

**BUILDING A
SUSTAINABLE
FUTURE**

TOGETHER

Phoenix Group is passionate about building a sustainable future, using our position as the UK's largest long-term savings and retirement business, to integrate sustainability into the investment ecosystem and throughout our business. We are committed to making a positive contribution to society, our environment, and in securing a life of possibilities for our customers and in this context, we will play a leading role in informing the debate and driving change across our industry. Our partners and suppliers are integral to our business, and are key enablers to the sustainability commitments we have made. We ask you to join us on this challenging but critical journey to a better future.

WE NEED TO ACT NOW

The impact of climate change is one of the biggest global issues we will face in our lifetime. The societies in which we live, the companies that we represent and the ambitions and aspirations we have for the future are under threat.

Phoenix was among the first insurers to make a clear commitment to help tackle climate change in line with Science-Based Targets (SBTi), our targets include:

- by 2025, we will achieve net zero for **our direct operational emissions**
- by 2030, reduce carbon emissions intensity of our **£250bn investment portfolio, by at least 50%** and we're calling on the industry to take serious carbon action
- by 2050, we will achieve **net zero in our investment portfolio**, applying to our c.£300bn assets under administration.

We work with around 1,000 partners and suppliers. The majority of our spend is with suppliers of fully managed outsourced services, IT, professional services, and goods and services related to management of our premises. We recognise the substantive social impact of our suppliers and have set clear expectations on the importance of the 'S' in ESG including, but not limited to, tackling modern slavery and upholding high health and safety standards.

We are asking all of our **existing partners and suppliers** to set clear **sustainability ambitions and targets** for their businesses and seek alignment with ours.

We strongly believe that by driving ESG considerations into their businesses, our partners and suppliers will improve their long term sustainability, their financial returns and reduce the impact on climate change. Specifically, we expect partners and suppliers to:

- adopt SBTi carbon reduction targets
- implement a plan to tackle and report on modern slavery
- meet best practise health and safety standards.

In 2022, we look to **prioritise partnerships with new partners and suppliers** who already have these sustainability ambitions in place.

WE ARE ON A JOURNEY TOGETHER

In 2021, we asked our key suppliers (which account for 80% of our spend) to meet our sustainable supply chain standards by the end of 2022. Overall, we are pleased that more than half of our key suppliers have made significant sustainability commitments and are striving to achieve these targets. We encourage them to continue to push these boundaries.

We recognise that the road ahead may be difficult, and to this end, we extend encouragement and our offer of support, to work jointly and to share best practise.

In 2022, we will look to share knowledge, resources and tools to help our partners and suppliers implement ambitious sustainability plans and targets.

We are independently reviewing the ESG risk in our supply chain. In H2 2022, we will be informing those suppliers deemed to be high risk and setting out our expectation that we meet our standards in addition to our key suppliers. We have set clear expectations for our business, partners and suppliers and the depth of achievement to the standards.

WE CAN MAKE A DIFFERENCE

We have the potential to create a sustainable future in part through our role in the financial system by allocating capital to areas that deliver both social, environmental and investment value. The increased level of leadership and transparency across the industry is a must if we are to succeed. We expect our partners and suppliers to take leading positions in this regard and strengthen the role they play in the sustainability agenda.

We are committed to supporting the goals of the Paris Agreement and the developments from the recent COP26 in Glasgow.

We look forward to working with all of our partners and suppliers to help meet our sustainability ambitions and to hear about the objectives you are setting in your supply chain.

Yours sincerely,

Tony Kassimoitis, Chief Operating Officer