closing the gender gap – focus areas for 2022

Our aim to attract the very best talent to our organisation, to ensure hiring and promoting processes are free from bias and to offer a full range of flexible working options to create a more gender-inclusive working environment. We have used our 'Who We Are' diversity data initiative to set clear and measurable plans and we believe our approach will improve gender equality.



Targets

- We continue to use the HM Treasury Women in Finance targets to focus attention on our Top 100 roles
- We have committed that by the end of 2023, 40% of our senior leaders* will be women

*Senior leaders are defined as Senior Leadership, Business Leadership and ExCo roles



Executive ownership

- The Executive Committee review the talent, diversity and inclusion for their functions every 6 months and have personal objectives to meet
- The DEI Steering Group has an Executive Sponsor for each focus area of our strategy, including an Executive Sponsor for gender diversity



Data & reporting

- 75% of colleagues voluntarily shared their diversity data via our 'Who We Are' initiative, which has enabled us to benchmark externally and to identify areas for action
- We will continue to benchmark our colleagues' experience of the inclusiveness of our culture, via our regular employee sentiment surveys



Hiring strategy

- For business leadership roles, we require that all candidate pools have a 50:50 gender split
- We use gender neutral language in job descriptions and advertisements, and we deploy the use of targeted jobs boards to attract diverse and underrepresented talent



Gender-balanced development

- We continue to ensure that all our leadership development programmes target gender balance and diversity
- Our 'Changing the Game' leadership development programme currently has over 50% female participation



Sponsorship & mentoring

- We will continue to sponsor women to join the 30% Club's 'Mission Gender Equity' and 'Mission Include' programmes – to date we have had sponsored 66 women
- We will continue to provide Coaching to women in leadership positions who request this support for their development



Inclusive policies

- We actively promote our flexible working options, including job-shares and part-time working at the most senior levels
- We provide enhanced maternity and paternity, parental and shared parental leave and carer's leave policies



Social mobility & early careers

- We will continue to expand our entry level programmes to build a long-term pipeline of diverse talent
- In 2021 we participated in the Social Mobility Foundation's Employer Index and ranked 41st