

MODERN SLAVERY STATEMENT

Introduction from the Chairman of the Board

Slavery and human trafficking remain a hidden blight on our global society. We all have a responsibility to be alert to the risks, however small, in our business and in our wider supply chain.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31 December 2022.

Our business

Pension Insurance Corporation plc ("PIC") is a specialist insurer that provides tailored pension insurance buy-ins and buyouts to the trustees and sponsors of UK defined benefit pension schemes.

PIC's purpose is to pay the pensions of its current and future policyholders. PIC is committed to providing secure and stable retirement incomes through financial strength, leading customer service, comprehensive risk management and excellence in asset and liability management.

PIC's 2022 new business success:

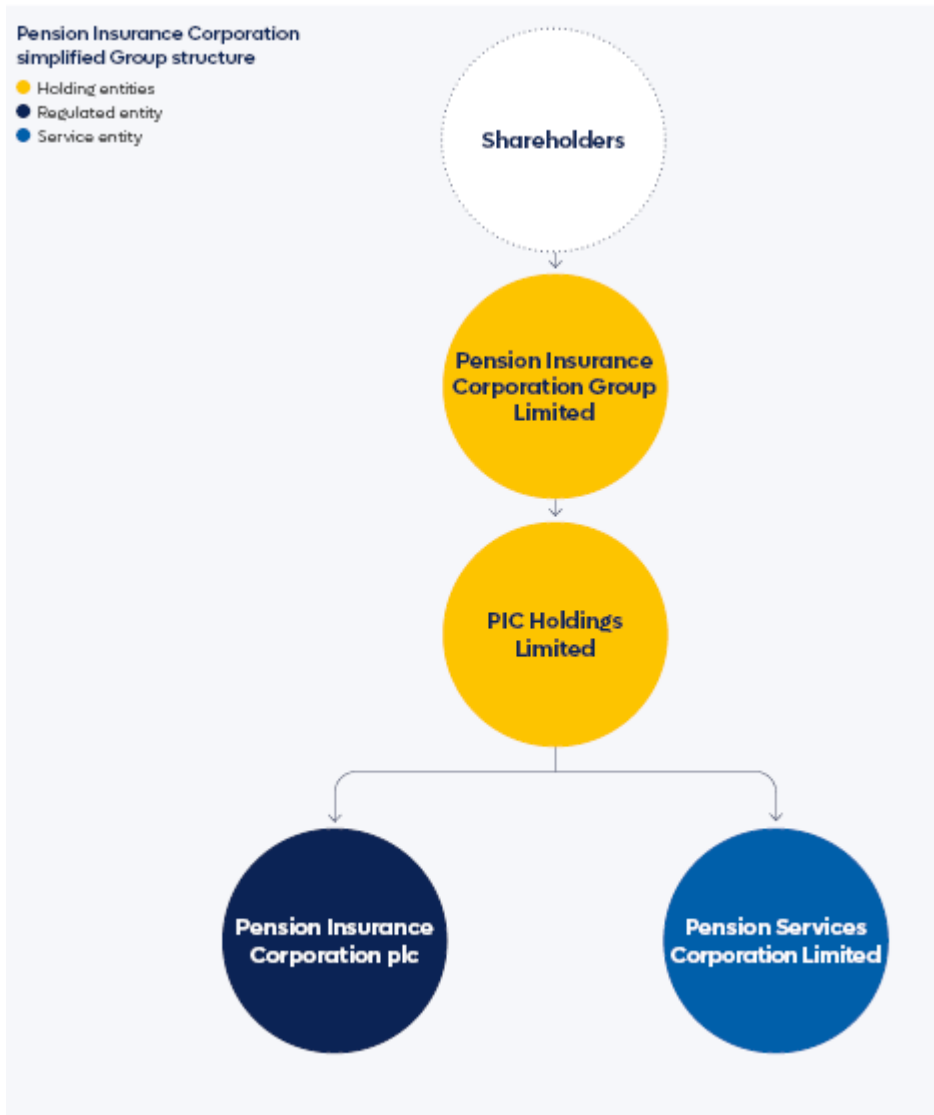
- £41.0 billion of assets under management
- c.22% share of buy-in/buyout sector long term
- c.302,200 pension fund members insured
- 259 pension schemes insured, including the largest pension scheme buyout of 2022
- 75 deals with existing clients, equal to 90,000 members and £15 billion of liabilities
- 50 schemes in transition during 2022, covering 130,000 members, worth over £18 billion
- Invested £1.47 billion in build-to-rent projects, long term social housing, university accommodation and senior living

We currently have over 415 employees and have an annual turnover of £4,095 million.

Organisation's Structure

The group structure of PIC consists of two holding companies: our ultimate parent, Pension Insurance Corporation Group Limited, and PIC Holdings Limited. PIC is our regulated entity and represents around 98% of group assets. Pension Service Corporation Limited is our service company (see below group structure).

PIC's group is located in London and does not have any overseas branches.



Our supply chains

Our supply chains include facilities management, outsourced administrators, asset managers, reinsurers, other financial services providers, and developers and constructors on PIC's build-to-rent projects.

We believe the risk of modern slavery (which encapsulates slavery, servitude and forced or compulsory labour, and human trafficking) in our business and our supply chain is low. We operate in a low risk sector, and our business and most of our suppliers are located in the UK. We recognise that PIC can also help tackle modern slavery through our role as an investor and lender.

Our policies on slavery and human trafficking

We have a zero-tolerance approach to modern slavery and we are committed to ensuring that there is no slavery or human trafficking in our supply chains or in any part of our business. Our zero-tolerance approach is supported by our policies, which are embedded in our culture, are communicated on our internal intranet and are integral to all new employees' inductions.

Our Recruitment Policy includes provisions to ensure that the recruitment process is fair, consistent and robust. The policy includes a requirement that only approved recruitment agencies may be used and all candidates must evidence their eligibility to work in the UK. This helps to safeguard against the risk of modern slavery in the recruitment process.

Our Whistleblowing Policy is designed to encourage employees to promptly report any suspected wrongdoing or dangers at work, including any suspicions of slavery or human trafficking. Workers can make such reports in the knowledge that their concerns will be taken seriously and investigated appropriately and confidentially.

Our Anti-Slavery and Human Trafficking Policy statement describes how we are committed to acting ethically and with integrity in all our business relationships, and how this is implemented and enforced through effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our business or our supply chains.

The Board has overall responsibility for our Anti-Slavery and Human Trafficking Policy. The General Counsel has primary day to day responsibility for implementing the policy, monitoring its use and effectiveness, dealing with any queries and auditing our internal controls to ensure they are effective in countering modern slavery. A report is provided to the Board annually.

Our employees are expected to report concerns, and management at all levels are responsible for ensuring those reporting to them understand and comply with the policy.

Due diligence processes for slavery and human trafficking

Due diligence, by way of Know Your Client ("KYC") checks and risk assessments, are carried out at the initial on-boarding stage for any new supplier. These checks and risk assessments are refreshed every two to five years depending on the type of supplier. We carry out due diligence on our build-to-rent contractors and their supply chain and this due diligence includes questions on modern slavery.

As part of our initiative to identify and mitigate risk:

- We identify and assess potential risk areas in our supply chains;
- We monitor potential risk areas in our supply chains;
- We mitigate the risk of slavery and human trafficking occurring in our supply chains by seeking to ensure that our point of contact is preferably with a UK company or branch, and we expect entities to comply with modern slavery legislation and to have suitable policies and processes; and
- We have in place systems to encourage the reporting of concerns and to protect whistle-blowers.

Our KYC and risk assessment processes are constantly under review to improve supplier vetting and to further minimise risks, including the risk of slavery and human trafficking.

We expect all those in our supply chain and our contractors to align with our values and to contractually agree to comply with modern slavery legislation.

Responsible investment

Given the purpose of PIC is to pay the pensions of our current and future policyholders, it is our responsibility to protect our investment portfolio from the impact of all types of risks. Environmental Social and Governance (“ESG”) risks and opportunities have always been an inherent part of PIC’s approach to assessing the suitability of long-term investments.

In 2022 we enhanced our ESG integration process, made progress towards our Net Zero climate goals and refined our definition of what we consider to be a ‘Sustainable Asset’. Some notable accomplishments:

- At year end 2022, PIC had £10.3bn (or 25% of its portfolio) invested in Sustainable Assets
- We developed sector specific ESG questionnaires, which are used in our due diligence process for investments. These questionnaires include questions on modern slavery and human rights. So far these cover the following sectors: Real Assets, Student Accommodation, Infrastructure, Utilities, Housing Associations, Education and Not for Profit
- We partnered with a third-party specialist, Buro Happold, to develop in-depth ESG Scorecards for our existing and potential Real Asset investments. The scorecard rates assets according to detailed ESG KPIs and ranks them on 5-point scale

PIC manages a portion of its public credit portfolio internally, as well as the large majority of its private credit portfolio. In both cases, ESG is considered at the early stages of the credit analysis and investment process. PIC analysts engage directly with the management of underlying companies to understand their ESG capabilities and approach to specifically identified ESG issues, such as the transparency of supply chains within high-risk sectors like manufacturing.

PIC outsources the management of the remaining portion of its public credit portfolio and selected mandates within its private credit portfolio to external managers. ESG is integrated at the very beginning of our process whereby managers’ ESG and sustainability capabilities, resources, and track record are assessed within our selection process. It is important that the managers who run our portfolios are good stewards of our capital. Through our relationships with our external managers, we leverage their ESG capabilities and are often able to apply their knowledge to some of our internally managed investments. In 2022, one of our managers performed a materiality assessment of our portfolio in respect to human capital and human rights issues, which helped us build a focus list of companies to engage with on this topic.

In 2023 we intend to continue our efforts to investigate and mitigate the risk of any indirect links to modern slavery through our investment portfolio. We have made the topic of human rights within the supply chain a key social topic within our engagement strategy. We have also joined a UN PRI-led collaborative engagement whose objective is to advance human

rights and positive outcomes within the sectors of utilities, metals & mining and renewable energy.

Training

We have training on modern slavery available to all our employees. This is designed to raise awareness of what modern slavery is, who is affected, how to spot the signs of modern slavery, and what to do if you spot the signs of modern slavery. This training is compulsory for those employees in our facilities team and investment team, who are most likely to come across potential risk areas.

We expect all employees to provide an attestation to our Anti-Slavery and Human Trafficking Policy, and this policy is flagged to new employees in the induction process.

All workers are required annually to complete training on whistleblowing, to ensure they are aware of the appropriate reporting mechanisms if they do have any suspicions of any wrongdoing, including modern slavery.

All workers are regularly required to complete training on anti-money-laundering (noting that the proceeds of crime could include the proceeds of modern slavery) and counter terrorist financing, to ensure all employees can identify the signs of suspicious activity and understand our due diligence and suspicious activity reporting processes.

Key Performance Indicators

The Key Performance Indicators (“KPIs”) below help summarise the effectiveness of the steps we have taken in 2022 to ensure slavery and human trafficking are not taking place in our business or supply chains:

- Cases of slavery or human trafficking discovered internally or in our supply chain: None (2021: None)
- Suspicions of slavery or human trafficking disclosed via our whistleblowing procedures: None (2021: None)
- Employees who have completed training (or refresher training) on whistleblowing and financial crime prevention: all new employees (2021: all new and existing employees)
- Employees who have completed training on modern slavery: all new employees in our facilities and investment team (2021: all employees in our facilities team and investment team)
- Number of existing supplier risk reviews carried out: 87 (2021: 133)
- Number of PIC’s key external asset managers we’ve engaged with in relation to modern slavery: 2 of 3 (2021: all 4)

This statement was approved by the Board of Pension Insurance Corporation plc.

David Weymouth
Chairman of Pension Insurance Corporation plc
Date: 15 March 2023