



PENSION INSURANCE  
CORPORATION

## PIC COMMITS TO BE NET ZERO BY 2050 AND JOINS UN-CONVENED NET-ZERO ASSET OWNER ALLIANCE

London, 14 July 2021 – Pension Insurance Corporation plc (“PIC”), a specialist insurer of defined benefit pension schemes, today announces its commitment to be net zero by 2050 across all sources of emissions, including within its £50 billion investment portfolio which backs pension payments to the company’s 275,000 policyholders. PIC has set an interim target of achieving carbon neutrality within its own operations, under Scope 1 and 2 emissions<sup>1</sup>, by 2025, in line with the ABI’S Climate Change Roadmap<sup>2</sup>.

At the same time, PIC has become a member of the UN-convened Net-Zero Asset Owner Alliance<sup>3</sup> (“AOA”), an international group of institutional investors committed to making net zero a reality within their portfolios by 2050. PIC’s progress in decarbonising its portfolio to date means that it will be joining the AOA’s Inaugural 2025 Target Setting Protocol, rather than join the later 2030 protocol. The protocol commits members to publishing interim carbon-reduction targets every five years.

PIC’s purpose is to pay the pensions of its current and future policyholders. PIC’s net zero commitment secures this purpose by making PIC’s investment portfolio more resilient as the economy transitions to net zero, as well as supporting international efforts to curb climate change.

Tracy Blackwell, CEO of PIC, said: “The response by government and asset owners to climate change is one of the defining issues of our age. PIC recognises the urgency of curbing global warming in line with the Paris Agreement and we are proud to join with dozens of other institutional investors through the AOA to help that effort. We fundamentally believe

that achieving net zero is the right thing to do both for society and for our policyholders as we fulfil our purpose over the coming decades.

“Companies which actively demonstrate their commitment to sustainability are better placed to maintain secure long-term cash flows. As a long-term business we want to support the government in managing this long-term goal, benefitting our policyholders, employees, wider society and other stakeholders.”

PIC has already taken significant measures to reduce the carbon intensity of its portfolio by reinvesting assets into companies and projects which contribute to the transition towards a less carbon-intensive economy. Climate change considerations are increasingly integrated throughout the organisation’s decision-making processes, as are wider ESG considerations.

This approach means that:

- PIC now has more invested in renewable energy (more than £1.5 billion in total) than in Oil & Gas
- PIC has a total investment of £11.4 billion in ESG assets – defined as investments whose primary purpose establishes a net positive outcome to society
- PIC became a signatory to the United Nations’ Principles of Responsible Investment (“UNPRI”) in 2019. All of PIC’s key external asset managers are also signatories
- PIC has been actively engaging with other asset owners, asset managers, and policymakers, as well as the wider financial services industry, to encourage a more long-term, system-wide focus, through the company’s long-standing Purpose of Finance project
- PIC places several ESG restrictions on its asset managers:
  - o Coal extraction or burning, and Tar Sands: No new purchases in companies that derive more than 10% of turnover from coal extraction or burning, or from Tar Sands. We aim to divest our holdings in these areas by 2025
  - o Oil & Gas sector, including Exploration & Production, Drilling, and Field Services: No new purchases in companies in these sectors and we aim to divest these holdings over time
  - o Controversial weapons: We will never knowingly hold any security that is involved in the production of controversial weapons, including cluster munitions, anti-personnel landmines, chemical & biological weapons

To better understand and mitigate the impact of climate risk, PIC will stress-test its portfolio through a range of climate outcomes and use the data to help re-position the portfolio. At the same time, PIC is enhancing its risk management framework, risk appetite and risk taxonomy to recognise the influence climate factors will have on the organisation from a physical and transition risk perspective. In particular, PIC will:

- Decarbonise its own operations to achieve carbon neutrality under Scope 1 and 2 by 2025
- Continue the decarbonisation of its portfolio in anticipation of a rapid economic transition away from carbon fuels
- Engage with its external managers as well as the company's privately-sourced debt investment counterparties to promote and assist in their decarbonisation plans
- Actively finance the transition economy by investing in firms which are aligned to our decarbonisation goals
- Continue to engage with policymakers on their decarbonisation agenda in the context of Solvency II reform
- Report its Taskforce on Climate related Financial Disclosures (TCFD) as soon as possible

- ends -

#### **Notes to Editors:**

- 1) Greenhouse gas emissions are categorised into three groups or 'Scopes' by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain. [Source: The Carbon Trust](#)
- 2) <https://www.abi.org.uk/news/news-articles/2021/07/abi-climate-change-roadmap/>
- 3) Members of the [UN-convened Net-Zero Asset Owner Alliance](#) have committed i) to transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels; ii) to establishing intermediate targets every five years; and iii) to regularly reporting on progress. The Alliance is convened by [UNEP's Finance Initiative](#) and the [Principles for Responsible Investment](#) (PRI). The Alliance is supported by WWF and Global

Optimism, an initiative led by Christiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC).

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### **About Pension Insurance Corporation**

The purpose of PIC is to pay the pensions of its current and future policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At 31 December 2020, PIC had insured 273,500 pension scheme members and had £49.6 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit [www.pensioncorporation.com](http://www.pensioncorporation.com)