

Approach to conflicts of interest related to our stewardship activities

Introduction

We believe that we bear a responsibility to engage with investee companies and monitor the stewardship activities of our Asset Management Partners ('AMPs') to drive better corporate behaviours, which is expected to lead to stronger and more sustainable financial outcomes for our customers.

Stewardship policy and conflicts of interest

Our approach to stewardship applies to Phoenix Group's investment portfolios in shareholder and policyholder assets across with-profits, unit-linked, and non-profit non-linked product ranges, and wherever we have the ability to set the investment strategy or define investment solutions. Our Stewardship policy covers all investments including assets in passive, enhanced-index and active strategies across listed equity, fixed income, private equity and debt, infrastructure and real estate. AMPs refer to managers of investment mandates we have direct influence over.

When engaging with companies or assessing the voting activities of our AMPs, we strive to ensure that we are acting in the best interests of our customers at all times and that we manage any associated conflicts of interest that arise in the course of our activities.

Phoenix's Conflicts of Interest Group Policy sets out the minimum operating standards relating to the management of conflicts of interest risk throughout the Group. The policy defines 'Conflicts of Interest risk' – in its broadest sense – as any situation where the interests of Phoenix Group, or its people, are in competition with the interests of key stakeholder groups, leading to the risk that customers, an individual or Phoenix Group may be adversely impacted. The policy, which is approved by the Board Risk Committee of Phoenix Group Holdings, applies to all companies, business units and employees (whether permanent, fixed term, contractual or temporary either directly or via an appointed agent) in the Group. All reasonable steps must be taken to avoid conflicts of interest arising. Where this is not possible, steps are taken to manage the conflicts of interest to avoid any material risk, disadvantage or loss to customers.

Conflicts of interest which can arise through stewardship activities directly conducted by our Stewardship Team are generally related to engaging with or monitoring voting at a listed company's annual general meetings or general meetings where:

- the investee company is a Phoenix Group client or associated with a Phoenix Group client;
- a Phoenix Group employee or Board member is a director of the investee company;
- a Phoenix Group employee or Board member has significant personal investments in the investee company;
- the investee company has a strategic relationship with Phoenix Group;
- the investee company is a supplier or business partner of Phoenix Group including an AMP;
- the investee company is a distributor of Phoenix Group's products; and
- the investee company is a key competitor of Phoenix Group.

Managing conflicts of interest

Phoenix Group has developed an approach to manage potential conflicts of interest in connection with engagements and monitoring and assessing voting activities.

The Stewardship Team defines the Phoenix's engagement strategy and specific engagement programmes to tackle priority Environmental, Social and Governance ('ESG') themes that have been identified. Engagement programmes on key ESG themes outline: (i) the methodology used for selecting companies for engagement following predefined prioritisation criteria, (ii) identification of engagement objectives based on ESG research, (iii) implementation according to an agreed timeline, (iv) and escalation in case of lack of progress by corporate management. Selection criteria, target lists, engagement objectives, interactions with companies and tracking of progress are recorded in a dedicated database to ensure full transparency. The engagement strategy and engagement programmes, including any

potential conflicts of interest, are reviewed at least annually by the Stewardship Team and approved by internal committees. Where we identify conflicts of interest in our engagement activities, we have established processes and procedures to manage these in a way that is in the best interests of our policyholders. We manage any conflicts of interest that arise by treating all parties equally and not altering our engagement objectives. Minutes from relevant committees and records of all engagement activities directly conducted by Phoenix Group are used as evidence.

The Stewardship Team is responsible for developing and operationalising the Phoenix Global Voting Principles which guides how we monitor and assess voting by AMPs on Phoenix Group's behalf. When conflicts of interest arise during our monitoring, the Stewardship Team refrains from communicating our voting policy positions with AMPs. Voting activities are fully delegated to our AMPs and are executed under their customised voting policies.

A stewardship-specific conflicts of interest list is collated and maintained within Phoenix Asset Management ('PAM'), led by PAM Portfolio Compliance in collaboration with the Stewardship Team.

As part of the selection, appointment and monitoring of AMPs, PAM ensures that a robust Conflicts of Interest policy and processes exist. Continued monitoring takes place through the regular due diligence process.

Additionally, our Personal Account Dealing STAR Compliance Tool requires pre-clearance of personal account dealing by Phoenix Group employees, which enables PAM to identify and address activities that may give rise to conflicts of interest.

Governance and escalation

The implementation and monitoring of our sustainable investment practices, including stewardship, sits with the Life Companies' Board Investment Committee ('BIC') and relevant subcommittees. The Group Chief Investment Officer reports directly to Phoenix Group's Chief Executive Officer and is accountable for our sustainable investment activities.

Phoenix Asset Management is responsible for ensuring that the Group's Stewardship policy is embedded in the organisation and is understood by our AMPs. Our Stewardship Team within Asset Management helps support this through its own activities and our AMPs' due diligence process.

Stewardship policies and activities are regularly reviewed and challenged by the Asset Management Risk and Compliance Teams. Additionally, stewardship policies and activities are subject to periodic internal audit reviews and are updated when necessary.

The Stewardship Working Group ('SWG') is responsible for reviewing and approving activities conducted by the Stewardship Team, including: statements to be presented at company AGMs, letters to be sent to chairs/CEOs of companies (both private and public), public investor statements on specific companies, public investor statements on ESG topics addressed to regulators, and the monitoring and assessment of voting activities conducted by AMPs. The SWG also provides an avenue for the discussion and resolution of stewardship-specific conflicts of interest as they arise. In situations when conflicts cannot be managed or resolved within the SWG, the matter is escalated to the Group Chief Investment Officer. In case of such escalation, the BIC is kept informed through the regular updates on our sustainable investment practices. The SWG annually reviews and approves changes to our approach to managing stewardship-specific conflicts of interest, and internal controls are in place for periodic attestation of these approvals.