

For the future.

**Pension Insurance Corporation
Group Limited**
Sustainability Report 2025

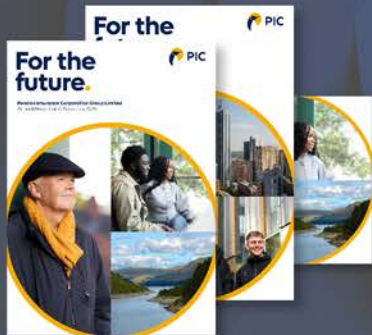


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Our 2025 suite of reports

You can find out more about our activities, financial performance, sustainability strategy and our progress to becoming a Net Zero business by 2050 on our website and in our reporting suite:

pensioncorporation.com/investors



- Annual Report and Accounts
- PIC Company Report
- Investor Results Presentation



- Sustainability Report
- Climate Report (TCFD)
- Climate Report (TCFD) Basis of Reporting

Sustainability is a natural outcome of a long-term business model like ours.

We secure the pensions of our policyholders, creating social value through our investments in communities across the country.

For the future.

For our sustainable business



Our commitment to sustainability is closely aligned to our purpose and is reflected in our 2025 milestone achievements.

Simon Abel
Chief Strategy Officer & Executive
Committee (“ExCo”) Sustainability Lead



In what has been a challenging year for the sustainability industry, including some reassessment of public sustainability commitments by market participants, we remain committed to our sustainability strategy, our decarbonisation plan and protecting the value of our assets by integrating Environmental, Social and Governance (“ESG”) into our business and investment processes.

2025 was a milestone year for our sustainability targets, including being carbon neutral in our operations. We have achieved this, in large part, due to our new office at 22 Ropemaker Street which was designed with sustainability at the core, for both environmental performance and employee wellbeing.

We hosted our first ‘PIC Values Awards’, recognising employees that were nominated and judged by peers as most embodying the PIC values of resilient, adaptable and loyal. The awards were presented at PIC’s annual all-employee offsite ‘TyPICally us’, a day which puts emphasis on our collaborative and inclusive culture.

We are also delighted to have been awarded, for a second consecutive year, Actuarial Post’s ‘Employer of the Year’ award.

We are pleased to have met our investment portfolio-related climate target of reducing the carbon intensity of our public corporate credit portfolio by 25% from 2019 levels. We are also cautiously optimistic about our 2030 target of reducing total portfolio emissions by 50%, having currently surpassed this target. However, we do not expect progress to be linear and our primary objective remains our purpose of paying the pensions of our current and future policyholders.

Our sustainability strategy remains guided by its four main pillars:

1. Being a long-term sustainable business
2. Being a responsible investor
3. Protecting the environment
4. Making communities sustainable, safe and inclusive

As a business, we have focused on embedding sustainability as business as usual (“BAU”) across processes with named accountable executives and champions. Our culture – prioritising our customers – was recognised by ServiceMark with Distinction for ‘consistently high customer service levels’ and we have been awarded the BSI Kitemark for inclusive service – the gold standard for accessible and inclusive service to customers with vulnerable circumstances.

Although 100% of our assets benefit from our Responsible Investment approach, we categorise 24.6% of our total portfolio assets as being sustainable assets, which by our definition means the investee company meaningfully contributes towards one of the United Nations Sustainable Development Goals (“UN SDGs”).

Some examples of sustainable investments made this year include:

- \$50 million investment into a portfolio of hydropower assets;
- \$50 million investment into a shipping terminal to help it attain its ambitious Net Zero goals; and;
- £300 million investment into critical UK water infrastructure.

We endeavour to be active members of our industry to promote progress. As founding signatories to the Accounting for Sustainability (“A4S”) Sustainability Principles Charter for the Bulk Annuity Process, this year we took a lead role in the reinsurer engagement workstream, which delivered notable outcomes. We were once again admitted as signatories to the UK Stewardship Code, recognising our commitment to being good stewards of our capital.

We were also delighted to be awarded Environmental Finance’s Sustainable re/insurer of the year for the second year in a row.

I am pleased to present our 2025 Sustainability Report which showcases all that Pension Insurance Corporation Group Limited (“PIC”) has achieved as we make progress on our sustainability journey.

Simon Abel
Chief Strategy Officer & ExCo
Sustainability Lead, PIC

We promote transparency and the information contained in this report as well as the rest of our reporting suite demonstrates this.

 See our
2025 Reporting Suite

Evolution of PIC's sustainability journey

Steadily building our sustainability capabilities and promoting industry progress



1. Bulk Purchase Annuity ("BPA").

PIC at a glance

Who we are

PIC has a single purpose: to pay the pensions of our current and future policyholders.

We are a specialist insurer, working within the UK pension risk transfer ("PRT") market. We are major investors in UK infrastructure and housing.

Our values

Our values – resilient, adaptable and loyal – are the principles underlying our culture, dictating the behaviours which allow us to fulfil our purpose and drive value for our shareholders.

They encourage diverse perspectives and a leadership mentality among our talented employees. They are PIC's way of doing things.

Resilient



Adaptable



Loyal



Our strategic objectives



To continue building a secure and sustainable business



To carry on leading as a responsible corporate citizen



To keep on driving long-term value growth

More detail about PIC's strategic objectives can be found on **pages 16-17** of the **Annual Report 2025**

Our culture

Our customers are our priority

We value all of our stakeholders and work hard to provide exceptional service to them all. PIC's customers include policyholders, trustees and corporate sponsors.

We listen to them and are responsive to their requirements. In short, our customers are our priority.

Our people ensure we stand out from the crowd

PIC's culture has been nurtured over the years to ensure that each of us is focused on this priority.

It has evolved as the Company has grown, supporting our journey to be a leader in a dynamic and important industry, one which is responsible for securing the pension benefits of more than a million people, as well as channelling tens of billions of pounds into the UK economy.

PIC at a glance (continued)

PIC generates long-term social value ...

by taking care of our customers ...

Pension fund members of defined benefit (“DB”) schemes become our policyholders following a buyout.

Alternatively, pension scheme trustees can secure the pension payments to their members through a buy-in contract with us.



Total number
of policyholders
438,000



Policyholder
satisfaction
99.0%



Number of
schemes insured
324

and investing purposefully.

PIC’s investment strategy is designed to provide the long-term secure cash flows that match the pension payments to our policyholders over the coming decades.

Our portfolio is primarily invested in publicly available fixed income assets, including government and corporate debt.

We are major investors in UK infrastructure and housing, generally through the private markets.

These private investments provide secure, inflation-linked cash flows which can match our pension payments at specific maturities when public debt is not available.



Total UK direct
investments to FY25¹
£15.0bn



Social housing¹
£2.8bn



Education¹
£2.4bn

1. Amount invested to date is estimated based on available historical data.

Industry initiatives



PIC is an active member of the Investor Forum. This not-for-profit, practitioner-led membership organisation was set up by institutional investors in the UK to embed stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value.



PIC is a signatory to the United Nations' Principles for Responsible Investment ("UN PRI"), as are all of PIC's key external asset managers who help manage the main public credit portfolio. As a signatory to the UN PRI, we commit to enact its six principles of responsible investing.



Also known as the Global Goals, the UN SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people can enjoy peace and prosperity. PIC's sustainable assets touch on a number of these goals, and examples of these can be found throughout the report.



Sustainability Principles Charter for the BPA process

PIC is a founding signatory of the Sustainability Principles Charter for the BPA process. The four key principles of the Charter are:

1. Transparency
2. Decision making
3. Reporting and Engagement
4. Collaboration

For more information on the Charter visit:

www.accountingsustainability.org/en/about-us/our-networks/asset-owners-network/bulk-annuity-sustainability-principles-charter.html



The Purposeful Finance Commission ("PFC") and its Advisory Board is an independent body of leading combined authority figures, local government leads, investors and regeneration experts working to remove barriers to housing and infrastructure development across the country. Its goal is to ensure that purposeful regeneration delivers real social value, creating lasting benefits for local economies, communities, and the environment. The PFC is chaired by PIC and its work is supported by original research and expertise from across the investment lifecycle, to highlight the critical role private investment can play in transforming local economies.



The Net-Zero Asset Owner Alliance

Created in recognition that institutional investors collectively have an important role to play in fostering the energy transition the world needs. Members have committed:

1. To transitioning their investment portfolios to Net Zero greenhouse gas ("GHG") emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels;
2. To establishing intermediate targets every five years and to annually report on progress; and
3. The Alliance is convened by United Nations Environment Programme ("UNEP") and UN PRI.



Developed by the Association of British Insurers ("ABI") in partnership with Boston Consulting Group, the Climate Change Roadmap has set industry targets to address climate change and help the UK reach Net Zero by 2050. PIC is one of the founding members of the ABI Climate Change Work Group which helps facilitate implementation of the Roadmap by the industry.



We publicly support the Task Force on Climate-related Financial Disclosures ("TCFD") and published our first TCFD report (now called Climate Report) in 2021. We agree with the TCFD that financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies in changing worlds. The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.



PIC is proud to have been accepted in 2023 for the first time as a signatory to the UK Stewardship Code. The UK Stewardship Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. The Code applies to asset owners, asset managers and service providers. Those that are admitted as signatories are able to provide evidence annually on how they adhere to the high standards of the 12 principles of good stewardship practice.

About [UK Stewardship Code](#)



Sustainability Reporting Standards for Social Housing

PIC was one of the founding members and is a continued supporter of the Sustainability Reporting Standards for Social Housing ("SRS"). The SRS is a set of sustainability-related standards including ESG topics which social housing providers who support the SRS are required to report against on an annual basis. Standardised reporting helps promote transparency within the housing association industry and allows for easier comparability between providers. This in turn helps advance the industry in an aligned fashion with regards to sustainability initiatives and best practice.

About [Sustainability for Housing](#)

Sustainability strategy

Our sustainability strategy's overarching objective is to ensure we fulfil our purpose by managing long-term risks and helping create significant long-term social value. Ultimately, this creates sustainable benefits for individuals and communities, the environment and the economy.

Our strategy positively impacts all our stakeholders, including the people who rely on us to pay their pensions. It enables us to achieve our strategic objectives in a responsible manner.

The strategy has four distinct pillars which, together with our Sustainability Target Operating Model ("TOM"), focuses on delving deeper into our corporate strategic objectives. The focus of each pillar is shown to the right:



Sustainable re/insurer of the year 2025



PIC has been awarded Sustainable re/insurer of the year 2025 by Environmental Finance.

This is our second consecutive win in an increasingly competitive category.

In particular, the judges were impressed with PIC's Sustainable Assets Framework which adds robustness to our claim that a meaningful portion of our portfolio is considered 'sustainable', our approach to nature considerations and our carbon offsetting strategy. The judges also felt that our case studies evidenced our genuine responsible investment strategy, social value creation and proactive industry participation.

Sustainability is at the heart of PIC's strategic objectives



Sustainability Champions

2025 saw the selection of our second cohort of Sustainability Champions, with 14 individuals of various levels of seniority from across the organisation given an objective to help drive sustainable change within the organisation and truly embed sustainability as BAU.

Formal sustainability training was offered to our champions, along with opportunities to bring external best-practice into PIC within their respective business areas. The Sustainability Champions met monthly, working as a team to help one another enhance the success of their initiatives.

Some examples of 2025 departmental specific initiatives are:

- PIC's Built Environment champions focused on enhancing and quantifying the social value creation of the property developments in our portfolio and put processes in place to monitor this over the lifetime of the asset. One champion also explored a potential new tenant category by researching the reasons senior people choose to downsize and how we could make Build-to-Rent ("BTR") homes more attractive to them.

- The Data Office Champion worked on developing a streamlined process for PIC's various ESG data sources so that these will, once complete, be accessed with confidence as 'one source of truth' and organised in a manner that facilitates usage and semi-automates periodic updates.
- The HR Champion continued the embedding of sustainability across the HR value chain such as when briefing recruitment agencies, interviewing candidates and onboarding new staff.
- The Finance Champion was involved in our assessment of Prudential Regulation Authority ("PRA") consultations on sustainability such as CP10/25. They also furthered our understanding of the potential impact of climate change on our capital requirements and sustainability risks within our capital model assumptions.
- The Debt Origination Champion focused on creating and maintaining a log of 'rejected deals' due to sustainability-related reasons. We believe there are valuable lessons that can be learned from tracking such decision-making factors, such as what to look for – or avoid – in future deals.
- The Origination Champions furthered their previous year's initiatives which included: reinsurer engagements, empowering their team members to confidently discuss sustainability with stakeholders, be active participants in the A4S Sustainability Principles Charter initiative and explore possible impacts of sustainability on portfolio pricing.



As a Sustainability Champion at PIC, I leveraged my data expertise to propose a plan to integrate ESG data into our new technical infrastructure, enabling a dedicated ESG database for comprehensive analysis alongside portfolio holdings and risk analytics.

This experience helped highlight business data-usage limitations, enabled me to observe ESG initiatives across PIC, broaden my ESG technical knowledge and meet fellow colleagues across departments working towards a common goal.

Mitanshi Nayak
Investment Data Analyst,
PIC Sustainability Champion



Sustainability Champions (continued)

Sustainability representation

At various seniority levels and across the business



Board-level Sustainability Champion

- Act to ensure that sustainability matters are considered by the Board.
- Escalate any concerns about the Company's sustainability-related activities to senior management and the Chairman.
- Help ExCo Sustainability Lead embed sustainability matters into the Company's culture and policies as well as ensure appropriate external engagement of such matters and reporting from executives to the Board.

ExCo Sustainability Lead

- Take ExCo leadership for sustainability matters.
- Drive and monitor progress for PIC's overall sustainability strategy.
- Promote/communicate PIC's sustainability capabilities across all stakeholder groups.

Head of Sustainability

- Set strategic direction for PIC's overall sustainability strategy and ensure alignment with PIC's corporate strategy.
- Help ensure sustainability standards set by the Board/ExCo are met.
- Coordinate and oversee the two main streams of PIC's sustainability TOM: 1) Responsible investing; and 2) Long-term sustainable business.

Sustainability Champions

- Build momentum and help drive sustainable change within the organisation.
- Assist Business function ExCo member to embed sustainability within BAU.
- Bring outside best-practice information on sustainability within PIC and help spread it across the organisation.

A4S

Case study: **A4S: Sustainability Principles Charter for the Bulk Annuity Process**

For industry progress.

PIC is a founding signatory and active participant in the A4S initiative of the Sustainability Principles Charter for the Bulk Annuity Process. The initiative has brought together pension schemes, insurers, pension advisers and the regulatory community to produce a Sustainability Principles Charter which seeks to align expectations around sustainability within the bulk annuity process. It sets out clear principles to drive greater transparency, reporting and engagement before, during and after a buyout or buy-in transaction between pension schemes and insurers.

The majority of occupational DB pension schemes in the UK are now closed, with many maturing on a path which considers transacting with a pension insurer. Insurers, as well as pension schemes and advisers, therefore play an increasingly important role in ensuring that pension investments are both resilient to the climate, nature and social crises that we face, as well as playing an active role in investing in a more sustainable world for pension members to retire into.

The four key principles are:

- 1. Transparency**
Transparency of values, principles and investment beliefs in relation to sustainability, as well as ongoing commitments that may guide future policy and practice affecting sustainability approaches.
- 2. Decision making**
Evidence and understanding of how sustainability considerations are incorporated into investment analysis and decision-making processes, and investment stewardship activity.

3. Reporting and engagement

Ongoing reporting and engagement to key stakeholders on sustainability commitments beyond the point of transaction.

4. Collaboration

Commitment to ongoing engagement across the pension sector as responsible investment best practice evolves.

A4S Sustainability Principles Charter 2025 achievements

Consolidated reporting

A meaningful achievement of the A4S initiative in 2024 and early 2025 was the consolidation of sustainability-related reporting by insurers to pension scheme advisers. In past years, insurers received annual bespoke and often lengthy reporting requests from the pension adviser community to detail their sustainability approach and capabilities. As a result of the initiative, adviser signatories collectively agreed on a 'master-set of questions' to ask all signatory insurers who, in early 2025, submitted their final responses back to advisers. We welcome this coordinated and much simplified reporting process.



Collaborative engagement with reinsurers

In 2025, PIC played an active role in a workstream that communicated the Charter's expectations with the reinsurer community. Charter signatories reached out to their global network of reinsurers inviting them to an initial information session, hosted by A4S and insurer signatories, to explain the principles of the Charter and insurer expectations. The initial session was attended by three reinsurers who were interested in learning more about what insurer expectations around sustainability were for them. They agreed to take a few steps forward in providing some standard reporting on an annual basis and attending an insurer signatory update meeting once a year. In addition, PIC integrated responsible investment criteria within investment guidelines of Funded Reinsurance agreements considered during the year.



Oversight and reporting

Sustainability Oversight Forum:

PIC's Sustainability Oversight Forum consists of a diverse group of people from across the business and meets on a quarterly basis. The Forum's role is to review, discuss and challenge sustainability-related topics before they advance to management-level committees. The Forum also serves as a platform to discuss and align on the strategic sustainability priorities across the business.

These meetings are attended by a number of senior leaders across the business, including our Chief Investment Officer, Chief Strategy Officer and Head of Enterprise Risk Management and Regulatory Affairs, in addition to being chaired by our Head of Sustainability. This year, the Forum held topical discussions on:

- The general backlash against ESG and regression of sustainability trends.
- The growing emergence of nature as an asset class.
- Enhancement of our Climate Scenario Stress Testing given regulator expectations through CP10/25.
- A process to better understand the cost of decarbonising our portfolio.
- The enhancement of our direct engagement capabilities.
- Our successful application to the Stewardship Code.
- PIC's Reputational Risk Framework for Investments and recent investment examples.
- Portfolio review in relation to meeting our 2025 decarbonisation targets.

Establishment of Non-Financial Reporting team

In late 2024 PIC established a Non-Financial Reporting team within its Finance department. Throughout 2025 the team has further embedded itself and non-financial reporting processes within the Finance function to ensure alignment of our sustainability reporting with our annual report and accounts. This included bringing reports to our Board-level Audit Committee for approval and working closely with our auditor and third-party assurer to receive limited assurance on metrics within our Climate Report (TCFD). The team has also taken ownership of our climate metrics and now produce these monthly, circulating the results across the business to ensure wider visibility and understanding of our decarbonisation progress. Finally, the team ensures timely reporting to industry initiatives that we are members of, alongside various other stakeholder reporting requirements.

Sustainability training

Sustainability is an ever-evolving topic and it is important that we remain on top of the latest findings. We provide ongoing training during the year enabling our sustainability approach to be aligned across departments. In 2025, our employees and Board members cumulatively had over 570 hours of formal sustainability-related training.

Some examples of training sessions provided this year were:

- Quarterly all-employee lunch & learn sessions hosted by our Sustainability team. Topics covered this year were: the backlash towards ESG; electrifying the grid; carbon offsetting strategies; deep dive into PIC's stewardship activity and general updates on PIC's approach to sustainability and decarbonisation progress. These calls were well attended which is testament to the importance placed on sustainability within PIC.
- A third-party consultant came and discussed in detail the topic of Materiality Assessments with key personnel from the Responsible Investing team, Investment Office, Compliance team and Financial and Non-Financial Reporting teams.
- The same consultant also provided training to our Sustainability Champions on gap analysis, embedding sustainability into BAU and stakeholder communication.
- The Board Customer Committee received sustainability-related training specifically aligned to the Consumer Duty regulation, to further understand policyholder concerns and expectations, and transparency expectations for reporting PIC's approach to responsible investing to ensure sustainability claims are substantiated.
- Mandatory compliance training for all employees included a full chapter on modern slavery, with an assessment at the end of the session.



Being fully embedded into PIC's Finance function is crucial to ensure our sustainability-related reporting receives the highest level of governance and oversight, as is required for such published reports.

It has enabled us to align our sustainability reporting process to that of our annual report and accounts, while working closely with our auditor and third-party assurer in validating the reports where relevant to do so.

Simon Floyd
Non-Financial Reporting
Senior Manager, PIC

Data management

Case study: **Data Management: ISO Certification**

For data security.



Policyholders trust PIC with their personal and financial details, and we take that responsibility very seriously. We have many vulnerable policyholders and while digital technology helps us better serve our policyholders it also opens new threats that we must manage. PIC is committed to protecting policyholders' information and the systems used to store, process and transmit it. We do this by holding ourselves to the highest independently verified data standards.

The International Organization for Standardization ("IOS") is an independent non-governmental body which brings global experts together to agree on the best way of doing things – for anything from making a product to managing a process. It contains the national standards bodies in 175 countries. Think of ISO standards as a formula that describes the best way of doing something.

PIC's information security management systems ("ISMS") is a collection of policies, controls and procedures designed to meet the three objectives of information security, which are confidentiality, integrity and availability. We are delighted that in 2025, PIC successfully achieved ISO27001 certification, the globally recognised standard for ISMS. This shows that PIC's ISMS aligns with industry best practice.

Certification was awarded by the British Standards Institution ("BSI"), following an extensive audit process. Certification is contingent on effective day-to-day information security risk management practices, evidenced in periodic surveillance audits and recertified on a three-yearly cycle and demonstrates PIC's commitment to continual improvement to drive standards higher.

ISO27001 certification gives confidence to external stakeholders in our approach to safeguarding information, managing risk, and upholding the highest standards of security across our operations. It demonstrates to our regulators, the PRA and Financial Conduct Authority ("FCA") our commitment to ensuring security and maintaining compliance with data protection regulations.



Our 2025 operational emissions target

Net Zero: 2025 Carbon Neutrality Target

We are pleased to announce we have met our 2025 target to achieve carbon neutrality in our operations. We have done this by reducing our carbon emissions as much as possible and offsetting residual emissions through carbon removal (see following page for more information). This has been enabled by our move to new premises at 22 Ropemaker Street, including securing electricity from Renewal Energy Guarantees of Origin ("REGO") backed renewable resources.

As an added factor of assurance for next year, we are looking to partner with Sustainable Energy First to receive a time matching traceable renewable energy supply for 2026. This means that our energy use will be monitored on an hourly basis and we are able to trace with more accuracy the source of the renewable energy used.

Our new home at 22 Ropemaker Street

2025 was our first full year at our new office, 22 Ropemaker Street, London. PIC occupy the top six floors of this newly constructed building and we worked closely with the landlord, developer and specialist consultants to ensure sustainability was embedded into the core of the design and the fit-out.

The design is in line with NABERS rating system, which helps to optimise the operational energy performance of the building. Buro Happold (PIC's sustainability advisers) assessed our fit-out of Ropemaker against PIC's own proprietary ESG scoring system and rated the project as 'A'.



We are also targeting BREEAM Outstanding certification for the fit-out, evidencing exceptionally high standards of sustainability. BREEAM is a building certification that supports solutions to reduce carbon emissions to Net Zero, improve whole life performance, and manage health and social impacts along with other high sustainability criteria. The building has also achieved WELL certification, which assesses how the design supports human health and wellbeing.

The Ropemaker development includes numerous beneficial features:

- recovery of the building's waste heat;
- air quality monitoring and management as well as air quality data visible to occupants;
- enhanced metering to reduce energy in use;
- LED lighting, daylight and presence detection;
- panoramic windows and accessible roof terraces;
- low-use water fittings and grey water collection with an aim to use 55% less water than baseline building; and
- excellent cycle facilities, showers and lockers, all to WELL standards.

As part of our drive to optimise carbon, the project has, wherever possible, selected materials with excellent environmental credentials. Those selections will go towards achieving BREEAM Outstanding.

- The carpets throughout are 40% recycled.
- The Marmoleum flooring is made of 43% recycled cocoa bean shells.
- Each tea point counter-top is made of recycled plastic, with the plastic being recovered from fridges and single use cutlery.
- All the joinery on the top floors (reception desks, boardroom joinery unit) uses recycled terrazzo slabs.
- The basins in the wellness rooms are made using locally sourced recycled sands and aggregates, each piece contains 80% recycled materials.

We have achieved a 100% diversion from landfill for all construction waste generated during the fit-out, and donated much of our old office furniture to charities/small enterprises, with the remainder being recycled.

Our move to Ropemaker has also enabled us to significantly improve the monitoring of waste generated across our operations. The building's facilities and integrated waste management system provide detailed data on the volume of waste produced and the disposal methods used, including recycling and landfill diversion.

This enhanced visibility means we can now report Scope 3 emissions associated with waste for the first time, strengthening our operational emissions disclosures and supporting our commitment to the transparent reporting of our carbon footprint.

 More information can be found in our **Climate Report (TCFD)**



Carbon offsetting

We continued our partnership with carbon removal specialist CUR8, who provide us with expert guidance as we advance our carbon offsetting strategy, ensuring alignment with best practices in the voluntary carbon market.

We have offset the small amount of our residual Scope 1 and 2 carbon emissions through the purchase of high integrity carbon removal credits. We also offset, on a best-efforts basis, emissions generated by business travel, reinforcing our commitment to being a responsible corporate.



More information can be found in our **Climate Report (TCFD)**

Our approach follows the **Oxford Principles for Net Zero Aligned Carbon Offsetting¹**, which prioritise projects that deliver rapid carbon removal, long-term storage, and minimal risk of reversal. With CUR8's support, we have built a diversified portfolio of high-integrity carbon removal credits, selected for their durability, transparency, and environmental impact.

To the right are a selection of some of the offsetting projects we have purchased credits from for our 2025 offsetting activity.



1. The Oxford Principles for Net Zero Aligned Carbon Offsetting 2020.



Removal method: Biochar

Speed of removal: Immediate

Durability: 1,000+ years

Indian Carboneers run small-scale biochar projects in rural communities in India and Ghana. Biochar is produced by heating biomass without oxygen (pyrolysis), creating porous carbon that lasts over a thousand years and boosts crop yields when applied to soil.

Carboneers' biochar projects in Odisha and Assam engage 7,500 farming communities to convert crop residues (corn stalks, bamboo, rice straw, and cotton stalks) into high-quality biochar. They use soil pit pyrolysis and are advancing high-tech pyrolysis methods to boost efficiency and scalability.

A defining feature of this initiative is Carboneers' close collaboration with local farming group NGOs, which unite farmers to make collaborative decisions that strengthen community bonds and amplify collective impact. Women form the majority of the workforce, from field teams to leadership, reflecting a strong commitment to gender equity.

These efforts improve soil health, cut carbon emissions, and empower rural communities socially and economically, fostering resilience and sustainable development.



Removal method: Biomass carbon removal and storage ("BiCRS")

Speed of removal: Immediate

Durability: 1,000+ years

Graphyte created a differentiated method for biomass burial: Carbon Casting. Their process dries and compresses biomass into dense carbon blocks protected by an impermeable barrier that preserves the carbon in the material while buried underground.

Carbon Casting leverages the availability of waste biomass, such as residues from timber and farming operations, to create wooden blocks. Graphyte developed an environmentally safe, impermeable barrier that coats the blocks, and then they store the blocks in underground sites with state-of-the-art monitoring. Carbon Casting preserves nearly all the carbon captured in the biomass and consumes very little energy in the process.

Combining photosynthesis with practical engineering, Graphyte's Carbon Casting technology provides an immediate pathway for billions of tons of low-cost, permanent carbon removal that can be deployed in electricity constrained markets.



Removal method: Direct air capture

Speed of removal: <1 year

Durability: 10,000+ years

Direct air capture ("DAC") is at the furthest technology end of the carbon removal spectrum. Air is blown through machines that, through a series of chemical reactions, remove the CO₂ yielding a pure, compressed stream to be stored deep in geological reservoirs.

The advantages of DAC are numerous. Facilities have a small physical footprint compared to other forms of carbon removal and can be placed anywhere with an energy source. The drawdown of carbon is swift, easy to verify and can be stored for millennia. However, they are capital intensive and expensive to run, making DAC an expensive option. These characteristics nevertheless make DAC credits some of the highest integrity carbon credits available, resulting in high demand and limited supply.

Supported by the infrastructure expertise of parent company Occidental, 1PointFive has attracted significant financial support (aided by the US' 45Q tax credit). In 2024, Microsoft agreed to purchase 500,000 tonnes 1PointFive's future DAC credits, representing the largest durable carbon removal advanced commitment to date.

People



Our consistently high engagement levels demonstrate the positive and supportive workplace we strive to maintain. We are dedicated to helping every colleague reach their full potential, nurturing talent at every stage of their career.

Dara McCann
Chief People Officer, PIC

Our values – resilient, adaptable and loyal – are the foundation of our culture. They shape the behaviours that enable us to meet our commitments and deliver value to our shareholders. These values also encourage inclusive thinking and leadership at every level of the organisation.

As a leading employer with a clear, straightforward purpose, we know that our people are central to our success. As part of our culture, we look to create a work environment that allows our employees to achieve their highest potential within their current roles, as well as develop the skills and expertise to help them further their careers.

We are recognised for being purpose-driven and results-oriented. That’s because we continue to invest in our people and their experience at work. In 2025 we reached a workforce of 700 employees, demonstrating our ability to attract talent. We are also delighted to have been awarded, for a second consecutive year, Actuarial Post’s ‘Employer of the Year’ award.

The pension risk transfer market creates significant social and economic value in the UK. Our employees are motivated by the positive impact PIC has on society and the social value that they help create and deliver.

Whatever their area of work, PIC’s 705 employees work together to deliver positive stakeholder outcomes, guided by our Company values: Resilient; Adaptable; and Loyal.

Our purpose, which is to pay the pensions of our current and future policyholders, is well understood across the organisation, with 97% saying they understood it in our 2025 employee survey. It firmly places our ultimate end-customers – our policyholders – at the heart of our decision making and is instrumental to the success we have achieved over the last 20 years.

Dara McCann
Chief People Officer



2025 employee engagement survey highlights

93%

believe strongly in the goals and objectives of PIC

94%

believe PIC is truly customer focused

91%

would recommend PIC as a good place to work

93%

are proud to work for PIC

Employee engagement



The Built Environment team is delighted to have won the PIC 'Best Team' Award. As a relatively new team (formed three years ago) within PIC we truly believe that this accolade highlights the company core values that guide us every day. Our adaptability has allowed us to complete complex and highly challenging projects, our resilience has kept us moving forwards to overcome many obstacles within an evolving sector and our loyalty to one another and to PIC is what makes our team so strong. Thank you for this very valuable recognition!

Tanmay Desai

Head of Built Environment, PIC Capital

Listening to our people – Employee engagement

At PIC, we believe in recognising and rewarding our people. We offer competitive pay and benefits that reflect our position as a leading financial services provider in the fast-growing pension risk transfer (“PRT”) market. Our remuneration packages are reviewed regularly under the oversight of the Remuneration Committee to ensure they remain fair and aligned with industry standards.

To ensure we stay connected with our teams, we run an annual engagement survey and gather feedback throughout the year on topics that matter, such as pension savings. We also provide regular opportunities for open dialogue with leadership, including Town Halls, our annual all-staff offsite conference, and our ExCo lunch programme where small groups of employees meet informally with Executive Committee members.

In our 2025 employee engagement survey, 93% of employees said they were proud to work for PIC, which demonstrates both a supportive and rewarding environment where employees feel valued for their contribution. In addition, the survey results showed that 93% of employees believe strongly in the goals and objectives of PIC.

PIC Employee Value awards:

In 2025, PIC launched its first Employee Value awards where individuals and teams were nominated by their colleagues for four specific awards. Three of the awards were for individuals that demonstrated behaviours linked to each of our core values of resilient, adaptable and loyal. The fourth award was for the team who evidenced all three values through their work.

Nominations were employee-led and the awards were presented at PIC’s yearly all-employee offsite ‘TyPICally us’ day.

Internships

In 2025, PIC welcomed 11 summer interns for an eight-week programme working within a variety of teams across the business. All interns are second-year university students who were recruited through direct advertisement, the 10,000 Interns Foundation or Girls Are INvestors (“GAIN”). Using these different routes to market helps us create opportunities that build a stronger, more inclusive workforce. The selection process consisted of a virtual interview and an in-person assessment centre, including a networking lunch with hiring teams.

The rotational programme includes induction events, digital training and networking opportunities as well as participation in a group task that allowed interns to showcase their learning and raise funds for our charity partners.

Apprentice programme

PIC’s apprenticeship programme takes place over 18 months, with up to five new apprentices recruited each year to join teams across the business. This is part of our ongoing commitment to developing early talent and building a strong pipeline for the future. The apprentice roles span a variety of departments including HR Operations, Change Delivery, Third Party & Outsourcing, Internal Audit and Origination, offering hands-on experience, structured learning and the opportunity to grow within a supportive environment.

Nurturing our talent

In the latter half of 2025 we launched a fresh focus on talent, taking a more deliberate and joined-up approach to how we support our people to grow, thrive and build sustainable careers at PIC. This marked a shift from individual initiatives towards a clearer partnership with employees on their development.

As part of this work we continue to invest in building confident, capable leaders through our core management and leadership programmes, namely ‘Leading Teams’ and ‘Leading Leaders’. Alongside this, we enhanced our learning infrastructure through the launch of our new learning platform in partnership with LinkedIn Learning, providing colleagues with access to more than 23,000 high-quality, on-demand courses. This significantly broadens opportunities for self-directed learning and skills development, supporting both individuals’ growth journeys and the capabilities PIC needs for the future.



More information can be found in our **Annual Report**

People and DE&I

Diversity and inclusion

We believe that diverse thinking leads to better outcomes for our policyholders and stakeholders. That's why we continue to invest in partnerships and initiatives that promote inclusion. PIC's Diversity, Equity and Inclusion ("DE&I") Forum has as its objective to:

- **Encourage:** visible allyship and role modelling on inclusive initiatives;
- **Educate:** sharing knowledge so that DE&I is understood and becomes a catalyst for business success; and
- **Enable:** creating a safe space for our current and future employees to reach their full potential.

Some of the partnerships and initiatives the Forum has been involved with in 2025 include:



Girls Are INvestors ("GAIN")

GAIN supports female and non-binary students at the start of their investment management careers. GAIN provides a platform for learning, career development and networking opportunities, with a vision to reach 25,000+ female and non-binary students each year by 2030 and increase applications to investment firms to over 30% in the long term. GAIN works with over 300 schools across the UK and most of the UK universities.

PIC joined GAIN as a Silver partner in 2024 and is considering taking part in the GAIN Empower Internship Programme in 2026.

Through this initiative PIC has hired two GAIN interns within the Investment team. Each intern spent 8 weeks with PIC, rotating between our Debt Origination and Credit Research teams.



Women in Banking & Finance ("WIBF")

PIC has made commendable progress in promoting WIBF's mission to enhance gender diversity and inclusion within the financial sector. PIC has successfully sourced an additional 20 WIBF memberships for its employees during the year. WIBF members have access to exclusive mentorship programmes, networking events, and leadership training sessions. These initiatives offer valuable opportunities for professional growth, skill enhancement, and fostering strong industry connections.

Furthermore, PIC organised a thought leadership industry event in November 2025, focusing on the gender pensions gap. This event aimed to bring together experts, foster insightful discussions, and drive actionable solutions to address this critical issue.



Group for Autism, Insurance, Investment and Neurodiversity ("GAIN")

GAIN is a Community Interest Company, established in 2021 by an alliance of people and organisations, working together to accelerate a radical improvement in the employment prospects for neurodivergent individuals through a community hub and ecosystem within the insurance, investment, and related sectors of the financial services industry.

In October, GAIN presented to PIC staff as part of our PIC's Talk series to create awareness on different neurotypes and how we all have a part to play in creating psychological safety and a sense of belonging for all staff.



Actuarial Mentoring Programme ("AMP")

AMP is a cross-company mentoring initiative designed to improve diversity within the actuarial profession. PIC was a founding sponsor of AMP and the programme has been run by the company Moving Ahead since 2017. AMP provided a nine-month structured mentoring programme with 11 companies during 2025, of which PIC was one of the companies taking part. PIC provided ten mentors and ten mentees for 2025. AMP also provides a series of live and digital events for participants to engage, educate and inspire with world-leading speakers delivering thought-provoking and educational content.



Through Girls Are INvestors, I was welcomed into PIC's inclusive and supportive environment, where I gained invaluable insight into the world of long-term investment. I am very grateful for the experience which gave me the confidence and inspiration to pursue a career in finance.

Saskia Jenkins
GAIN intern



The GAIN Internship Programme allowed me to explore a completely new industry at PIC. My rotations in the Debt Origination and Credit Research teams allowed me to apply my analytical and scientific skills in a new context, supported by a culture that encouraged learning and curiosity.

Lola McDowall
GAIN intern

Working with our charity partners

Our commitment to giving back is led by PIC's Charity Committee, a group of passionate volunteers from across the business, including our interim CEO and General Counsel as Board and ExCo sponsors. PIC allows and encourages all employees to take up to two volunteer days a year during regular working hours. PIC also matches employee fundraising and donations to charity.

We're proud of our long-standing partnership with Independent Age, which supports older people across the UK. In 2025, we continued to work alongside our newest charity partner: Beyond, a youth mental health charity chosen entirely through an employee-led process.

We support our charity partners through matched funding, payroll giving, and access to Charity Aid Foundation accounts. Our fundraising calendar includes events such as the PIC Treasure Hunt, which in 2025 raised £33,100 – matched by PIC for a total donation of £66,200 split between our two charitable partners.

We also continued our partnership with Money Ready (formerly known as RedSTART Educate), a financial education charity delivering interactive workshops to primary school children. Their programme includes an app that rewards students for completing maths challenges, helping them learn about saving and spending in a real-world context. In 2025 we added a new school as recipient of our volunteering efforts.

PIC offers employees the opportunity to take two paid 'volunteer days' a year. In 2025, PIC employees in total took 171 days, which is almost double what was taken in 2024.

A number of employees volunteered at Bow FoodBank as well as Haven House, a children's hospice in North East London that supports seriously ill children by creating a loving and warm environment for them and their families while they go through the toughest of times. Employees also took part in a number of sporting events to raise money for charity, such as the London Marathon, Royal Parks Half Marathon, and even a self-organised event involving playing 72 holes of golf in a single day.

Over the Christmas period, we collected over 800 items of food/household goods and £400 of employee donations which was donated to Bow FoodBank, Hilldrop Community Centre and FoodCycle. PIC also matched employee generosity by donating £1,000 to each of those three charities.

Policyholder events

This year, 11 policyholder events were held across the UK including Newcastle, Manchester, Leeds, with our flagship policyholder event taking place at Alexandra Palace in September 2025 with over 600 policyholders attending. Our events feature a mix of internal presentations, policyholder stories and guest speakers. Topics discussed include updates from PIC's CEO, CFO and CIO, the creation of social value, and demystifying money and consumer rights.

Independent Age

Independent Age UK is a charity founded over 150 years ago offering advice and support for people in old age. It operates throughout the UK and provides advice and support across a range of areas, including money, housing, health, personal life, support and care, and future planning. Its guides and factsheets are downloadable for free via the link below.

 www.independentage.org/get-advice/advice-guides-factsheets-leaflets



Beyond

Beyond is a youth mental health charity tackling the growing mental health crisis affecting young people in the UK. They seek to address the lack of access to support and create opportunities for early and personalised interventions. The charity is guided by a volunteer youth board who use their own experiences to inform everything that the charity does and ensures focus is kept on young people and their evolving needs.

 Read more at www.wearebeyond.org.uk



Sustainable assets



While 100% of our assets benefit from our responsible investment approach, we consider 24.6% of our portfolio to be sustainable. This helps ensure that we continue to create significant social value as we invest to pay the pensions of our policyholders over the coming decades.

Rob Groves
Chief Investment Officer, PIC

PIC defines a sustainable asset as one whose core business activity contributes meaningfully to solving one or more of the UN SDGs, delivering positive outcomes for both people and the planet.

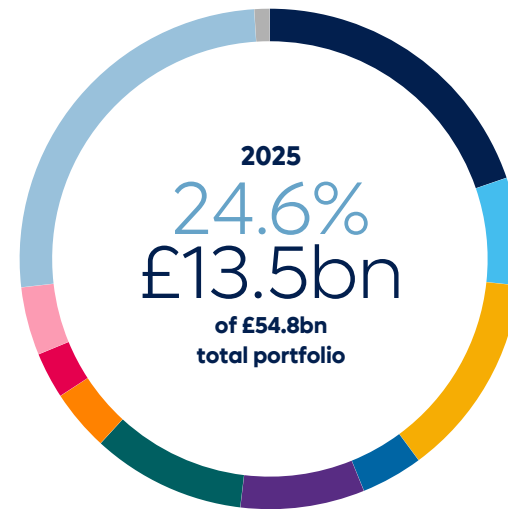
While 100% of our portfolio benefits from our responsible investment strategy, which integrates ESG factors into all our investment processes across asset classes, we consider 24.6% of our portfolio to be, as per our definition, sustainable. In addition, we apply our sustainable assets framework to substantiate this claim, further details of which can be found in Appendix 1.

The term 'sustainable' reflects the inherent social and environmental benefits generated by a company's operations – not simply its charitable initiatives. Our £13.5 billion investment in such sustainable assets underscores our belief that responsible investing is not only aligned with our purpose of paying pensions securely over the long term, but also represents a strategic opportunity to drive positive change.

Our portfolio includes investments in affordable housing, clean transportation, renewable energy, education, healthcare, and infrastructure. These investments are a testament to our commitment to creating long-term social value while maintaining financial resilience.

Sustainable assets

Proportion of total portfolio over the last five years



| | |
|--|-----|
| ● Housing Associations/Social Housing | 20% |
| ● Renewable Energy | 7% |
| ● Education | 13% |
| ● Not For Profit | 4% |
| ● Healthcare | 8% |
| ● Municipals | 10% |
| ● Sustainable/Clean Transport | 4% |
| ● Project Finance (funding sustainable initiatives) | 3% |
| ● Green or Sustainable Buildings including Build-To-Rent | 4% |
| ● Regulated Utilities (Water, Electric) | 26% |
| ● Circular Economy | 1% |

2024
25.0%
£12.7bn
of £50.9bn total portfolio

2023
23.3%
£10.9bn
of £46.8bn total portfolio

2022
24.8%
£10.2bn
of £41.2bn total portfolio

2021
26.6%
£13.7bn
of £51.4bn total portfolio

Sustainable assets (continued)

Case study: Haweswater Aqueduct Resilience Programme



For UK social infrastructure.

UN SDGs



We were the largest single investor, with a £300 million investment, into the Haweswater Aqueduct Resilience Programme ("HARP"); the UK's latest water-related social infrastructure project.

HARP is a large-scale utility project delivered by United Utilities and will replace six tunnel sections of the original 1950s-built, 110km Haweswater Aqueduct. HARP will secure the continued supply of up to 570 million litres of clean drinking water required every day for 2.5 million residents in Cumbria, Lancashire, and Greater Manchester.

The project is one of the UK's most significant water infrastructure upgrades in decades and will contribute to regional resilience, environmental performance, and economic growth through local supply chain and employment opportunities. HARP will be delivered with a strong environmental focus by reducing leakage, improving operational efficiency, and ensuring compliance with evolving climate resilience requirements.

The financing supports sustainable infrastructure that delivers both community and environmental benefits alongside long-term financial stability for PIC's policyholders. Around 1,200 people will be employed at the peak of construction with an apprentice recruitment programme to help build and secure skills for the future.

Case study: Long Beach Container Terminal

For greener logistics.

UN SDGs



In early 2025, we invested \$50 million into the Long Beach Container Terminal ("LBCT"), a maritime container handling company that is at the forefront of promoting greener logistics.

LBCT embeds sustainability at the heart of its operations. PIC's investment will be used to help the company realise its commitment to be Net Zero by 2030.

Measures taken in this journey so far include integrating cutting-edge technology to improve terminal-wide efficiency, minimise truck idling and gate congestion, transitioning conventional cargo handling equipment to electric and deploying new electric equipment such as ship-to-shore electric cranes and rail cranes to relieve wharf and rail bottlenecks.

LBCT collaborates to promote greener practices within the logistics industry. It continues to invest in renewable energy by partnering with state-specific energy companies such as Southern California Edison as well as contributing to the Port of Long Beach's Clean Air Action Plan to help plan for uncertainty, climate risks and grid resilience. LBCT's practices have helped redefine maritime efficiency and set new standards for the global supply chain.



Sustainable assets (continued)



An acute focus from all stakeholders on social value during the development lifecycle allows for a wide spectrum of tangible and intangible benefits to be realised from community place making to providing comfortable and safe homes during the whole life span of the development.

Tanmay Desai
Head of Built Environment, PIC Capital

Case study: **One Eastside, Birmingham**

For a sense of community.

UN SDGs



New residential development offering 667 high quality homes for rent in Birmingham.

The building design is focused on creating a sense of community among tenants by offering several shared spaces and tenant collaboration opportunities.



Some of the social value highlights:

- £33 million of the construction spend in the local area
- 87 construction jobs created
- 11 apprenticeships offered
- 1,101 m² of public green space
- 630 trees planted

Impact

30% local materials and 60% local labour by spend (all from within the Birmingham City postcodes). Extensive engagement with the local community and local charity partnerships and fundraising. Offered career days and site visits for local college students, partnership with a PhD student and researcher from Birmingham City University.

Case study: **Millers Quay at Wirral Waters**

For regeneration.

UN SDGs



A partnership with the local authority and Peel Ports with PIC funding delivery of 500 apartments.

Some of the social value highlights of this development:

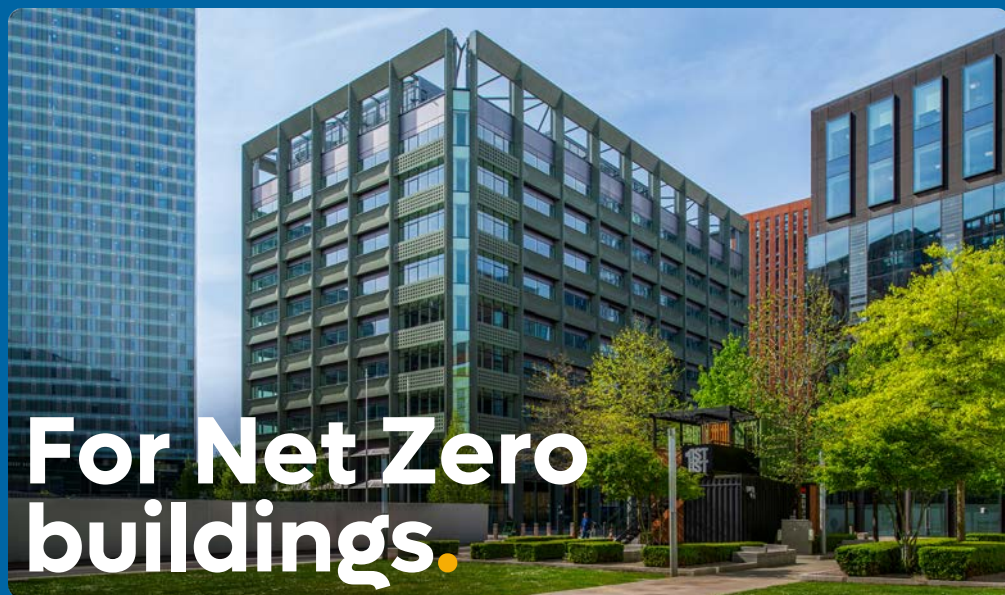
- £44m of the construction spend in the local area
- 2,780 construction jobs created
- 444 students engaged on site
- 16 apprentices work on site
- 100 affordable homes
- Almost 5,000m² public green space
- 102 trees planted
- Winner of 2025 Housing Design Award

Impact

Regeneration of brownfield site, delivery of quality homes, local employment and opportunities for some to enter what will be a long-term career.

Sustainable assets (continued)

Case study: First Street, Manchester



For Net Zero buildings.

UN SDGs



A new state-of-the-art government office building in Manchester's city centre. This building, once operational, will be Net Zero.

The building is a workplace for more than 2,500 civil servants, including 700 roles relocated from London as part of the Government's Places for Growth Initiative.

Some of the social value highlights of this construction:

- £35 million of the construction spend in local area
- 146 construction jobs created
- 25 apprenticeships offered
- 86 students engaged
- 288m² public green space
- 16 trees planted

Impact

Local school and employment market partnerships engaging in the site development, providing learning and job opportunities through nine school events, 12 on-site career activities, 11 work experience placements and eight work placements (job seekers).

Case study: New Victoria, Manchester

For social collaboration.

UN SDGs



PIC's first fully operational built-to-rent scheme has enjoyed a first full year of tenancy.

Residents have collectively been involved in a number of sustainable and charitable endeavours since becoming operational including:

- planting 880 trees to offset resident's move-in carbon footprint;
- donating over 4,400kg of clothing to charity shop www.whiterosefashion.com. Such donations have avoided over 16 tCO₂ emissions and the charity estimates that they can resell these clothes for a revenue of circa £25,000;
- using the development's electric vehicle ("EV") charging pods to deliver over 6,400kWh of electricity to recharge vehicles;
- partnering with charity **JogOn** and donating 377 pairs of running shoes which get sent to various locations around the globe to have a second life, while diverting waste from landfill;
- volunteering at a Hygiene Bank and a Food Bank;
- partnering with local food vendors to promote grassroot businesses;
- sponsoring the establishment of a local bee hive;
- promoting sustainability through quarterly on-site events;
- getting involved in the 'Wellness Wednesdays' initiative to promote health and wellbeing for tenants.

Environment



To safeguard the long-term cash flows that underpin our policyholders' pensions, we must evaluate and act on climate-related risks and opportunities. Achieving this requires a deep understanding of climate threats, alongside a collaborative effort to establish strong and resilient processes.

David Weymouth
Chairman, PIC

Summary of our TCFD disclosures

PIC's TCFD disclosures are compliant with the requirements under Chapter 2 of the FCA ESG Handbook. We have made our detailed disclosures in a separate Climate Report (TCFD) due to the granular nature of the metrics disclosed

This year we have successfully achieved both of our 2025 decarbonisation targets and we remain focused and committed to meeting our 2030 and 2050 targets.

This progress continues to be driven by our long-term approach: engaging with our existing borrowers to encourage decarbonisation of their business, and focusing on low carbon investments where available for our new investments.

 More information can be found in our **Climate Report (TCFD)**

PIC's climate achievements

Reduced Scope 1 and 2 emissions intensity by

47%

During 2025 PIC reduced its Scope 1 and 2 carbon emissions per FTE by 47%, driven by our move to 22 Ropemaker Street and growing headcount

Investment Portfolio WACI

127 tCO₂e/ \$m revenue¹

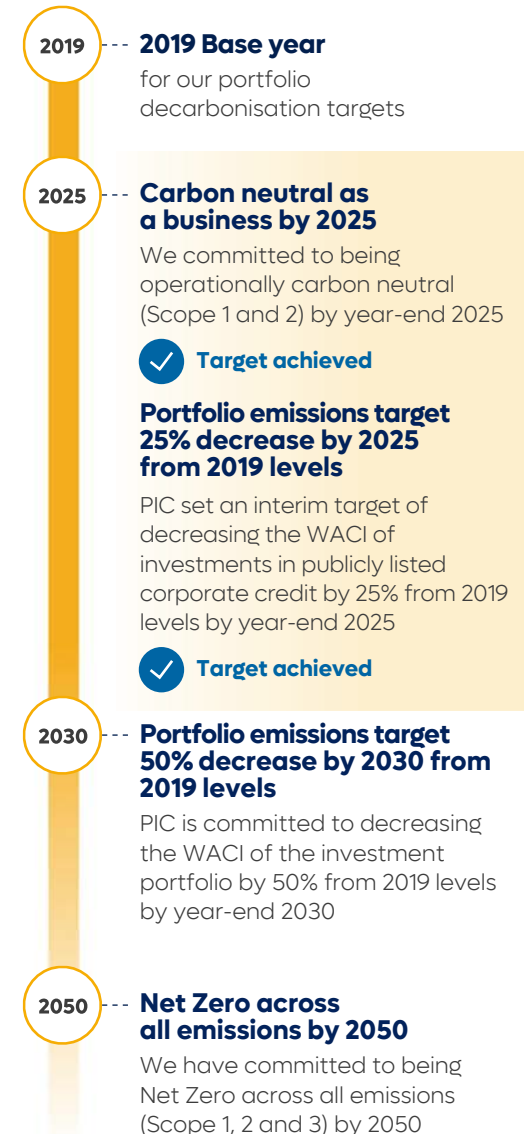
The Weighted Average Carbon Intensity ("WACI") of PIC's portfolio has reduced by 18% in 2025, based on portfolio data coverage of 77% (FY24: 77%)

Public Corporate Credit WACI

137 tCO₂e/ \$m revenue

We have successfully met our 2025 target of 216 tCO₂e/\$ revenue, which reflected a 25% reduction from a 2019 baseline

PIC's climate targets



1. This metric has been subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The limited assurance report provided by KPMG can be found in Appendix 2 of our Climate Report (TCFD).

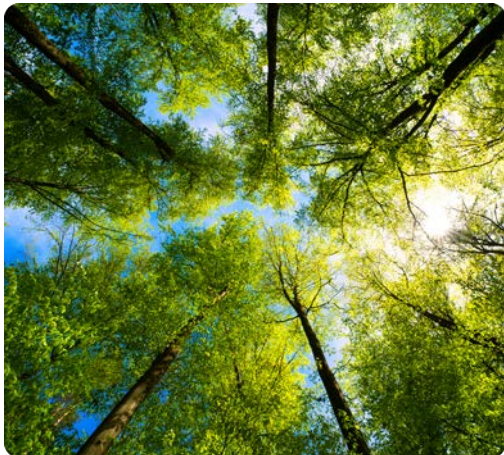
Environment (continued)

Nature-related risk

Alongside climate change, we are also placing increasing focus on understanding and managing our nature-related risks and opportunities, in particular the nature-related risks within the investment portfolio.

In 2024, we used the ENCORE¹ database to assess the dependencies and impacts of each economic sector on nature, to estimate our portfolio exposure to nature-related risks. Where sectors have a high level of dependency on nature, if the ecosystem services that those sectors depend on are under threat from the degradation of natural capital, there is increased physical nature-related risk to that sector. On the other hand, if a sector has a high impact on nature, there may be increased transitional nature-related risks to that sector due to regulatory or consumer pressure to reduce the impact.

1. www.encorenature.org/en



Dependencies, impacts, risks and opportunities

Our initial assessment has been based on the Taskforce for Nature-related Financial Disclosure (“TNFD”) framework, in particular focusing on nature-related dependencies, impacts, risks and opportunities that are relevant to our business. The TNFD framework defines these as follows:

Dependencies

Aspects of environmental assets and ecosystem services that a person or an organisation relies on to function. An ecosystem service is considered to be the direct and indirect contributions that ecosystems provide for human wellbeing and quality of life. For example, a company that PIC lends to may be dependent on the ecosystem services of water flow, water quality regulation, and the regulation of hazards like fires and floods.

Impacts

A change in the state of nature which may result in changes to the capacity of nature to provide social and economic functions.

Nature-related risks

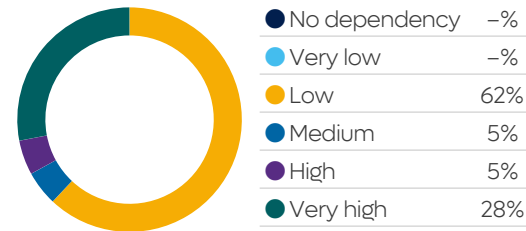
Potential threats posed to an organisation that arise from its dependencies and impacts on nature. These risks may be physical, transition, or systemic risks.

Nature-related opportunities

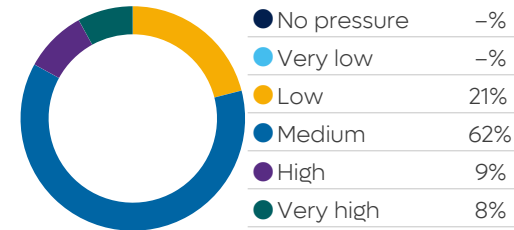
Activities that create positive outcomes for organisations and nature through positive impacts or mitigation of negative impacts.

The graphs below show our portfolio breakdown by level of dependency and level of impact on nature.

1.1 Portfolio market value breakdown by dependency on one or more ecosystem services



1.2 Portfolio market value breakdown by pressure on one or more components of natural capital



To build on this, in 2025, we considered further the ecosystem services upon which our portfolio is most dependent. If these ecosystem services are assessed to be materially at risk then this could translate to financial risk in our portfolio. The ecosystem services upon which our portfolio is most dependent are:

1. Visual amenity services
2. Water purification
3. Water flow regulation
4. Water supply
5. Rainfall pattern regulation

Based on our expert judgement, the depletion of visual amenity services is unlikely to cause a material risk to businesses that we lend to. We have therefore focused on the water-related risks to conduct a more detailed analysis of our potential exposure. The sectors driving the majority of our High and Very high dependency on water-related services are utilities and healthcare/pharmaceuticals. An example of water-related risk materialising can be found in the engagement case study on the following page.

Nature-related risk is inherently localised, meaning any sector-based analysis can only be used as an indication of possible areas of increased risk. With this in mind, we intend to focus our future work on:

1. specific issuers where our credit analysts deem water risk to be material, based on our increasing understanding, and refreshing our credit views in light of this risk; and
2. engaging with issuers in the sectors above to both understand their approach to managing water-related risk and detail our expectations on the topic.

Environment (continued)

Case study: Managing water-related risk of our investments

UN SDGs



Orbia, a multinational company with specialism in polymers, materials and infrastructure, is dependent on water, particularly in its chemical business groups both for cooling and as a raw material. Water stress may cause significant operational disruption and, in the long-term, could potentially impact the company's license to operate.

On 21 May 2024 Orbia was forced to temporarily shut down its facilities in Altamira, Mexico, due to extreme temperatures and drought causing water scarcity and interrupting the water supply to both industry and residents. Orbia has set an ambitious commitment to achieve a net-positive water impact, and we seek to understand the company's plans to address its water stress risks.

Action

Our external manager J.P. Morgan Asset Management ("JPMAM")¹ engaged with Orbia on our behalf, who acknowledged that water stress is a material business risk and has been included in the company's climate risk assessment since 2019. The company highlighted that the drought in Tampico, Tamaulipas Mexico, as an acute, not chronic event, did not appear in their risk management models. Orbia assured that the operational risk was limited in the short term as they were able to meet client needs within their diversified global portfolio. In the longer term, Orbia indicated that it is contributing to a water management project in the water-basin where their site operates, along with other industrial water users.

At a group-level, Orbia set an ambition to be net positive on water with key outcomes:

1. reduction in water volume through improved efficiency;
2. improving quality of wastewater discharge; and
3. contribution to collection action and community water, sanitation and hygiene ("WASH") programmes.

The company mentioned that it is in the early stages of assessing how to meet this ambition and which sites to prioritise.

For instance, the company shared challenges with moving to closed loop water management in its resin plants (which represent around half of Orbia's water consumption), due to the high dependency on water and cost (only one site in EL Salto in Mexico has a closed loop).

As the company develops its strategy, JPMAM encouraged Orbia to consider quantifiable and measurable targets, which investors find useful to assess how the company is addressing water risk and to compare with peers. The company indicated plans to disclose a more detailed roadmap to meet their water commitment in the next 18 months.

Outcome

We welcome Orbia's commitment to be water positive but acknowledge plans to manage operational water risk are still being developed and industry-wide best practice is still emerging. We will continue to monitor progress by the company and encourage disclosure for water management both at group and business level to facilitate assessment of related risks.

1. The present information was sourced from JPMAM Investment Stewardship Report (or other sources) and includes information that was obtained at an earlier date. It is presented as such and has not been updated, verified or audited. While JPMAM views engagement as an important part of understanding the risks and opportunities facing companies/issuers held in client portfolios, such engagement may not be effective in identifying such risks and opportunities and JPMAM does not guarantee any particular results or company/issuer performance as a result of such engagement. Other than for the information provided in the case study, JPMAM is not responsible for any information in this report.



For net positive impact.

Responsible investing

Since becoming a signatory to the UN PRI in 2020, PIC has embedded responsible investing at the heart of its strategy. Our latest 4-star assessment reflects our commitment to integrating ESG considerations into every stage of our investment process.

We believe that companies with strong sustainability practices are better positioned to deliver long-term value. By incorporating ESG factors into our investment decisions, we aim to mitigate risk, identify opportunities, and promote responsible corporate behaviour. This approach supports our purpose of paying pensions securely over the long term while creating meaningful social value.



Our investment approach

ESG analysis is a core part of our due diligence and credit assessment process. We evaluate ESG risks and opportunities alongside traditional financial metrics, giving us a more comprehensive view of an issuer's long-term resilience. These assessments are tailored by sector and geography, recognising that ESG risks vary across industries and regions.

Our investment team is expected to consider ESG factors in all decisions. Specialist credit analysts conduct in-depth reviews and collaborate closely with our Responsible Investing team to ensure alignment with PIC's sustainability objectives. This forward-looking approach helps us assess the long-term viability of investments, often spanning decades.

 More detail about PIC's Responsible Investment approach can be found here [responsible-investment-approach.pdf](#)

Case study: Hydropower investment

For climate analysis on a renewable investment.

UN SDGs



In December 2025, PIC invested \$50 million in a portfolio of hydropower assets in the United States, which provide base load renewable electricity to customers in a number of Northern US states.

As part of our due diligence, we were particularly focused on the potential impact of physical climate change on the value of the hydropower assets. As a result of climate change, there are likely to be changes in weather patterns, including the overall quantity and variability of rainfall.

This presented a long-term risk to asset valuations as they could impact the ability of the assets to generate electricity on a consistent basis. The risks were both a reduced amount of precipitation overall, leading to reduced generation volumes, and increased variability, leading to more droughts and variability in the electricity generation.

We were provided with a third-party technical report covering the possible impact of different climate scenarios. Overall, electricity generation was expected to modestly increase under the most extreme scenario. While there are significant challenges in predicting weather patterns on such timescales, we considered the absence of a significant downside in the modelling to be a positive indication of the low level of risk and proceeded with the investment.



Responsible investor

PIC portfolio

ESG integration

Within all investment processes across asset classes

Social value

Investments into sustainable assets that create beneficial outcomes for people and our planet

Stewardship and engagement

UK Stewardship Code signatory, Standalone Stewardship Policy, Engagement strategy

Industry participant

UN signatory, Net Zero Asset Owners Alliance member, ABI Climate Change Working Group participant, A4S founding signatory

Climate change

Decarbonisation to Net Zero, TCFD reporting, TPT, climate risk management and climate scenario testing

Responsible investing: 2025 strategic initiatives



Integrating ESG into our investment processes allows us to identify factors that may erode the value of our investments over time. Given our buy-and-hold strategy, identifying such factors early on is key to making a good long-term investment decision.

Cléo Fitzsimons
Head of Sustainability, PIC

ESG internal rating methodology

In 2025, our Credit Research team continued to roll out PIC's proprietary ESG rating methodology for privately sourced unrated debt investments. The updated approach is designed to provide a more nuanced and sector-specific assessment of ESG risks and opportunities, ensuring that sustainability considerations are embedded throughout our investment process.

The methodology is structured around a set of key performance indicators ("KPIs") that are tailored to the most material ESG factors within each sector. Analysts are required to quantitatively score companies against these KPIs using a predefined scoring framework. In addition to the numerical assessment, analysts must provide qualitative justifications and supporting evidence for their evaluations.

Each company is assigned:

- a headline blended ESG score; and
- a risk exposure rating (low, medium, or high).

These scores are then subject to a peer review process before being presented to PIC's internal Rating Committee for final validation. This ensures consistency, rigour, and accountability in how ESG risks are assessed across our portfolio.

It forms a critical part of our broader responsible investment strategy, helping us to identify ESG risks early, engage effectively with issuers, and make informed, long-term investment decisions.



Investment restrictions

Given the underlying nature of our investments, our very long-term time horizon and the tight parameters that regulate our industry, we must give careful consideration when applying sector exclusions. We have nevertheless taken the view that investing in the following sectors is unsustainable and have imposed the below restrictions:

1. Coal extraction and burning and tar sands: No new purchases in companies that derive more than 10% of turnover from coal extraction and burning and tar sands. We have divested from all of our holdings breaching the 10% limit, except where the respective borrower has a credible plan in place to achieve the target in a reasonably short-term time frame.

2. Oil sector: No new purchases of companies which exclusively focus on upstream activities. We aim to divest from these holdings over time. PIC will continue to invest in major integrated oil companies where such companies have decarbonisation commitments and have a credible strategy to deliver them. We believe such companies have an important role to play in the transition to a low carbon economy.

3. Controversial weapons: We will never knowingly hold any security that is involved in the production of controversial weapons such as anti-personnel landmines, cluster munitions, and chemical and biological weapons.

Our stewardship approach

At PIC, stewardship is more than a principle – it’s a core part of how we operate as long-term investors. Our purpose is to pay the pensions of our current and future policyholders, and we believe that responsible capital allocation plays a vital role in delivering this commitment while creating long-term value for society, the environment, and the economy.

We are proud to have maintained our signatory status to the UK Stewardship Code for a third consecutive year, demonstrating our ongoing commitment to the 12 principles of effective stewardship set by the Financial Reporting Council (“FRC”). Furthermore, we welcome the revised version of the Code and look forward to conforming to the new UK Stewardship Code 2026 expectations outlined by its six principles.



Why we engage

Engagement is done for two main reasons at PIC:



Fact finding

To gain a deeper understanding of a company’s operations, stakeholders, and performance. This type of engagement supports our investment decisions and is typically conducted through detailed, targeted questioning during due diligence.



Purposeful dialogue

To influence corporate behaviour and drive positive change. These engagements are collaborative and ongoing, fostering open conversations that support long-term relationships and align with our buy-and-hold investment strategy.

How we engage

We use four main channels to engage with investee companies:

- 1. Direct engagement** by our credit analysts
- 2. Collaborative initiatives** with other institutional investors
- 3. Specialist third-party engagements** for niche asset classes
- 4. Engagement via external asset managers**



Stewardship at PIC goes beyond financial transactions: it is embedded in how we allocate, manage, and oversee capital to foster long-term value.

Rob Groves
Chief Investment Officer, PIC

Our engagement strategy

In 2025, we rolled out our new five-year engagement strategy which focused on six core themes:

- 1. Climate Change**
- 2. Natural Capital**
- 3. Human Rights**
- 4. Human Capital**
- 5. Corporate Governance**
- 6. Diversity, Equity & Inclusion**

These themes were selected based on their materiality across our portfolio and their potential to deliver meaningful impact. Our engagement efforts spanned multiple asset classes and were designed to support both company-level improvements and broader economic resilience.

2025-2030 engagement strategy

| | Environmental | | Social | | Governance | |
|--|--|--|---|--|---|--|
| | Climate Change | Natural Capital | Human Rights | Human Capital | Corporate Governance | Diversity, Equity and Inclusion |
| Description | Climate engagements with issuers with significant real-world impact on carbon emissions | Engagement with issuers operating in sectors with high pressures on natural capital where we have meaningful exposure and influence | Engagement on modern slavery, labour standards and human rights in the supply chains | Engagement on corporate culture, ability to attract retain and develop workers, and wider management of human capital | Engagement on corporate governance topics around board and management effectiveness and executive remuneration | Engaging on DE&I topics at the senior level and more widely across the workforce |
| Engagement objectives | <ul style="list-style-type: none"> The company's decarbonisation plans are ambitious and credible Transparent reporting through additional disclosures or external verification (such as SBTi) Integration of KPIs related to decarbonisation in the management remuneration structures | <ul style="list-style-type: none"> Policies to manage impact on natural capital Disclose in line with TNFD Set targets/set out natural capital strategy Focus on pollution (water, soil and air), land and water use, and solid waste. | <ul style="list-style-type: none"> Policies in place such as Modern Slavery policy/Human Rights policy, and Supplier Code of Conduct Consideration of human rights risk including in the supply chains Independent Human Rights audit to identify any potential breaches | <ul style="list-style-type: none"> Adequate sick leave pay policies Board-level responsibility for corporate culture and employee wellbeing Worker voice and grievance mechanisms | <ul style="list-style-type: none"> Board structure Remuneration policies Succession plans | <ul style="list-style-type: none"> Disclosure around DE&I characteristics of the Board and senior management Commitments around DE&I |
| Priority sectors (identified based on relevance, exposure, and potential influence) | Oil and gas, utilities, transportation, finance | Commodities (oil and gas; basic materials), utilities (water), consumer non-cyclical (healthcare/pharma, food and beverage), housing associations | Manufacturing, renewables, consumer non-cyclical | Across all sectors | Across all sectors | Across all sectors |
| Engagement route | External managers, direct by PIC analysts, collaborative engagement initiatives | | | | | |
| Description | Climate engagements with issuers with significant real-world impact on carbon emissions | Engagement with issuers operating in sectors with high pressures on natural capital where we have meaningful exposure and influence | Engagement on modern slavery, labour standards and human rights in the supply chains | Engagement on corporate culture, ability to attract, retain and develop workers and wider management of human capital | Engagement on corporate governance topics around board and management effectiveness and executive remuneration | Engaging on DE&I topics at the senior level and more widely across the workforce |
| Engagement objectives | <ul style="list-style-type: none"> The company's decarbonisation plans are ambitious and credible Transparent reporting through additional disclosures or external verification (such as SBTi) Integration of KPIs related to decarbonisation in the management remuneration structures | <ul style="list-style-type: none"> Policies to manage impact on natural capital Set targets/set out natural capital strategy Focus on pollution (water, soil and air), land and water use, and solid waste | <ul style="list-style-type: none"> Policies in place such as Modern Slavery policy/Human Rights policy, and Supplier Code of Conduct Consideration of human rights risk including in the supply chains Independent Human Rights audit to identify any potential breaches | <ul style="list-style-type: none"> Adequate sick leave pay policies Board-level responsibility for corporate culture and employee wellbeing Worker voice and grievance mechanisms | <ul style="list-style-type: none"> Regulatory compliance Board structure, maximum tenure and turnover Succession plans | <ul style="list-style-type: none"> Board DE&I characteristics Gender pay gap |
| Priority sectors (identified based on relevance, exposure, and potential influence) | Housing associations, utilities, transportation | Utilities (water), housing associations, infrastructure, renewables | Infrastructure, renewables, housing associations | Across all sectors | Across all sectors | Across all sectors |
| Engagement route | Direct by PIC analysts, collaborative engagement initiatives | | | | | |
| Description | Engaging on climate topics such as embodied emissions, EPC ratings, building regulation emissions, percentage of energy demand from non-fossil fuels, and type of offsetting within the built environment | Engaging on natural capital topics such as biodiversity net gain urban greening factor, water usage, and circular economy within the built environment | Engaging on topics of modern slavery, building safety and other health and wellbeing topics within the built environment | Engaging on social value topics such as affordability rate, community engagement and within the built environment | Engaging on corporate governance topics such as having necessary policies in place | Engaging on DE&I topic within the built environment |
| Engagement objectives | <ul style="list-style-type: none"> Low embodied carbon emissions All-electric building with a high proportion of energy from renewable sources Minimum EPC ratings of B for new properties Climate and flood risk assessment | <ul style="list-style-type: none"> Maximising on-site biodiversity net gain Minimising waste and maximising materials re-use and recycling Reduce water use intensity | <ul style="list-style-type: none"> Modern Slavery policy in place Fire and Structural Safety compliance Healthy living environment for occupants including access to clean air and water Minimising the impact of climate change on occupants | <ul style="list-style-type: none"> Positive impact on the local economy through material and labour Affordable housing provision Community engagement Support for vulnerable tenants | <ul style="list-style-type: none"> Sustainable procurement policy Health, safety & wellbeing Anti bribery and money laundering | <ul style="list-style-type: none"> DE&I policy of both developers and contractors Evidence of actions to promote diversity and inclusion (events, leaderships) |
| Engagement route | Direct via PIC Built Environment team and external consultants (Buro Happold) | | | | | |

2025-2030 engagement strategy (continued)

2025 marked the inaugural year of implementing our five-year engagement strategy, and we are pleased with the progress achieved to date. At PIC, we recognise that the quality of our interactions with investee companies is fundamental to effective stewardship. As such, we are committed to continuously enhancing the depth and purpose of our engagements.

We understand that different engagement formats serve distinct objectives. In line with our updated strategy, we have intentionally shifted towards a greater proportion of in-depth, multi-year engagements. These are designed to address complex, material challenges and pursue clearly defined outcomes – moving beyond surface-level, information-gathering conversations.

Engagement focus



To support this evolution, we provide ongoing training to our credit analysts, equipping them with the tools and insights needed to lead more substantive and impactful dialogues. While information gathering remains a critical component of our risk management framework, enabling us to comprehensively assess our investee companies, we recognise that challenging discussions are sometimes necessary to drive meaningful change.

As engagement priorities continue to evolve under our five-year strategy, we will refine our approach to ensure our stewardship efforts contribute to long-term, sustainable improvements across our portfolio.

| | |
|---------------------------------|-----|
| ● Climate Change | 31% |
| ● Human Rights | 9% |
| ● Natural Capital | 28% |
| ● Human Capital | 7% |
| ● Corporate Governance | 11% |
| ● Diversity, Equity & Inclusion | 14% |

* Specialist third-party engagements not included in total figure.

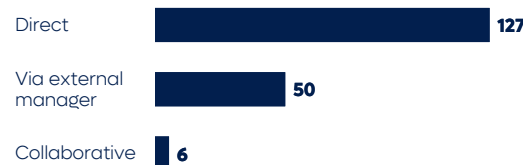
Tracking progress

To monitor progress, we developed a dedicated ESG engagement platform. This tool allows us to log engagements, track outcomes against KPIs, and identify where further action or escalation is needed.

In 2025, we engaged with 183 companies on a range of sustainability topics. While climate change remained a key focus, we also increased our efforts on social issues, recognising the importance of balancing environmental and social outcomes in a just transition.

The charts below displays the breakdown of our engagements by area of focus and channel.

Engagement channel



The majority of our engagements (73%) were conducted directly or through our participation in collaborative initiatives, while 27% were carried out by our external managers.

Note that the split is based on the instances of engagement, as some companies are engaged with on multiple topics.



We have achieved meaningful progress in the first year of implementation of our five-year engagement strategy. We have had to enhance our direct engagement capabilities given the insourcing of the majority of our assets. We remain steadfast in our commitment to leverage our influence to drive meaningful change, accelerate climate action and deliver real-world outcomes.

Sinead Lennon
Investment Stewardship Manager, PIC

2025-2030 engagement strategy (continued)

Case study: **Collaborative engagement**

For industry progress.

We continued our membership with the Investor Forum, a not-for-profit, practitioner-led organisation that brings together institutional investors to promote effective stewardship.

The Forum facilitates constructive dialogue between investors and UK-listed companies on long-term strategic issues, positioning stewardship at the heart of investment decision-making. Through this collaboration, we participated in several investor group discussions with UK issuers during the year, focusing on sustainability and other key topics. One such topic was the UK water utility industry.

In October 2024, the UK and Welsh governments launched the Independent Water Commission ("IWC") to review and improve the regulated water sector model.



THE INVESTOR FORUM

The IWC's final report, published in July 2025, set out 88 recommendations across seven themes, aiming to deliver a 'fundamental reset' of the sector. These themes include strategic direction, planning, legislative framework, regulator reform, company structures and governance, and infrastructure resilience. The UK government issued its initial response on the same day, signalling significant regulatory and structural changes ahead.

Following these developments, the forum convened meetings with Chairs of several listed UK water utilities and hosted a roundtable with the Department for Environment, Food and Rural Affairs ("DEFRA").

Investors focused on understanding company views on the IWC report, regulatory reforms, and strategic opportunities, alongside investment plans for performance, pollution reduction, and climate resilience.

The key outcomes were:

- UK water companies broadly supported the report for strengthening infrastructure and financial sustainability.
- Challenges were noted around compliance and potential costs of large-scale investments. Discussions included recent performance improvements and pollution reduction strategies.
- DEFRA outlined next steps in reforms, and invited investor input on balancing resilience, affordability, and environmental goals.

These engagements reinforced the importance of collaborative dialogue between investors, regulators, and companies to ensure the sector's long-term sustainability. Investors will continue to monitor progress on regulatory reforms, governance enhancements, and infrastructure investment to safeguard water supply resilience and shareholder value.



2025-2030 engagement strategy (continued)

Case study: **Promoting Sustainability Reporting in UK Housing Associations**

For Social Housing.



UN SDGs



As one of the largest debt investors in UK housing associations, we rely on transparent and consistent sustainability reporting to assess long-term risks and opportunities.

The Sustainability Reporting Standards (“SRS”), developed by Sustainability for Housing, provides a voluntary framework for ESG disclosure across 12 themes, including climate, safety, affordability, and governance. While most housing associations in our portfolio have adopted SRS, a number of private housing associations still publish limited sustainability information, creating gaps in comparability and risk assessment.

During 2025, we continued to encourage adoption of the SRS among all housing associations we invest in. For those not yet aligned with the standard, we engaged directly and requested completion of bespoke questionnaires focused on financially material risks such as EPC ratings, fire safety, damp and mould remediation, and tenant welfare. These engagements aimed to ensure that sustainability risks are well managed and that the housing association business model remains robust and future-proofed for the duration of our investment and beyond.

We received a reasonable response from non-adopters, improving our understanding of their sustainability practices and risk management. The majority of our portfolio now reports under the SRS framework, enhancing transparency and comparability for investment decisions. We will continue to promote and support robust sustainability practices across the industry, with ongoing engagement to drive full adoption of SRS and encourage housing associations to go beyond best practice.












Appendix 1: Sustainable asset categories

PIC defines a sustainable asset as one whose business model meaningfully relates to solving one or more of the UN SDGs. The assets must be assessed as having a lasting positive impact on stakeholders such as the communities in which the company operates and the environment. The word ‘sustainable’ is chosen as it highlights the natural positive social and/or environmental outcomes that arise from a company’s regular business activity.

| Sustainable asset category | Eligible activities ¹ | Related UN SDGs |
|---|--|-----------------|
| Not for profit | Financing provided to registered non-profit organisations and/or charities with the purpose of supporting programmes that aim to benefit vulnerable populations and/or to advance areas that clearly service the public interest. Also includes lending to social enterprises. | |
| Municipals and local authorities | Investments in municipals and local authorities engaged in the provision of essential services as a public good. This can include provision of community-based services and facilities, maintenance of public space and public infrastructure. | |
| Project finance (funding sustainable initiatives) | Project finance investments which fund socially and environmentally beneficial initiatives linked to the UN SDGs (i.e. funding of school, healthcare, infrastructure) and/or a circular economy. | |
| Green, social, sustainability or sustainability linked issuance | Formally labelled Green, social, sustainability or sustainability linked bond in line with an industry recognised framework such as the ICMA’s Green, Social, Sustainability and Sustainability-linked Bond Principles and (if applicable) listed on the Climate Bond Initiative (“CBI”), which also includes social and sustainability bonds. In addition, the Responsible Investing team reserves an overlay judgement as to inclusion in this category upon further scrutiny of framework and standard referred to in labelling. | |
| Social and affordable housing | Investments relating to the construction, maintenance, refurbishment, or operation of affordable housing. Where affordable housing is defined as housing for sale or rent, for those whose needs are not met by the market. This includes (i) affordable homes for rent that have the rent set in accordance with the government’s rent policy or is at least 20% below local market rents, (ii) starter homes, (iii) discounted market sales housing that is sold at a discount of at least 20% below market value, and (iv) other affordable routes to home ownership such as shared ownership, relevant equity loans and rent to buy. | |
| Clean/renewable energy | Investments relating to the construction, development, acquisition, maintenance and operation of clean or renewable energy projects/facilities/companies including, among others, solar and wind power. | |
| Education (schools, universities, colleges, student accommodation) | Investments relating to the provision of education including, albeit not limited to, improvements to schools/colleges/universities (or other educational institution), student accommodation and their facilities to ensure they are of decent standards. | |

1. It is possible that activities related to these categories are considered despite not being listed. A clear focus of business activity should link to the UN SDGs.

Appendix 1: Sustainable asset categories (continued)

| Sustainable asset category | Eligible activities ¹ | Related UN SDGs |
|---|--|---|
| Sustainable/clean transport | Investments supporting the shift to clean energy transport and the development, operation and upgrade of public transportation facilities, also including improvements to rail transport and other non-motorised means of transport. |   |
| Green or sustainable buildings | Financing and/or refinancing the acquisition of new and/or existing buildings that aim to achieve high environmental standards and/or high social standards. Buildings built with a specific social purpose, such as affordable housing, built to rent or leased to local authorities/public sector also qualify. |   |
| Healthcare | Financing a company working within the healthcare sector for the provision of public/state or private healthcare products and services. As well as for the acquisition, refurbishment, maintenance, equipment and operation of existing public and private health related infrastructure (hospitals, clinics, care homes, healthcare centres, or other such facilities). Healthcare also includes pharmaceutical, biotechnology, and laboratory equipment and services. |  |
| Regulated utilities* (water and electricity**) | Companies within the regulated water and electricity sector. This includes electricity generation, transmission and distribution, and integrated electricity companies. Within the water sector, including companies that provide drinking water and wastewater services (including sewage treatment) to residential, commercial, and industrial sectors of the economy as well as operate public supply networks. We recognise that several companies within the water sector have been involved in severe negative ESG controversies, and in response to this behaviour we actively engage with companies in that sector on such topics. |      |
| Circular economy | Contributing to the production of resource-efficient products designed using recycled, waste, and bio-based materials, or research and development of products, processes and technologies. Includes waste-to-energy and materials recycling companies. |  |

1. It is possible that activities related to these categories are considered despite not being listed. A clear focus of business activity should link to the UN SDGs.

* In previous years we have included 'Regulated Gas Utilities' as a sustainable asset. Although we recognise the use of gas as a transition asset to help us get to Net Zero, our view of a low carbon world would see us minimally relying on such an energy source.

** Within electricity, we appreciate that there may be some exposure to gas-fired electricity generation within integrated companies.

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