

Phoenix Independent Governance Committee

Annual Report for year
ending 31 December 2025



Independent Governance Committee





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Supporting materials for this document are available [here](#).



Chair's summary





Welcome to this year's annual report from your Independent Governance Committee (IGC)

I'm Andy Davies, the chair of the IGC. I am pleased to report that we believe customers receive value for money from Phoenix.

Independent assessment of value for money

As a committee, our primary responsibility is to act in the interests of in-scope customers by independently assessing whether you are receiving value for money.

Each year, we evaluate the products and services offered by Phoenix. We consider a range of factors including:

- Investment performance and services
- Costs and charges
- Customer service
- Communications and engagement
- Environmental, social and governance (ESG)

Our role is to ensure customers' pension policies are being managed fairly, transparently and in alignment with their long-term financial goals.

This annual report outlines our assessment for 2025. It highlights areas where value is being delivered and where improvements are needed. We hold Phoenix to account to drive change and enhance customer outcomes.

We are committed to the highest standards of scrutiny and transparency, ensuring our oversight supports improvements in the financial wellbeing of policyholders.

Our assessment

We assess each area above to determine if they are Red (not value for money), Amber (value for money but could be improved) or Green (value for money). We also decide whether they are low, medium or strong within each category resulting in a rating between one and nine.

Please refer to **page 36** for more detailed information as to how we make our assessment.

Taking into account all areas, overall we believe customers receive value for money from Phoenix. As you can see, we rate Phoenix as 'good' for 'their' costs and charges and ESG with their investment performance being excellent overall.

Their customer communications and engagement and servicing still represent value for money, but there are some improvements that we would like them to make in these areas.

The elements of this diagram are expanded and explained further, including how we have come to these conclusions in the next section of the report.



Summary by area

As mentioned, to assess whether Phoenix is providing value for money to customers, we review five key areas. More detail can be found in the next section of the report but below is a summary of each and our rating from one (poor) to nine (outstanding).

Investment performance and services:

How are your investments performing and are they well managed?



Andrew Milligan
Independent
Member

"The IGC is pleased with the overall performance of the largest Phoenix funds. The IGC is also content with the governance of Phoenix funds."

The IGC has awarded a rating of GREEN (Excellent) for performance and for services



Investment performance



Investment services¹

Unchanged from last year's ratings

Costs and charges:

Are the costs and charges you pay reasonable for what you get in return?



Steven Blight
Company
Nominee

"We are pleased that customer charges are a maximum of 0.75% per year where they have no additional guarantees or benefits."

The IGC has awarded a rating of GREEN (Good)



Unchanged from last year's rating

Customer service:

What is the quality of the service Phoenix provides?



Rachel Haworth
Independent
Member

"Phoenix service levels are adequate and customer satisfaction has improved on 2024."

The IGC has awarded a rating of AMBER (Adequate)



Unchanged from last year's rating

Communication and engagement:

How well does Phoenix communicate with you and keep you up-to-date with your pension?



Maggie Craig
Independent
Member

"Phoenix communications contain relevant information, but they need to be more engaging to customers"

The IGC has awarded a rating of AMBER (Adequate)



Unchanged from last year's rating

Environmental, social and governance (ESG):

Is enough allowance made for ESG considerations in how your pension savings are invested?



Barry Butler
Independent
Member

"Phoenix takes its responsibilities to the environment and wider society seriously. 2025 saw further evolution in the framework and policies that have been built to ensure ESG and Stewardship considerations are taken into account in investment decisions affecting customer returns."

The IGC has awarded a rating of GREEN (Good)



Unchanged from last year's rating

¹Investment services include the processes and management of the funds and fund managers

Update on 2025 challenges

In order to improve the value for money that customers receive, each year we set specific challenges to address areas that could be improved.

Below are the challenges we set Phoenix for 2025 and our update in terms of progress made. We are pleased to report that the majority were either fully or partially met. We will continue to focus on those not met to our satisfaction to ensure further progress is made.

Challenges met to our satisfaction



Costs and charges

- We challenged Phoenix to move customers paying more than 0.75% per year in ongoing charges (without additional valuable benefits) to a lower-charging, more modern product.

We are pleased to report that charges reduced from July 2024 for those customers paying more than 0.75% per year without additional valuable benefits or guarantees and will continue until the completion of the switch to a more modern product.

Customer service

- We challenged Phoenix to consistently meet target levels for processing times / quality.

We are pleased to report that the consistency of customer service has improved in 2025. Overall service levels in the call centre and processing areas were largely met. Both telephony and back office quality assurance also improved.

Challenges partially met to our satisfaction



Communication and engagement

- We wanted Phoenix to pay urgent attention in 2025 to reducing the "gone-away" customers.

During last year Phoenix started to use a new 'best in class' tracing solution to help them reconnect with their "gone away" customers. We knew it would take time to see results but it is now embedded and is beginning to have an impact. However, as the total number of Phoenix customers has fallen, the "gone away" rate remains at just over 30% which is too high so we will look for further improvement in 2026.

Challenges not met to our satisfaction



Communication and engagement

- The IGC challenged Phoenix to update the 'look and feel' of key communications to make them more engaging to customers.

The IGC is disappointed that the previous year's systems constraints continue to block progress. We understand that technology improvements will be progressed.

Customer service

- A challenge was raised to improve the bereavement claims process to reduce average time taken to the target of 45 days.

Although volumes are low and so skewed by a small number of highly complex cases, bereavement claim timescales remain extended, taking an average of 133 days (118 days in 2024).

We are pleased to see that management initiated a Bereavement project in 2025 to drive improvements to this experience. The IGC will continue to support and monitor the situation until improved to our satisfaction.

Challenges for 2026

We continue to identify and encourage areas where Phoenix could improve the value for money it provides to customers. These are monitored and reviewed in our quarterly committee meetings.

If we evaluate any specific area with a score six or less (Amber or Red) we prioritise actions required to move the rating back to Green. These are then escalated to senior management within Phoenix to ensure they are addressed.

Challenge 1

Customer service: Improve the bereavement claim process to reduce average time taken to the target of 45 days.

Challenge 2

Customer service: Improve processes for vulnerable customers and evidence the improvements through outcomes monitoring.

Challenge 3

Communication and engagement: Identify three key communications and make them more engaging to customers by, for example, making more and better use of charts, pictures and diagrams.

Challenge 4

Communication and engagement: Make a significant reduction in the percentage of customers classed as gone away from 30% at the end of 2025 towards the industry median of 8.1%.

Challenge 5

Communication and engagement: Continue to increase the number of email addresses held for customers.

The IGC continually looks at how we can improve our approach on behalf of customers. We are keen to hear what you think. Please do get in touch with us at: igc@thephoenixgroup.com

Angela Byrne,
Chief Executive Officer,
Pensions and Savings
responds to the challenges
that we have set.



Putting customers first is central to our values and to the way we run our workplace pensions business. We are focused on improving retirement outcomes, enhancing the customer experience, and continuing to play a leading role in raising standards across the pensions industry.

We remain ambitious for our customers and continue to look for ways to go further, improve our proposition, and deliver better value over the long term. The IGC's rigorous scrutiny of our workplace pensions investment performance, and of the value for money we provide, is an important catalyst for that ongoing progress.

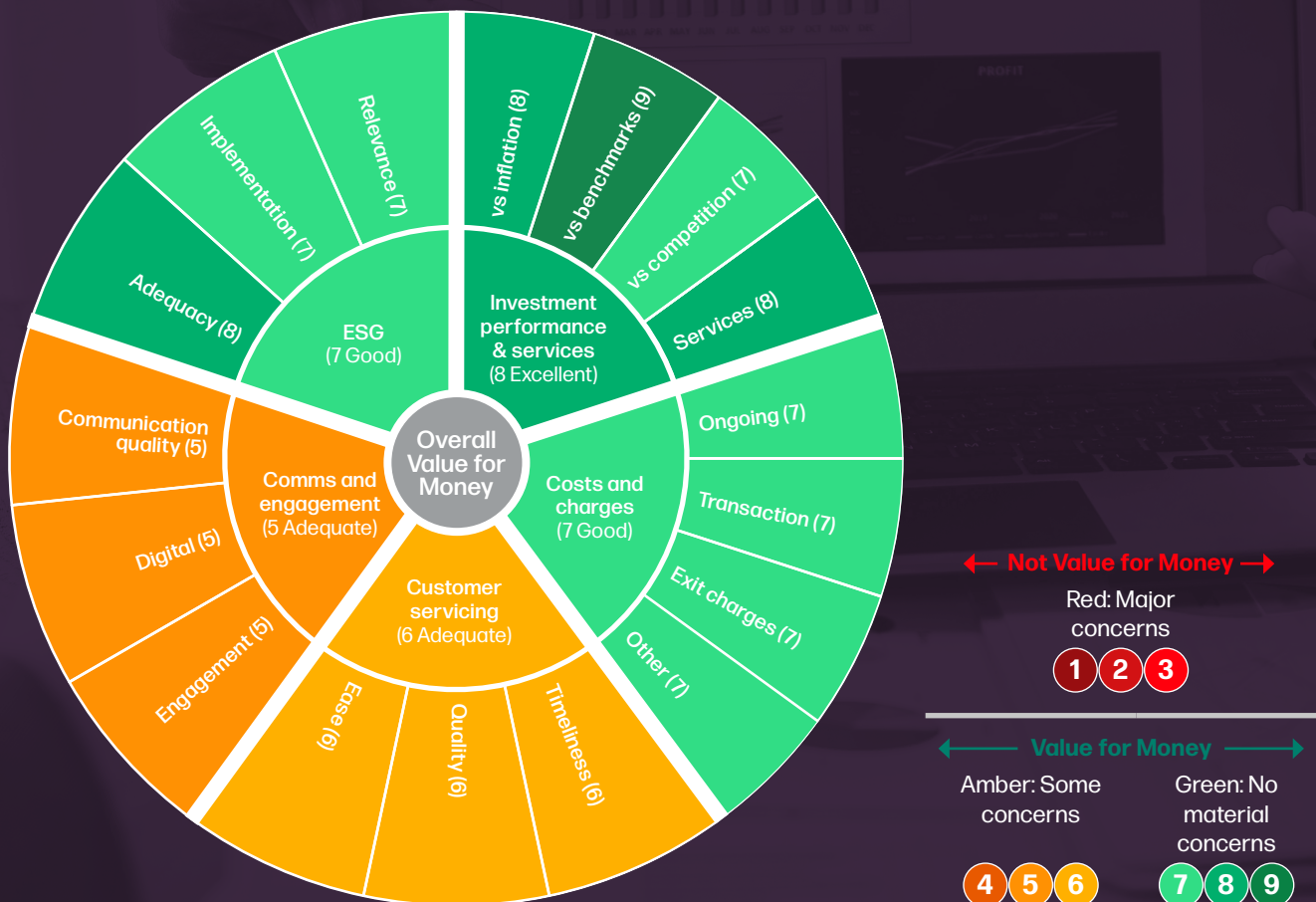
We greatly value the challenge we receive from the IGC, as well as its recognition of where strong progress has been made. The assessment is evidence-based, balanced and constructive, and it plays an important role in helping us identify where we are performing well and where we need to improve.

I have carefully noted the challenges raised by the IGC this year. I am committed to ensuring that they are considered properly by my leadership team and followed up where appropriate, alongside the wider needs and priorities of all our customers.

We will use the IGC's challenge to sharpen our focus, raise our standards and deliver better long-term outcomes for customers.

Assessment details

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Investment performance

“The main Phoenix funds represent value for money as performance has been good when compared to benchmarks, competitors and long-term inflation. However, Phoenix does have some smaller older funds which do not compare so well over the longer term.

We continue to encourage the company to take further steps to improve customer outcomes. Some of you may be able to get better performance in different funds, so we encourage you to review your personal investments.”



"The IGC has given the firm a rating of Green (Excellent) for investment performance, as it is pleased with the overall performance of the largest Phoenix funds."

Andrew Milligan, Independent Member



Summary

Why we gave this score

The performance of the nine key funds offered to Phoenix customers has been excellent when compared with benchmarks, the funds offered by competitors and inflation over the medium term.

Our score also reflects the work in hand to improve future long-term performance of the managed funds, and the performance of the range of with-profits funds.

Key areas of strength and weakness

The IGC is pleased that the performance of the main funds is generally good when compared with benchmarks, competitors or inflation over most of the time periods which we examine.

However, Phoenix has a large number of smaller or older funds which often do not compare so well with those of competitors. This can be seen through the Red/Amber/Green (RAG) assessment or the Quartiles ranking of fund performance. We have encouraged the firm to take further action in this regard.

The main funds were sharply affected by the surge in consumer prices seen in 2022 and 2023, but their long-term 'real' or 'inflation adjusted' performance is much more acceptable.

Long-term with-profits performance remains good with some funds demonstrating very positive returns.

Improvements made over the last year

As we rated Phoenix 'excellent' for investment performance in last year's report, we did not set any specific challenges to the company for 2025.

We have continued to monitor previous challenges, to ensure that procedures were implemented correctly and rapidly to deal with underperforming funds. We were reassured, and remain content, that this issue has been addressed, for example by altering the active equity components in multi-asset funds as well as changes to strategic asset allocation positions.

The IGC is also monitoring carefully the proposals to enhance the exposure to private assets in the larger managed funds, bearing in mind the increased costs which might arise alongside the potential for improved fund performance.

The IGC is reassured that Phoenix ensures customers are suitably informed as and when Market Value Reductions might affect their with-profits policy.

The IGC is pleased that Phoenix has begun work on a long-term review of with-profits funds, with the objective of improving customer outcomes and the long-term performance of such funds.

Areas for improvement

As we have rated Phoenix excellent for investment performance, we are not setting specific investment performance challenges for 2026.

The IGC will encourage the company to continue its programme of work intended to improve the large number of smaller funds offered to Phoenix customers, where long-term performance is reasonable but could be improved through better design and management.

Further commentary

The term 'Investment performance' covers a variety of ways to assess the historical and projected performance of the range of funds that are offered which is offered to Phoenix customers. This analysis includes unit-linked funds and with-profits policies.

Such an assessment is separate from the oversight and governance of the various funds, which is covered in the 'Investment Services' section.

Your IGC is responsible for determining whether the performance of such funds offered by Phoenix is fit for purpose, and properly takes into account different customers' characteristics, needs and objectives.

We hope to find that the key managed funds are delivering sufficient returns on your retirement savings over the medium and longer-term. They should provide a decent outcome when you retire, without taking too much investment risk and after taking inflation into account.

Although value for money is mainly about what you might get in the future when you retire, we also look at how your investments have performed in the past to confirm our findings.

How we assess value for money

Our assessment approach primarily examines several aspects of investment performance. For both unit-linked and with-profits funds, where data is available, we assess the evidence concerning:

- A** **How your funds have performed against the set benchmark**, for example, whether they match or exceed a stock market index.
- B** **How your funds have performed against the competition**, especially in relation to the larger default funds.
- C** **How the returns from your funds compare after taking inflation into account** over different time periods.

In relation to the long-term performance of with-profits funds we also consider important factors such as annual guarantees, estate distribution or Market Value Reductions.

As well as examining past performance, we also need to look forward. Depending on the type of fund, we will consider various design features. For example, we would check whether the customer profiles and where applicable lifestyle approach are suitable. We consider the strategic asset allocation and profiles of the main funds to see if they are likely to provide good returns across potentially different market regimes. Lastly, we monitor the various fund rationalisation and remediation programmes which the company is implementing to track whether they are likely to improve future customer outcomes.

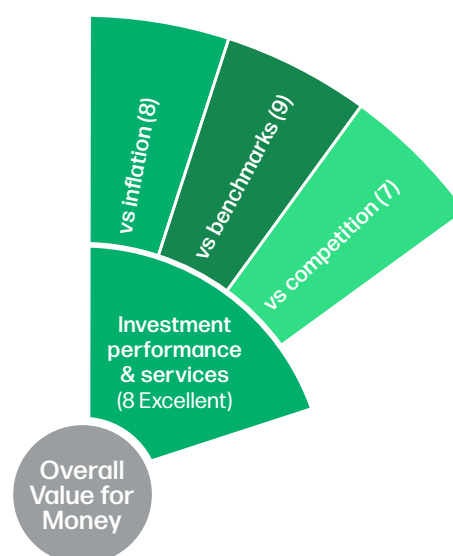
Within these areas, our detailed analysis takes into account:

- **The market background** – there were broad-based gains across equity, credit and alternatives asset markets in 2025, which benefitted equity-heavy and diversified multi-asset strategies. Inflation continued to weigh on returns for fixed income and cash-heavy strategies.

Global stock markets performed very well in 2025, led by a third successive year of strong performance from the USA. Share prices in Japan, the UK and parts of Europe showed even better performance as investor confidence broadened out.

- **The nature of market movements** – a wider array of companies and sectors had robust returns in 2025. Whilst technology remained the most important sector, the AI boom spread into other areas. A number of Asian and European companies performed well alongside the so-called 'Magnificent 7' technology companies based in the USA.
- **The economic backdrop** – this remained supportive for those portfolios with higher levels of risk. Although the introduction of import tariffs by the USA in April caused a temporary market sell-off, and geopolitical tensions remained high, economic activity recovered well whilst lower inflation allowed many central banks to cut interest rates.
- **Consumer inflation** – the IGC monitors this as it can reduce the purchasing power of your pension. Over the past five years headline inflation in the UK has averaged about 5% a year.

Our assessment



The IGC pays particular attention to the nine large funds which the majority of Phoenix customers are invested in. Of course, you may be invested in other funds that have performed differently, funds that either you or your previous employer selected some time ago.

The asset allocation underpinning these funds has mattered particularly for performance in recent years, especially the predominance of UK equity or the degree of exposure to the US stock market.

The IGC also examines the other funds offered by Phoenix, to assess whether their performance is providing suitable returns for customers.

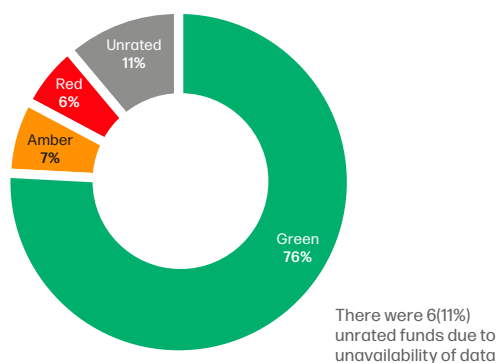
Our assessment approach for all available funds focuses on assessing performance against benchmarks, against competitors, and against inflation. In more detail:

A. Performance against benchmarks

We have rated performance against benchmarks as Green (9).

In this exercise, the IGC examines how all available unit-linked funds, over 900 of them, are performing against the benchmarks which have been set. The benchmark could be a published market index like the FTSE All Share, or a customised benchmark, or an ABI (Association of British Insurers) comparator.

Performance RAG distribution



We use a Red/Amber/Green (RAG) performance system in the above pie chart. Green represents those funds that have outperformed over the past three years, Amber those funds which have under-performed by up to 1%, and Red those funds where the under-performance is greater than 1%. The percentages of the funds are weighted by assets under management.

The proportion of funds rated Green has remained relatively constant in recent years, although it has dipped slightly from 82% in 2023 to 79% in 2024 and 76% in 2025. However, the proportion of funds rated Red has also declined. This indicates that action is beginning to have a positive effect on the large tail of funds where performance has not been as good as we would have hoped to see.

B. Performance against competitors

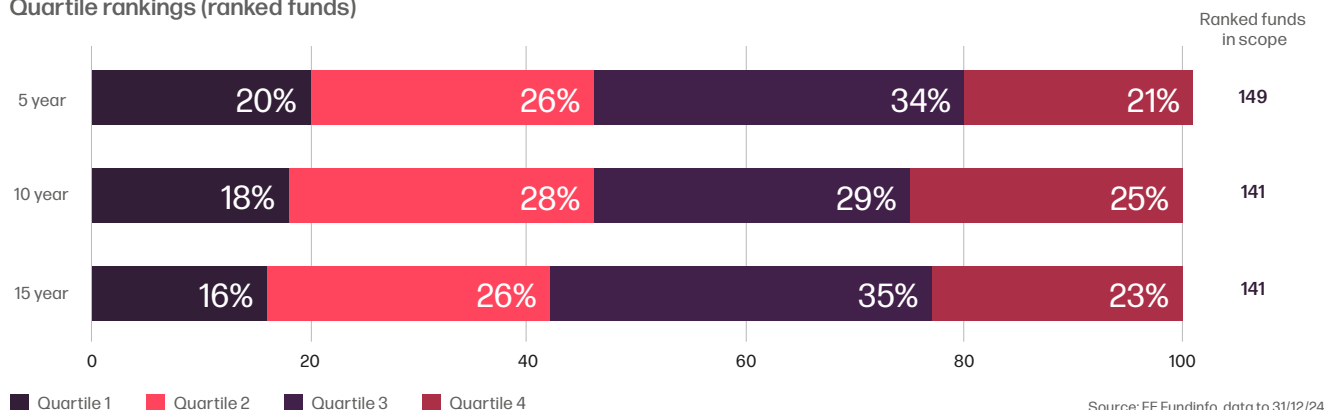
We have rated performance against competitors as Green (7). We compare the performance of all approximately 150 Phoenix funds, against similar competitors, where possible.

The results are shown in the chart of Quartile Rankings below. Quartile 1 reflects the best performing funds, while quartile 4 represents the worst performing group.

Over recent time periods, only about 42-46% of Phoenix funds are in the top half of the table, whilst over 20% are in the fourth quartile. There is a possibility therefore that better results could be obtained elsewhere if you or your previous employer made different policy choices.

However, it is difficult to know how much investment risk such competitors have taken to achieve such an outcome. For example, one possibility is that other competitor funds invested more aggressively in fast-growing equity markets outside the UK. It is also the case that some Phoenix funds have historically been designed to have a lower level of volatility albeit at the expense of giving up potentially higher returns.

Quartile rankings (ranked funds)



C. Performance against inflation

We have rated performance against inflation as Green (8).

Fund performance against inflation matters for the eventual purchasing power of your pension pot. Bearing in mind the surge in consumer inflation seen in recent years, which has affected the short-term 'real' performance of many default funds, the IGC was reassured to see the performance of the large default funds with equity holdings generally exceeded inflation over the past five years. To give one example, over the past five years the largest Phoenix default fund in terms of the number of customers returned about 2.5% on average more than inflation over each of the past five years. Indeed, the out-performance versus inflation was even more positive in some cases.

With-profits fund performance

The IGC also examines the with-profits funds offered by Phoenix. By their very nature these are long-term investments, so we check historical performance over one, two, or even three decades, as well as carefully considering the impact of inflation.

While it is the case that the surge in consumer prices has dampened 'real' performance over a period of five years, and the outturn is mixed for some funds over 10 years, we are pleased to report that the nominal and the inflation-adjusted returns on premiums for someone retiring in 2025 after 15 or 20 years of contributions were generally reasonable and in some cases very good. For example, over 15 years some funds with a high equity backing ratio have outperformed inflation by 2-6% a year.

The table in the **Supporting materials** document shows the outturns for the largest with-profits funds.

It is important to note that the details of each particular scheme will matter. Annual guarantees, estate distribution or the rules surrounding Market Value Reductions (MVR) will differ considerably between each policy. For example, the importance of estate distribution in some schemes is shown in the charts in the **Supporting materials** document.

The IGC continues to monitor the situation surrounding MVRs very closely. In a small number of cases these can be high, to ensure fairness across the different generations of policy holders. We have been reassured that any potentially affected customer cashing in their plan is given suitable information beforehand, while the differences between transfer and retirement values are clearly explained in your annual statements.

Since 2024, the company has entered the early stages of a sizeable with-profits modernisation programme, intended to deliver better customer outcomes. The IGC will monitor this during the next few years.

Forward-looking aspects of the IGC's analysis

We consider various areas where the design of your funds could potentially be improved in relation to future customer outcomes.

The IGC regularly checks on the strategic asset allocation (SAA) processes underpinning the design of many of your funds, ensuring that they are fit for purpose. This might include examining how the asset allocation will alter over the

lifetime of a product – taking on board more risk through equity and private assets in the growth phase, and moving towards a more conservative portfolio with higher bond and cash weightings as retirement approaches. In addition, the SAA has to be flexible enough to take into consideration potentially very different investment regimes, say high or low inflation, during the lifetime of a fund.

Looking across all the funds, both unit-linked and with-profits, offered to customers by Phoenix, then where there was evidence of noticeable under-performance during the past year or over longer time periods, the IGC discussed the various causes with Phoenix.

Two of the main default funds, Phoenix AL Pensions International Accumulator and Phoenix SM Opportunity Pension, remain under governance focus until corrective actions are complete. This relates to under-performance versus the benchmarks set for them, although long-term performance versus inflation is acceptable.

We welcome activity to address these performance issues, for example altering the active equity components in multi-asset funds, but also the steps taken in a strategic asset allocation review such as the relevant weighting between UK versus overseas assets.

Fund reviews

A fund rationalisation programme has begun across the entirety of Standard Life including every brand. A review of the Standard Life and ReAssure fund ranges has begun to confirm in-scope funds, with Phoenix-branded funds to follow in due course.

We also consider changes to the structure of the funds which might affect future performance. The Group is considering proposals to enhance the role of private assets, such as equity, debt or infrastructure, in the managed funds, building on initial allocations to private assets made in 2025.

The company has, in conjunction with Schroders through its joint venture (Future Growth Capital), launched UK and global Long Term Asset Funds (LTAFs) which will be among the vehicles used to provide this exposure. The IGC will monitor these plans carefully as there are increased costs to assess alongside potentially superior performance.

Conclusion

We conclude that the majority of the key funds, other unit-linked funds, and with-profits policies, offered by Phoenix are still delivering value for money. They should be able to provide decent long-term returns to help you build up a pension pot for your retirement.

The IGC will monitor carefully the actions to improve the performance of a minority of funds as well as the fund rationalisation programme.

Phoenix continues to provide a range of default funds and other funds to its customers whose performance is good value for money. The IGC awards the firm a Green rating.



Investment services

"We regard the principles, framework and processes that Phoenix uses to oversee asset managers and funds for customers as fit for purpose and representing value for money."



"The IGC is pleased with the overall governance of Phoenix funds, and has given the firm a rating of Green (Excellent) for Investment services."

Andrew Milligan, Independent Member



Summary

Why we gave this score

The default funds offered to Phoenix customers are well-designed, well-managed and administered in order to meet your expectations.

Our score reflects a regular assessment of the reports from the governance teams, particularly focusing on actions taken to address any performance or process issues which are uncovered.

Key areas of strength

The relevant parts of the Standard Life group, namely the Investment Office, and within that the Fund Manager Oversight team, demonstrate an in-depth knowledge and oversight of the major fund managers, the global strategic partners responsible for Phoenix funds, focusing on Aberdeen Investments, which is the most important manager overseeing the largest funds.

The IGC was reassured that such analysis found that there were no major concerns regarding the key strategic partners in relation to four Red/Amber/Green rating (RAG) governance aspects which are considered, namely operations, incidents, ESG and performance.

There is a suitable range of other funds which Phoenix customers can self-select from, standing alongside or instead of the main funds.

Improvements made over the last year

There were no major challenges for Phoenix in terms of investment services for 2025. We had rated this aspect as 'good' in last year's annual report.

In the previous year, we had challenged Phoenix to ensure that suitable processes were in place to identify and replace poorly performing funds with sufficient speed. The IGC was pleased that these procedures were tightened up and remain fit for purpose.

Actions continue to implement Phoenix's Responsible Investment Policy in funds where Phoenix controls the mandate.

Areas for improvement

As we have rated investment services as 'excellent', there are no major challenges for Phoenix for 2026.

Further commentary

The term 'Investment services' covers a variety of ways in which the creation, oversight and development of your funds is carried out to ensure they are fit for purpose.

This is separate from the actual management of the various assets, and how they perform, which is covered in the Investment performance section.

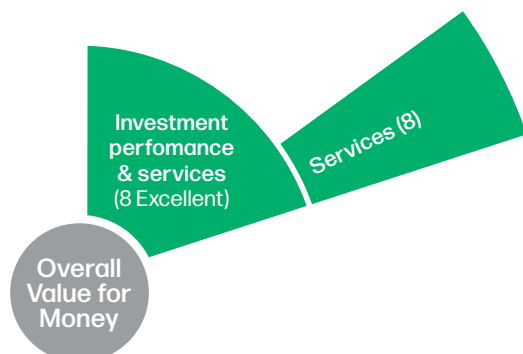
Your IGC is responsible for determining whether the servicing of such funds by Phoenix is fit for purpose, and properly takes into account different customers' characteristics, needs and objectives.

How we assess value for money

We examine several aspects in the Investment services area:

- Whether the funds are designed in the interests of customers and clearly described.
- Whether there are regular reviews of the suitability of default funds, asset allocation and manager selection.
- Whether there is adaptability of defaults and other funds to changing circumstances.
- The range and suitability of alternative fund choices.
- The processes to identify and address poorly performing funds.

Our assessment



The IGC was reassured by the extensive work of the Policyholder Investment Office, and within that the Fund Manager Oversight team, which demonstrates an in-depth knowledge of the global strategic partners who generally manage your money, in particular the larger and more important managers such as Aberdeen Investments, in terms of your default funds.

The governance team looks at all of your major fund managers in four areas: operations, incidents, ESG and performance. It uses a Red/Amber/Green or RAG rating system. The IGC was reassured that no significant issues were discovered during such in-depth reviews.

During the year regular reviews of the key strategic partners were carried out in a variety of areas. The results were helpful, for example, whether triggering a change of investment strategy or mandate or manager, or new processes put in place within the strategic partner's operations.

Where Phoenix controls the mandate, the governance teams make recommendations to the Group's Investment Committee and can implement any changes to the mandate or manager required once approved. However, if you or your employer had specifically chosen a particular fund then, while poor performance might be highlighted, ultimately you or your employer would need to make the necessary fund switch.

Conclusion

Phoenix continues to provide a range of unit-linked and with-profits funds to customers which are well managed and maintained and appear suitable for the needs of its customers. Our scoring found that all these areas were rated 'excellent', that is, a score of eight. Hence, the IGC awards the firm a Green rating.

This conclusion was based on analysis demonstrating that the principles, framework and processes through which the the asset-manager capabilities and funds overseen for Phoenix customers look fit for purpose. The IGC was pleased to see clear evidence of regular, ongoing manager and mandate reviews, and suitable changes being implemented where there is evidence of under-performing funds. It was also reassuring that there were no major concerns regarding the key strategic partners in relation to the four important RAG areas.

Costs and charges

"All Phoenix customers pay a maximum ongoing charge of 0.75% where they are invested in default type funds, except where they have additional valuable benefits or guarantees, which we consider good value for money."



"We are pleased that customer charges are a maximum of 0.75% per year where they have no additional guarantees or benefits. The IGC has given Phoenix a rating of Green for costs and charges."

Steven Blight, Company Nominee



Summary

Why we gave this score

The level of costs and charges from Phoenix provides good value for money, with all of you paying 0.75% or less per year where you don't have any additional valuable benefits or guarantees.

Last year we reported on a reduction in these ongoing charges to a maximum of 0.75% per year following previous IGC challenges, the reduction was applied from July 2024 impacting over 40,000 customers. We can report that this reduction in charges has been fully implemented now and backdated to the agreed July 2024 date.

As a result, we continue to give a good value for money rating.

Key areas of strength

Phoenix has costs and charges which offer good value for money in the following ways:

- A maximum ongoing charge of 0.75% per year, unless you have additional valuable benefits or guarantees.
- Transaction costs remain low for all the main unit linked and with-profits funds and in line with peers.

Improvements made over the last year

Phoenix has taken actions in response to our challenges:

Progress the switch to a modern, lower-charging product

- The IGC had previously challenged Phoenix as to why customers paying over 0.75% per year with no additional benefits were receiving value for money.
- Charges were reduced from July 2024 for those without additional valuable benefits or guarantees.
- Progress has continued to be made on the switch to a more modern product which will bring further customer benefits outside of costs and charges whilst retaining the maximum ongoing charge of 0.75% per year.

Further commentary

Why we gave this score

A number of costs and charges may apply to your plans and include:

- A Ongoing charges:** Regular charges deducted to cover the costs of administration and investment of your funds.
- B Transaction costs:** Deductions to cover the costs of buying and selling the investments within the plan.
- C Exit charges:** There may also be an 'exit charge' taken if your pension is transferred to another provider.
- D Other charges:** Some of you have other additional benefits or services on your plan. These can include certain guarantees that apply to with-profits investments; protection benefits (e.g. life insurance or waiver of contribution cover); specialist customers' investments; or advice from an adviser.

The main factor in determining whether the costs and charges provide value for money is how they compare with reasonable alternatives available to you. These comparators can be within the Standard Life group as a whole or available in the wider open market. This is in line with Financial Conduct Authority (FCA) rules.

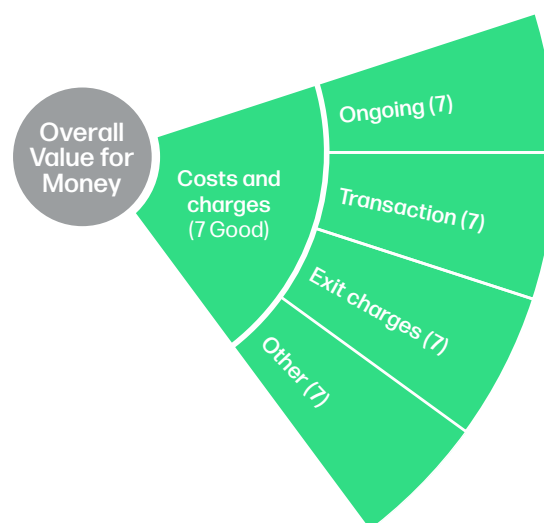
For you to be receiving good value for money, we believe that your ongoing charges should not be above 0.75% per year unless there are additional benefits provided.

We expect **transaction costs** to be within normal market ranges or, where they appear materially higher, to understand why this is the case and any action taken to offset the impact on customers.

We are concerned if **exit charges** are above 1% of the value of the plan.

Where customers pay **other charges** for other additional benefits and services, then we consider this to be reasonable provided customers know they are paying them, they understand (and still need) the benefits or services, and receive adequate communications. We also look to see that these other charges are reviewed periodically to ensure they remain appropriate.

Our assessment



A. Ongoing charges

We have rated ongoing charges as Green (7) given that Phoenix is applying a 'value adjustment' with effect from July 2024 which reduces the ongoing charges for customers paying above 0.75% per year, with no additional valuable guarantees or benefits.

This 'value adjustment' has been successfully implemented and applies to customers paying above 0.75% per year, with no additional valuable guarantees or benefits. In addition, customers will transfer to a more modern product with better digital access and communication. Phoenix is aiming to complete this work by the end of 2027.

Due to system constraints, the reduction in charges has been applied in a pragmatic manner in the short term. Rather than an explicit reduction to the charge you are paying, it has been applied through an addition to the number of units you hold. We have worked with Phoenix to get comfortable with this approach and can assure you that whilst this may not be completely obvious in your annual statements, the effective benefit from a reduction in charges, where applicable, is being applied.

The breakdown of ongoing charges you pay into broad bands is shown in the table below.

Total member charge	Number of workplace and former workplace personal pension members	Percentage	Assets under Administration (£m)	Percentage
> 1.00%	654	0.9%	9	0.9%
0.76% to 1.00%	4,957	6.9%	68	6.7%
0.51% to 0.75%	65,091	91.0%	927	91.0%
0.40% to 0.50%	810	1.2%	14	1.4%
Total	71,512	100%	1,018	100%

The vast majority of you are paying 0.75% or less per year in ongoing charges. Only those with additional benefits (e.g. with-profits guarantees) or who have chosen to invest in external funds with higher charges are paying above 0.75% per year. We consider this position to provide good value for money.

Our review of other IGC's reports show that an ongoing charge of 1% per year is becoming less typical among other firms with 'legacy' workplace pension policies. Providers are looking to restrict charges for 'legacy' business to 0.75% per year where these did not have additional valuable benefits and other certain exclusions.

This demonstrates that Phoenix compares favourably among its peers.

B. Transaction costs

The IGC has rated transaction costs as Green (7) as the level of transaction costs are low for the vast majority of funds.

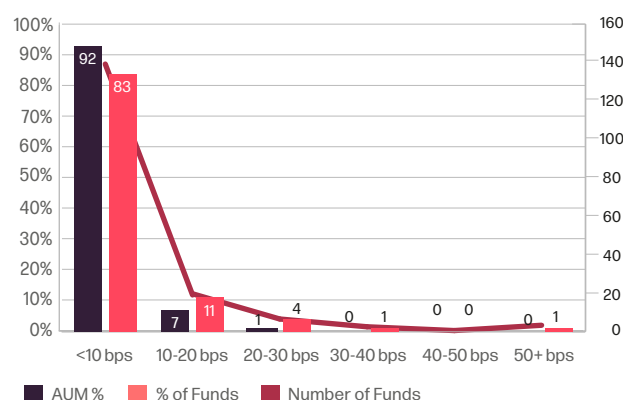
The quality of transaction cost reporting to the IGC has continued to be high over the course of 2025. This reflects a continued high level of data coverage, Phoenix continuing to provide analysis of costs, including how these change from period to period, and investigating funds where charges appear particularly high.

Transaction costs for all relevant unit-linked funds

Transaction costs for all 167 unit-linked funds offered by Phoenix to customers who are within the scope of the IGC are available in the IGC section of the Phoenix [website](#). The chart below provides a summary view of costs split into bands.

This shows that 94% of funds (93% in 2024) saw transaction costs below 0.20% and 98% (97% in 2024) below 0.30%. The chart also illustrates that higher costing funds tend to have lower levels of assets in them on average.

2025 Phoenix breakdown of transaction costs



We continue to ask Phoenix to look at funds with high transaction costs i.e. in excess of 0.50%. In general, it appears that costs at this higher end are associated with implicit costs i.e. differences in the price the fund managers received or paid when they sold or bought underlying investments compared to the price when they decided to trade. In other words, the costs are a feature of the methodology used to calculate transaction costs rather than due to higher explicit costs such as commission and stamp duty. In some cases, the larger costs are associated with specialist funds and are not out of line with the market. There were two funds with transaction costs over 0.50% for 2025.

Within the **supporting material** we contain further detail on transaction costs in relation to:

- Transaction costs by type of asset.
- Transaction costs for the relevant with-profits funds that you invest in.
- Transaction costs for the main unit linked funds.
- Benchmarking of transaction costs against the wider market.

We remain comfortable that the transaction costs are reasonable overall.

Finally, it should also be noted that a higher transaction cost is not necessarily bad value for money if it has resulted in a better investment return for customers or is due to a change in investment strategy designed to improve future returns. Overall, we continue to be comfortable with the level of transaction costs.

C. Exit charges

We have rated exit charges as Green (7) given around 99% of Phoenix plans have no exit charges, with others capped at a maximum of 1% of the plan value.

D. Other charges

The IGC has rated the other charges you may pay as Green (7).

We have discussed in previous reports the operation of with-profits investments and charges made for guarantees. We noted that a charge is currently only made for customers who invest in the NPL With-Profits Fund (which has a charge set at 0.5% per year which is deducted from the plan value). Many plans within that fund have guaranteed bonus rates of up to 4% per year which applies at retirement age which is a valuable feature. We remain comfortable that the charges paid by customers are reasonable given the guarantees provided.

There are a small number of customers who have protection benefits, the majority of which relate to waiver-of-contribution benefits which ensures that contributions to your plan continue if you are unable to work for an extended period through long-term ill health or disability. We remain comfortable that Phoenix maintains processes to regularly review the charges for those benefits and that letters are periodically issued to customers to remind them of these benefits, to consider if they might have a valid claim, and to encourage them to consider if they still want the benefit.

A small number of you invest in specialist funds that charge more i.e. make the ongoing charge higher than 1% per year. We accept that such funds were specifically chosen by customers and may still offer reasonable value for money provided customers understand that suitable alternative and lower-charging options may be available and/or that the investment performance is adequate given the extra cost. Phoenix has monitoring processes in place to assess whether investment performance has been acceptable and, while it cannot force customers to move to a different fund, has in recent years written to them to highlight any poor performance and ask them to consider alternative options.

No charges are taken from any customer's plan to pay commission to advisers.

Conclusion

All Phoenix customers are now paying a maximum of 0.75% per year in ongoing charges except where they have additional guarantees or have chosen higher charging external funds. Overall, we are pleased with the costs and charges you pay and so award a Green rating.

Customer service

“Phoenix service levels are adequate and improving, which helped customer satisfaction to also rise in 2025.

“We have challenged Phoenix to improve the bereavement claim process in 2026 to reduce average time taken, and to improve their services for Vulnerable Customers.”



"Phoenix service levels are adequate and customer satisfaction has improved on 2024. The IGC has given Phoenix a rating of Amber (Adequate) for Customer service."

Rachel Haworth, Independent Member



Summary

Why we gave this score

All Phoenix IGC customers are serviced through an external service provider, Diligenta. During 2025 Phoenix worked well with Diligenta to progress the service you received. As a result, there was an improving trend across 2025, particularly in customer satisfaction.

Average processing times were also close to, or above target throughout the year, following a focus on customer outcomes with Diligenta.

Alongside Phoenix's telephone and postal channels, they also provide you with the ability to view your pension online and 94% of customers now have access to additional digital functionality and an app.

The IGC monitors customer feedback against a target of 88% customer satisfaction. Phoenix met this target on average through the year. Although some months were slightly lower, they never fell below 86% satisfied.

The bereavement claim journey and the service offered to Vulnerable Customers still requires improvement. The IGC has been pleased with the firm's focus on Customer service and to see improvement plans progressing to safeguard customer outcomes.

For these reasons the IGC has given an 'Amber' adequate rating overall for 2025, and recognises the ongoing improvements are moving them closer towards a Green rating.

Key areas of strength

Phoenix is committed to delivering higher quality service and are particularly strong in these areas:

- 85% of callers have their query resolved in the first contact and call quality remains high.
- 88% of customers are satisfied with their telephony experience

- The speed in which transactions are processed improved on 2024, with 93% completed within 10 days. Phoenix remained above average for Transfers Out using the electronic Origo Transfer Service taking 10.75 days in Q4 vs. an industry average of 11.4.

93% of transactions processed within 10 days

88% of customers satisfied

Progress made over the last year

We challenged Phoenix across two areas of customer service in 2025:

Consistently meet target levels for processing times and quality.

- The consistency of customer service improved in 2025. Overall service levels in the call centre and processing areas were largely met. Both telephony and back office quality assurance also improved.

Improve the Bereavement process, to reduce average time taken to the target of 45 days

- Although volumes are low and so skewed by a small number of highly complex cases, Bereavement claim timescales remain extended, taking an average of 133 days (118 days in 2024).
- We are pleased to see management initiated a Bereavement project in 2025 to drive improvements to this experience.

Areas for improvement

We have rolled over one challenge for 2026:

- Improve the Bereavement claim process, to reduce average time taken to the target of 45 days.

We have also introduced one new challenge for 2026:

- Improve processes for vulnerable customers to be evidenced through outcomes monitoring

Further commentary

The IGC's responsibility under the FCA's regulations is to determine "whether core scheme financial transactions are processed promptly and accurately". Our actual assessment of customer service is much wider than this and in 2024 we looked at customer service across 16 customer journeys.

How we assess value for money

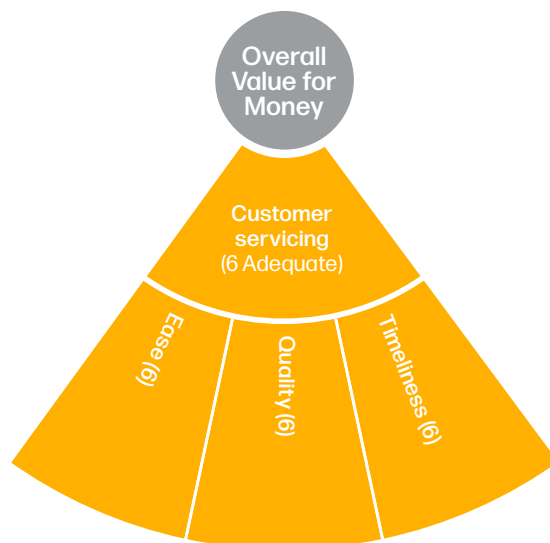
We scored each of the 16 journeys on a quarterly basis; 7-9 for good-outstanding, 4-6 for adequate but with areas for improvement and 1-3 for poor customer service.

Representatives from different parts of the Standard Life meet on a quarterly basis to compare and calibrate their customer service offering and their scores, to ensure consistency of approach.

To inform our assessment we look across these three lenses, considering a variety of information in each including:

- A Did you receive timely service?**
 - Performance against target service levels.
 - How complaints are dealt with.
 - Call centre answer and abandonment rates.
- B Was the quality to expected standards?**
 - How the firm services vulnerable customers.
 - The output of internal assurance activity and testing.
 - Data security standards.
- C Did you feel it was easy to service your pension?**
 - Customer survey satisfaction scores and feedback.
 - Complaint levels, themes and the action taken by the firm in response.
 - The number of complaints overturned by the Financial Ombudsman Service.
 - Availability and functionality of online and offline channels to service your pension.

Our assessment

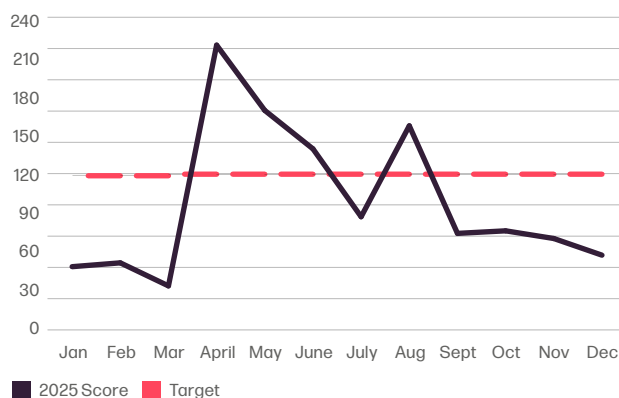


A. Did you receive timely service?

The IGC rated Phoenix Amber (6) for timely service in 2025.

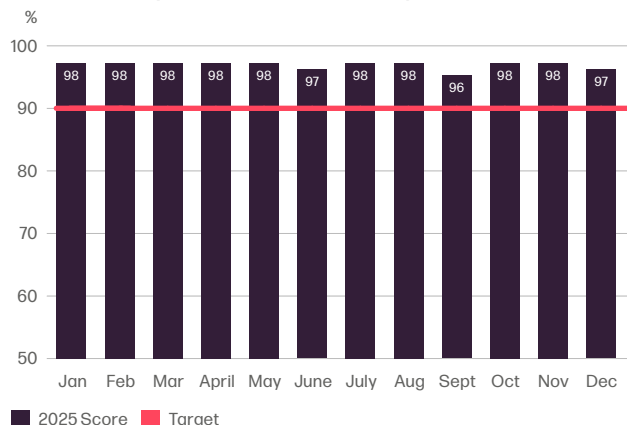
Telephone answer times were slower than 2024 (65 seconds), with calls answered in an average of 99 seconds. This was within the target of 120 seconds; however, they did not achieve this target in four months of the year, mainly due to a busy period in Q2.

Average time to answer in seconds



They improved their processing time scales averaging 98% of transactions within 10 days (2024 97%).

Transactions processed within 10 days

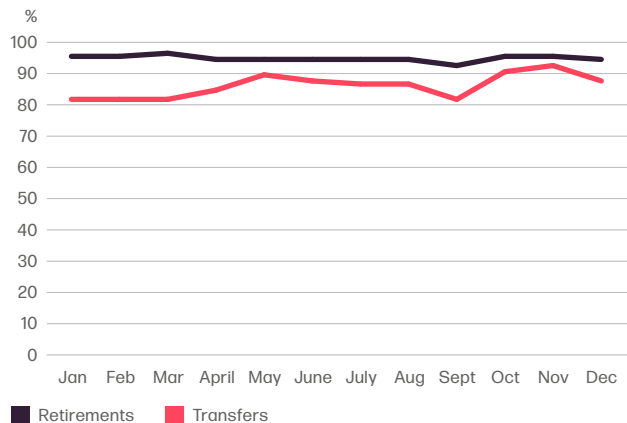


* The percentage of transactions processed in under 10 days was incorrectly reported as 90% in the 2024 annual report. This would not have impacted our grading of value for money.

Those customers wishing to take money out in retirement had their payment completed quickly, with 96% paid within six days.

For those wishing to transfer to another provider, 87% were transferred within the 6 days, which is an improvement on 2024.

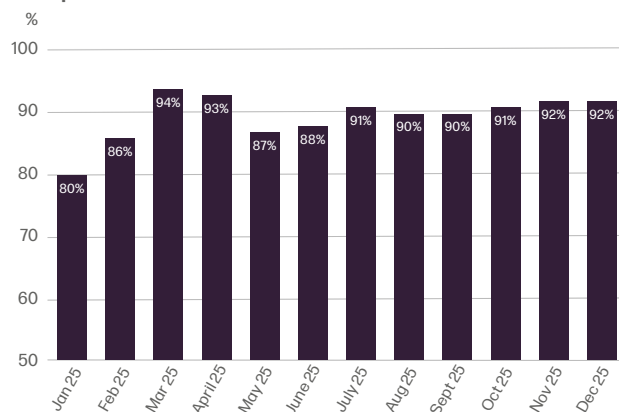
Retirements and transfers completed in six days



The time it takes to complete a Bereavement claim remains extended. Although the IGC accepts that volumes are very low and claims are often complex, an average time of 133 days against a target of 45 days needs improvement. The IGC is pleased to see that following IGC challenge, a number of initiatives are being tested to improve the process including simplifying forms and offering digital options and we hope to see improvements in 2026.

Overall complaints were handled in a timely manner, with c.35% closed within three days, although this has reduced from 45% in 2024. The proportion of complaints resolved in 8 weeks improved throughout the year, with 91% of complaints resolved in this timescale in the last three months.

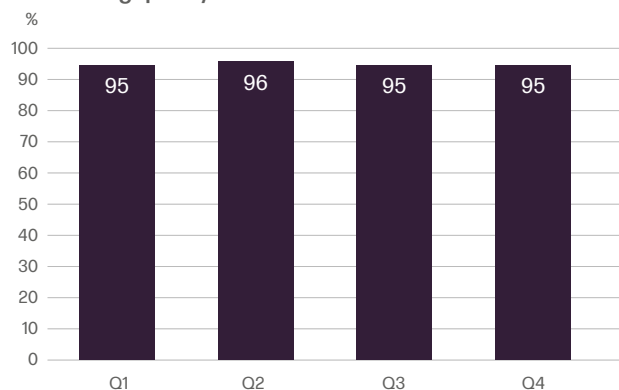
Complaints resolved in under 8 weeks



B. Was the quality to expected standards?

The IGC rated Phoenix Amber (6) for service quality in 2025. Sample testing of calls confirmed that the quality of telephone service remained extremely high throughout the year. Quality assessment of back-office processing also improved on 2024, with 95% passing quality standards.

Processing quality assessment



The IGC has had regular updates regarding the treatment of Vulnerable Customers throughout 2025 following an unsatisfactory internal review in 2024. A follow-up internal review of Diligenta found that improvements had been made including additional training and a focus on the Bereavement journey, but more needs to be done to improve how they identify and assist vulnerable customers. This continues to be an area of focus for the IGC.

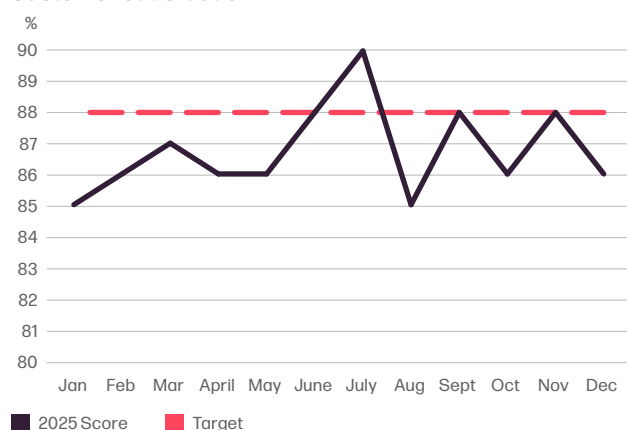
Throughout the year, the IGC has continued to monitor the controls that Standard Life group (including Phoenix Life Limited) has in place to protect customers' information and money. Based on the assurance and reporting received, the IGC is satisfied that the Group continues to maintain an effective Information Security strategy and control framework. During the year, the Group has also progressed a significant programme of cyber security enhancements, further strengthening its capability to identify, protect against, detect and respond to cyber threats. Whilst recognising that further improvements remain, the IGC is satisfied that appropriate action is being taken to keep your data and money safe.

C. Did you feel it was easy to service your pension?

The IGC places significant importance on your opinions of the service you receive and give this a double-weighting in our assessment scoring. The IGC rated Phoenix Amber (6) for ease of service in 2025.

Customer satisfaction improved to 88% in 2025 from 86% in 2024, as a result of continued management focus on causes of complaints and delays. Although some months were slightly lower, they never fell below 85% satisfied. Customers also found interacting with Phoenix easy with 83% of customers rating ease as good or above.

Customer satisfaction



Alongside the telephone and postal channels, the IGC is pleased that Phoenix now provides 94% of customers with the ability to view and manage their pensions online and a limited-functionality app is also available. Those of you who used the online services also provided positive feedback, with 95% (2024 97%) of Phoenix customers stating they are satisfied with it.

Although Phoenix is currently unable to provide us with the volumes of complaints specifically for IGC customers, the volume of complaints for all Phoenix Life customers reduced in 2025 averaging 39 complaints per month for every 100,000 policies (compared to 53 in 2024).

Customers are generally complimentary and happy with the service they receive from colleagues, but the time it takes to complete retirement processes and pension transfers continue to cause complaints. A project commenced in 2025 to identify solutions to these issues and the IGC hopes to be able to report a continuing improved situation for 2026.

The IGC also monitors those complaints that get referred to the Financial Ombudsman Service (FOS). Approximately 2.4% of all Phoenix complaints are referred to FOS, of which 37% were overturned vs. the decumulation and pension sector industry rate of 45%, indicating Phoenix's approach to complaint management is more in line with FOS' expectations than its peers. However, FOS overturns have reached over 40% at times throughout the year and this is an area the IGC will continue to monitor.

We are pleased with Phoenix's ongoing focus on improving customer service, particularly on causes of complaint, bereavements and retirement journeys. We expect this to deliver further improvements over the course of 2026.

Conclusion

Phoenix has made strong improvements to both speed and quality of customer service throughout 2025, which has helped to raise customer satisfaction.

Key journeys have been identified for improvement including Bereavement and Vulnerable Customers. Management has increased their focus on the causes of customer dissatisfaction and complaints, to safeguard customer outcomes.

We continue to award Phoenix an Amber rating but hope to see this rise to Green in 2026.

Communication and engagement

“In our 2024 report the IGC challenged Phoenix to reduce the number of customers classed as “gone aways”, increase the number of customer email addresses held, make communications more engaging and increase online registration and usage.”

“These challenges are largely carried forward in our 2025 report. We welcome the fact that Phoenix has brought in a new tracing system for “gone aways” but this has yet to show improved results and we want to see more engaging communications. However, we are pleased to see some improvement in the number of email addresses held and in digital usage and hope to see this continue going forward.”



"Phoenix communications contain relevant information, but they need to be more engaging to customers. The IGC has again given Phoenix a rating of Amber (Adequate) for Communication and Engagement."

Maggie Craig, Independent Member



Summary

Why we gave this score

The IGC has rated Phoenix communications "amber", keeping the same 'adequate' rating this year as for the last two years. Phoenix communications do give customers the information they need but the "look and feel" continues to disappoint.

Digital functionality and usage also remain behind the market, with customer registrations continuing to be very low.

As last year, updates to communications have focused on maintaining regulatory compliance. This is obviously necessary but it is not enough to move communications into "good".

We are concerned that if this lack of improvement were to continue, Phoenix communications could fall further behind the market. We want to see improvements to benefit customers.

Key areas of strength

The Phoenix public and secure websites have been accredited by the Plain English Campaign. Phoenix has also been working towards accreditation for their accessibility features and information. Most of the work has been completed and the firm hopes to see this finalised by end 2026.

Improvements made over the last year

We challenged Phoenix for 2025 to:

- **Pay urgent attention to reducing "gone aways" and increase the number of email addresses held.**

During 2025 Phoenix started to use a new 'best-in-class' tracing solution to help them reconnect with their "gone away" customers. We knew it would take time to see results. It is now embedded and is beginning to have an impact. By the end of the year there was a reduction of 938 in the

number of customers classed as "gone away". However, the total number of customers has fallen, and, as a result, the "gone away" rate remains at just over 30%. This is too high. We expect to see further improvement next year.

Email addresses being held increased from 17% at end 2024 to 21% at end 2025. This is a move in the right direction, but it is still low and we will look for further improvement next year.

- **Update the 'look and feel' of key communications to make them more appealing and engaging**

The IGC is disappointed that the previous year's systems constraints continue to block progress. We understand that technology improvements will be progressed.

- **Additionally we encouraged Phoenix to increase online registrations capability (ready for further digital development).**

Phoenix has increased their online registrations by 24,104 customers during 2025

Areas for improvement for 2026

While there has been some limited progress, much remains to be done and areas of improvement for the 2026 year remain much as they were in 2025. Specifically, the IGC would challenge Phoenix to

- Identify three key communications and make them more engaging to customers by, for example, making more and better use of charts, pictures and diagrams.
- Make a significant reduction in the percentage of customers classed as gone away from 30% at end 2025 towards the industry median of 8.1%.
- Continue to increase the number of email addresses held for customers.

Further commentary

Communications in whatever form, by letter, email, through the website, app, or by telephone, are essential to provide you with information about your pension and services that Phoenix Life offers.

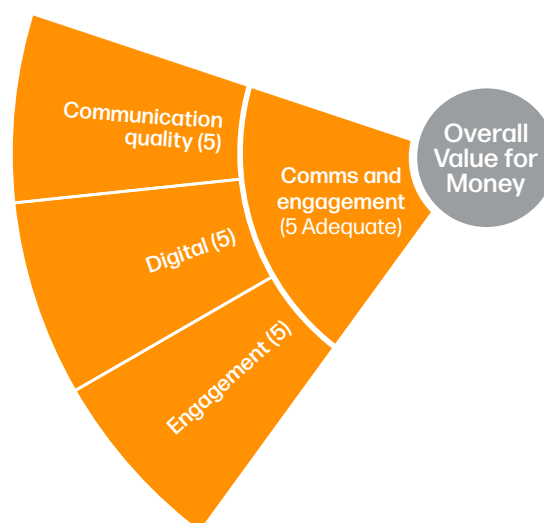
Your IGC is responsible for determining whether Phoenix Life's communications to customers are fit for purpose and properly take into account customers' characteristics, needs and objectives.

How we assess value for money

We evaluated specific communication material across each stage of a customer's journey from joining, through accumulation to leaving or retirement. Using a scoring system of 7-9 for good-outstanding, 4-6 for adequate but with areas for improvement and 1-3 for poor, we rated the communications against each of the following:

- A Are the communications clear and well presented?**
 - Good content e.g. appropriate use of tone and terminology, written in plain English and easy to understand, relevant and informative.
 - Clear layout e.g. well presented, professional in appearance with good use of imagery and graphics.
 - Personalised e.g. relevant to each reader with customer specific data and issued in a timely manner to enable customers' to make informed decisions.
 - Supports vulnerabilities e.g. takes into account any disabilities or vulnerabilities of customers.
- B Are there suitable options to engage digitally?**
 - Multi-channel e.g. website and/or apps with consistency of communication across online and paper.
- C Are customers engaging with the communications?**
 - Reaction e.g. if the communication is opened and read.
 - Interaction e.g. the extent that customers use the information or interact further with Phoenix Life.
 - Action e.g. if customers take action as a consequence of the communication.
 - What is the firm doing to reduce the numbers of customers classed as "gone away"

Our assessment



A. Communications are clear but not well presented

IGC has rated the quality of Phoenix communications Amber (5). Phoenix's communications take into account customers' characteristics, needs and objectives and contain relevant information. However, their overall 'readability' still needs to be improved and they have a very low use of charts, pictures and diagrams making them potentially less engaging to some customers.

It is, however, good to see that recording customer vulnerability is embedded as is colleague training and support on areas of vulnerability.

In addition to the IGC seeking evidence regarding how each communication is presented, customer insight is critical to understanding the needs, feelings and feedback of customers in relation to all aspects of their experience with Phoenix. Phoenix therefore continues to collect insight from customers through their 'Customer Feedback' programme.

Customer Feedback is overall positive following telephone calls for 2025 with 88% rating 'good' or 'excellent'. However, we would like to see Phoenix capturing more feedback from customers, particularly in terms of their general and digital communications.

B. There are some options to engage digitally

IGC has rated the Phoenix digital offering Amber (5). Phoenix does offer online functionality and an app. However, their overall digital capability is fairly basic compared to the wider market.

Digital functionality continues at low levels of customers registered and there are too many customers with out of date or missing contact detail.

Phoenix has marginally increased their online registrations by a further 1% throughout the period. IGC would like to see the increase in online registrations and digital usage continue.

Phoenix's digital strategy continues to focus on building new features and broadening access to existing tools. There are plans to open up access to some of the best tools from within the Standard Life digital estate. We understand that there are systems constraints impacting progress towards offering digital availability to some customer groups, but we hope to see more on these plans during 2026.

C. Some customers are engaging with the communications

IGC has rated the Phoenix customer engagement Amber (5). It can be difficult to measure the extent that customers are actually engaging with any communication, particularly if paper-based. We can, however, ensure that Phoenix hold both up-to-date physical and email addresses to ensure they are at least being received.

"Gone aways"

The IGC is particularly interested in work Phoenix does to reunite customers with their pensions.

Phoenix Life no longer accepts new customers and we are aware that it can be difficult to keep contact details up to date for customers with older products. We are pleased to see that there are plans to move a number of policies to more modern products with Standard Life.

By end 2025 there was a reduction of 938 in the number of customers classed as "gone away". However, because the total number of customers has fallen, the "gone away" rate has stayed at just over 30%. The looks to see the use of the improved tracing solution resulting in a reduction in the 2026 year.

Email addresses

Email addresses are becoming more important in our digital world making it easier to communicate to customers in a more engaging way.

IGC welcomes the progress Phoenix has made to increase the proportion of customers for whom they hold email addresses from 17% in 2024 to 21% in 2025. This is clearly an improvement but still low compared to the market and needs to increase further.

Engagement levels

The IGC reviews the percentage of customers to have taken specific action in the last 12 months.

This can include updating important information such as their contact details, beneficiaries, or retirement date. Additionally, it can include changing contribution levels or accessing various decision-making tools.

8% of registered customers have changed their personal details through the digital self-service functionality.

	Total across all life stages	
	2024	2025
Interacted with Phoenix Life in the last-12 months (Inbound call, Written service request, Digitally registered customers)	12.22%	11.77%
Inbound - Calls at least once in the last 12-month period (based upon the actively engaged population)	6.34%	6.36%
Digital enabled members (Volume of digitally registered customers)	3.76%	4.76%

How we measure and monitor 'engagement' levels with customers is something we will be reviewing in 2026.

Conclusion

Phoenix has kept its communications up to date from a regulatory perspective. We note that some customers will, in future, benefit by moving to more modern products as part of the product simplification programme. But some communications are still not engaging for customers.

Digital capabilities remain behind the market and are not available to all customers. We understand that system constraints have hindered progress, but we would encourage the firm to look to make progress during 2026.

Environmental, Social and Governance (ESG)

“Phoenix takes its responsibilities to the environment and wider society seriously.

“Phoenix and the Standard Life continue to take an ESG leadership role in the industry. They participate in various industry initiatives to advance collective thinking, raise awareness of various issues, and champion good practice. The Group continues to be a signatory to the UK Stewardship Code.”



"Phoenix takes its responsibilities to the environment and wider society seriously. 2025 saw further evolution in the framework and policies that have been built to ensure ESG and Stewardship considerations are appropriately taken into account in investment decisions affecting customer returns. The IGC has given Phoenix Life a rating of GREEN for ESG and Stewardship."

Barry Butler, Independent Member



Summary

Why we gave this score

Standard Life plc ("the Group") continues to have a strong policy framework that sets out clearly how ESG and Stewardship considerations should be taken into account in investment decisions that impact customer outcomes.

We have seen evidence of the continued evolution of its policy framework to keep pace with the latest standards and the Group's understanding of ESG matters, and have retained an excellent rating.

Additional, peer benchmarking indicates that the Group remains an industry leader. For these reasons the IGC has continued to give a 'Green' rating for ESG in 2025.

Key areas of strength

The Group ESG and Stewardship policy framework covers factors that can influence the financial return from investments, and also recognises that some customers may wish to have their ethical, non-financial, values reflected in how their pension savings are invested. Financial and non-financial factors are therefore considered in the development of the policy framework.

The policy framework is backed up by a strong governance framework, to ensure that policy intentions are carried out.

All investment decisions that the Group takes are required to meet certain minimum ESG standards. As the product range is further simplified, there is expected to be a stronger emphasis on ESG considerations.

The Group continues to take a leadership role in the industry, and participates in various industry initiatives to advance collective thinking, raise awareness of various ESG issues, and champion good practice. The Group continues to be a signatory to the UK Stewardship Code.

Improvements made over the last year

In 2025, the Group completed its first three-year climate engagement programme with 25 of its highest-emitting companies. The Group has engaged directly with all 25 companies, both individually and collaboratively through organisations such as Climate Action 100+ and the Net Zero Engagement Initiative.

In 2025, the Group analysed the voting behaviour of a selected group of its asset managers in relation to 300 targeted companies to identify any areas of misalignment. The Group continues to engage with its managers to encourage alignment with the Group's Global Voting Principles.

The Group achieved its 2025 target to reduce the carbon intensity of its listed equity and credit portfolio (where it has control and influence) by 25%. The Group has delivered a 58% reduction in the carbon intensity of its listed equity and credit portfolio relative to a 2019 baseline.

Areas for improvement

As the Group is strong in this area, are not setting a specific challenge for 2026, however we are encouraging them to continue to embed responsible investment considerations across the fund range.

In particular, priorities for 2026 include:

- Complete the roll-out of climate-aligned benchmarks and decarbonising strategies across the Group's listed equity and corporate bond portfolios.
- Launch the Group's second three-year engagement programme which will consider both climate and nature together.
- Launch a new thematic stewardship engagement programme on human rights.



Further commentary

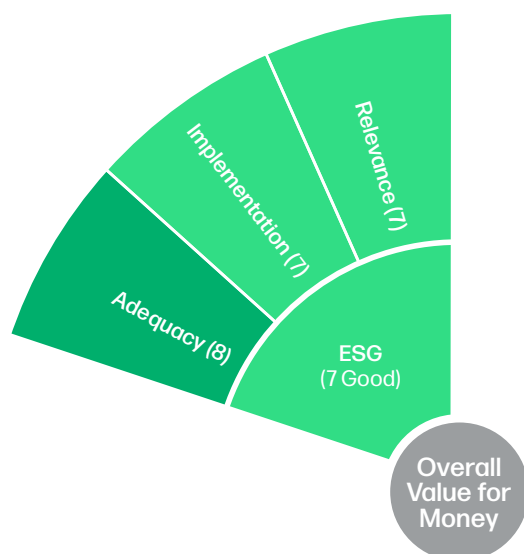
Your IGC is required to consider and report on how ESG considerations and other aspects of what is often called “Responsible Investment” are taken into account in the provider’s investment decisions that impact in-scope customers’ pension pots and/or investment pathway funds.

This is an important part of the UK Government’s strategy to ensure that pension savings play their part in combatting climate change and promoting good outcomes for society as well as good outcomes for pension savers.

Our role is to provide an independent consideration of the Group’s policies on:

- A ESG financial considerations:** Environmental, social and governance (ESG) factors that are material to the sustainability of an investment;
- B Non-financial matters:** Factors which may influence a firm’s investment strategy or decision, and which are based on the views (including ethical concerns regarding ESG issues) of the firm’s clients or relevant policyholders;
- C Stewardship:** The FRC (Financial Reporting Council) defines this as “the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society”;
- D Other financial considerations:** To the extent that they pose a particular and significant risk of financial harm.

Our assessment



The Group takes its responsibilities to ESG and stewardship seriously and publishes the following sustainability disclosures at a Group-level: **Group Annual Report**, **Group Sustainability Report**, **Net Zero Transition Plan** and **Stewardship Report**.

Fund-level and entity-level climate reporting are produced together with a **Climate Information Guide** that aims to explain commonly-used terms and metrics.

While Group-level reporting sets a helpful context for the IGC’s assessment, our focus is narrower and concentrated on the adequacy and quality of the policies that impact the investment returns that in-scope customers receive. Our view is formed with consideration to three factors:

- **Adequacy:** Extent to which policies adequately seek to mitigate relevant risks and take advantage of relevant opportunities.
- **Relevance:** Extent to which policies are relevant to customers and the expected duration of their investment.
- **Implementation:** Extent to which the policy is reviewed regularly and has been actively implemented into processes.

Group Policy Framework

The Group ESG and Stewardship policy framework includes the following policies:

- **Our Approach to ESG Integration** sets out the Group approach to integrating ESG into its investment analysis and decision-making.
- **The Group Investment Exclusion Policy** sets out the principles that should guide the focused use of portfolio exclusions alongside other ESG engagement and investment strategies.
- **The Group Stewardship Policy** sets out the Group’s definition of stewardship and commitment to support effective engagement and voting through internal and outsourced activities in collaboration with asset managers and service providers.
- **Global Voting Principles** summarise the Group’s high-level beliefs and expectations of good corporate governance, environment and social practices that should be followed by the Group’s asset management partners.
- The **Group Human Rights Policy** includes reference to collaboration with the Group’s asset management partners to integrate human rights considerations into the investment processes and support effective stewardship of assets.
- **Our view on key sustainability themes** outlines the priority ESG risks and opportunities that inform our investment analysis and approach on sustainability matters with portfolio companies.
- **A Classification Framework for Private Markets** that applies to investments in private markets.
- **Conflicts of interest policy** sets out the minimum operating standards relating to the management of conflicts of interest risk throughout the Group.
- **A Sustainable Investment Risk Policy** sets out the minimum operating standards relating to the management of Sustainable Investing risk throughout the Group.

- Investment position statements on **freshwater scarcity** and **tropical deforestation**, which sets out how the Group identifies, assesses and manages exposures to these nature-related risks.

All policies are reviewed each calendar year and evolve accordingly to reflect the Group's understanding of ESG matters.

Governance framework

The policy framework is supported by a strong governance framework, to ensure that policy intentions are carried out. The governance framework continues to evolve and, to an increasing extent, integrates nature-related risks and opportunities.

A description of the Board Committees who have defined roles and responsibilities relating to the management, oversight and reporting of climate and nature-related risk and opportunities is provided on p54-55 of the **Group ARA**.

Details of training provided to the Board and Group Board Committees on ESG and stewardship is provided on p133 of the **Group ARA**.

Progress in 2025

In 2025, significant further progress has been made to strengthen the policy framework that applies and ensure that it is robustly implemented.

Adequacy

- The Group has continued to strengthen and evolve its policy framework. ESG and Stewardship policies were reviewed and updated during the year, with greater emphasis placed on nature-related considerations.
- The Group continues to play a leading role in the industry through participation in initiatives including the Climate Action 100+ Global Steering Committee, the Transition Pathway Initiative Board and the Partnership for Carbon Accounting Financials Core Team. It also remains a signatory to the UK Stewardship Code. This involvement helps ensure the policy framework remains aligned with emerging best practice.
- In 2025, the Group published its first investment position statements on tropical deforestation and freshwater scarcity. These identify both issues as material financial risks and set out how the Group will identify, assess and manage them on behalf of customers.

Relevance

- The Group regularly researches customer attitudes towards ESG investing and uses the findings to inform its fund range and communications. The **Responsible Investing Viewpoint 2025** found that investment returns remain customers' top priority, while most customers expect their pension provider to manage responsible investment considerations on their behalf. Many also wish to avoid harm through their investments, with climate change remaining the most important responsible investment issue for almost half of respondents.

- The Group also refined its 2030 decarbonisation target while maintaining its ambition to reduce emissions intensity by 50% from a 2019 baseline.

Implementation

- The Group completed its first three-year climate engagement programme covering 25 of its highest-emitting investee companies. Through direct and collaborative engagement initiatives, progress was observed in areas including climate-related disclosures, capital allocation and transition planning.
- During the year, the Group reviewed the voting behaviour of selected asset managers across 300 targeted companies and continued engagement to improve alignment with its Global Voting Principles.
- The Group also completed a human rights due diligence review of its investment portfolio, which will inform a thematic engagement programme in 2026. In addition, it exceeded its 2025 target to reduce the carbon intensity of its listed equity and credit portfolio (where it has control and influence) by 25%, delivering a 58% reduction in carbon intensity across its listed equity and credit portfolio relative to its 2019 baseline.

Conclusion

The Group's ESG and Stewardship policies are clearly defined and address the key financial risks and opportunities arising from ESG considerations. They set clear standards for the investment of customers' savings and promote responsible investment practices. The framework also recognises the importance of non-financial considerations and provides appropriate investment options to meet customers' ethical preferences.

The IGC considers the Group's ESG and Stewardship framework to be robust and effective. Peer benchmarking indicates that the Group remains an industry leader, and we therefore award Phoenix Life a GREEN rating.

Measuring Value for Money

How we assess Value for Money

Assessing value for money is not just about what something costs. You also need to look at the quality of what you get in return and how it compares with similar alternatives. That's why our assessment takes into account a number of different aspects of your workplace pension experience, to form a holistic view of the value for money that Phoenix is providing.

We have developed a value for money framework that is closely aligned to the factors the regulator (FCA) requires us to use, but with additional granularity in respect of the 'quality of services'. Our framework covers and reports on the following areas:

- **Investment performance and services**
- **Costs and charges**
- **Customer service**
- **Quality of communications and customer engagement**

Environmental, social and governance (ESG) factors are also reviewed and reported by the IGC, but as a separate assessment alongside the value for money analysis.

The IGC carries out a rigorous and wide-ranging analysis of Phoenix performance reviewing lots of different information. We also compare Phoenix Life to other pension providers using data from other available reports and specially commissioned benchmarking research. We also use this approach to compare performance across the other pension providers within the wider SL (Standard Life, ReAssure and Phoenix Life of Canada).

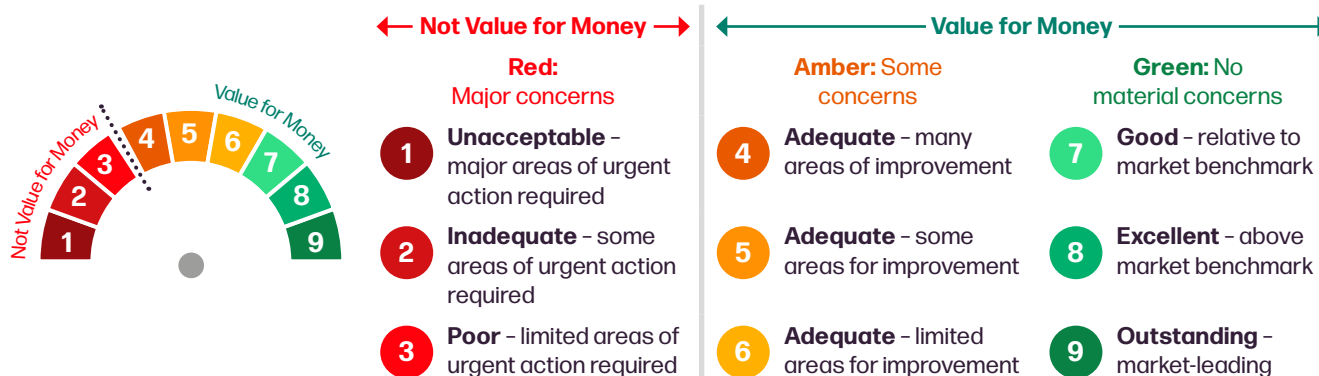
We recognise that assessing value for money is not an exact science as some aspects are more difficult to measure than others and individual customers value things differently. Nevertheless, we try to be as objective and fact-based as possible.

For each area, Phoenix Life's performance is rated on a numerical scale (from 1 to 9) based on the data, evidence and our own knowledge of the workplace pension market. We are also able to look at the historic data to track the trends.

We use 'speedometer gauges' to show their performance as either Red (not value for money), Amber (value for money but could be improved) or Green (value for money).

For each area, we measure several different aspects:

Area	Criteria
Investment performance and services	▪ Fund performance against inflation ▪ Fund performance against benchmarks ▪ Fund performance against competition ▪ Investment services
Costs and charges	▪ Ongoing charges (with and without additional benefits) ▪ Transaction costs ▪ Exit charges ▪ Other charges
Customer servicing	▪ Timeliness ▪ Quality ▪ Ease
Communication and engagement	▪ Relevance and clarity ▪ Digital capability ▪ Customer engagement
ESG	▪ Relevance ▪ Implementation ▪ Adequacy



Who we are

The role of the Independent Governance Committee (IGC) is to ensure customers are receiving value for money from their provider.

To perform this role, it is essential we operate independently from Phoenix. The majority of the Committee is therefore independent, although from time to time, we select company-nominated members to bring valuable in-depth policy-specific knowledge. In these cases they do not have a direct link to any areas they are scrutinising.

We carefully identify all of the different skills, knowledge and expertise required to perform our role. All IGC members are selected to ensure a complementary fit against these requirements. We also continually monitor and deliver training and personal development needs.

This 2025 value for money report has been prepared and written by the following Committee members:



Andy Davies
Chair, Independent Member

Andy joined the IGC as an independent member in September 2023 and was appointed as the Chair in January 2025. Andy is an experienced strategist, marketer and business development professional with a strong customer focus. His career spans more than 35 years across the breadth of Financial Services covering pensions, wealth management, life, healthcare and general insurance. He has held a wide range of senior management positions including Director of Marketing Strategy & Customer Insight for AXA UK & Ireland during which he established their first customer-centricity strategy. While Head of Strategic Development for AXA Life, Andy created the initial strategy, and was one of the founder members of the Elevate investment platform (now Aberdeen Elevate).

Andy is also an independent non-executive trustee for the Standard Life Master Trust Co Ltd. He also runs his own management consultancy business specialising in strategic change and business transformation and chairs a business 'Mastermind' group for leaders of small/medium businesses in the South West.

Andy has qualified as a Chartered Insurer and Financial Planner in addition to holding separate professional Project and Proposal Management qualifications and is an Accredited Professional Trustee with the Pensions Management Institute.



Rachel Haworth
Independent Member

Rachel joined the IGC as an independent member in August 2022. She is a customer-focused strategic leader with extensive experience in the financial services industry, including Marketing and Digital roles with HSBC First Direct and Product, Proposition and Customer Experience Director roles for Coventry Building Society. Rachel's expertise spans strategy, marketing, digital transformation, risk management, ED&I, ESG and cultural leadership.

She holds a number of other non-executive roles within financial services, currently as a Non-Executive Director and Chair of the Remuneration Committee for Mansfield Building Society and the Mortgage Advice Bureau.

Rachel has a personal passion for ensuring customers are treated fairly and is particularly keen to make sure consumers, including those considered vulnerable, get value for money and good outcomes from their pension decisions. Rachel's wide-ranging experiences will help the IGC build on its assessment of the value offered in both retirement products and investment pathways.



Steven Blight
Company Nominee

Steven joined the IGC as an Employee Member in September 2021. He is a qualified actuary who has been with the Phoenix Group for over 20 years with his current role being the Deputy Chief Actuary for the UK Life Companies of the Group, focused on overseeing the reserving calculations, managing risk, ensuring compliance with regulatory requirements and developing strategic financial policies within the life companies of the Group.

Steven's previous roles at Phoenix have mainly been within the Actuarial team where he was responsible for pricing of new business for annuities and protection products, managing the Group's exposure to longevity, mortality, expense and persistency risks. He also has experience in developing the Group's approach to determine the amount of regulatory capital required to be held given the type of business and risks the Group has on its books and also the workings and management of with-profits funds within the Group, and therefore has a broad experience across the business.



Andrew Milligan
Independent Member

Andrew joined the IGC as an independent member in July 2022. He is an independent economist and investment consultant, who has 35 years' experience in financial markets, most notably at Aviva Investors as Head of Economic Research and Business Risk and then Aberdeen/Standard Life Investments as Head of Global Strategy. He currently has a portfolio of roles, including trustee to the Central Board of Finance, one of the three national bodies which handle the investments of the Church of England, as well as sitting on the investment committee of the Health Foundation endowment. He is a Fellow of the Society of Professional Economists. Andrew's expertise helps the IGC maintain a consistent approach to analysing the company's investment processes and their evolution over time.



Maggie Craig
Independent Member

Maggie joined the IGC in January 2023. She spent her entire executive career in the financial services industry. She has worked in the industry with Standard Life and Aegon, lobbied for the industry when at the Association of British Insurers and regulated the industry when at the FCA where she led pension policy during the pension freedom years, led the strategy for the FCA Scotland's Office and set up the FCA Devolved Nations team. She was a Trustee on the Board of the FCA's Pension Plan for two years. Alongside her day job at the FCA, Maggie regularly lectured on financial services regulation at Glasgow College and Heriot Watt University.

Maggie sits on the Board of the Scottish Courts and Tribunal Service where she chairs the Audit and Risk Committee and is the Chair of Glasgow Credit Union. She is an honorary fellow of the Institute and Faculty of Actuaries.

Maggie has been active on Diversity and Inclusion issues for several years with particular focus on mental health issues in part because she lives with a significant mental health issue.



Barry Butler
Independent Member

Barry joined the IGC as an independent member in February 2025. He is a qualified actuary with over 35 years of experience in the insurance industry, most notably at MetLife as EMEA Head of Product, Underwriting & Sustainability, and Zurich as Global Head of Savings & Investment Propositions. He is an accomplished professional with extensive experience in products, customer propositions, risk management, sustainability and cultural leadership. Currently he is a non-executive and Consumer Duty champion with MetLife. He is also studying for his master's degree in Sustainable Development at the University of Sussex.

Barry is passionate about the customer and will use his expertise in products, investments and sustainability to support the IGC in ensuring customers get good value for money.