

# 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 2023.

## **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 2023 new business success:

- £46.8 billion of assets under management
- c.339,900 pension fund members insured
- 273 pension schemes insured, including the largest pension scheme buyout of 2023
- More than 80 deals with existing clients, equal to 100,000 members and £16 billion of liabilities
- Total defined benefit pension liabilities insured through buy-out and buy-ins since 2008 of £283 billion (2022: £233 billion)
- Invested £1.2billion in urban regeneration projects, £1.9billion in long term social and affordable housing and £1.5 billion in university accommodation

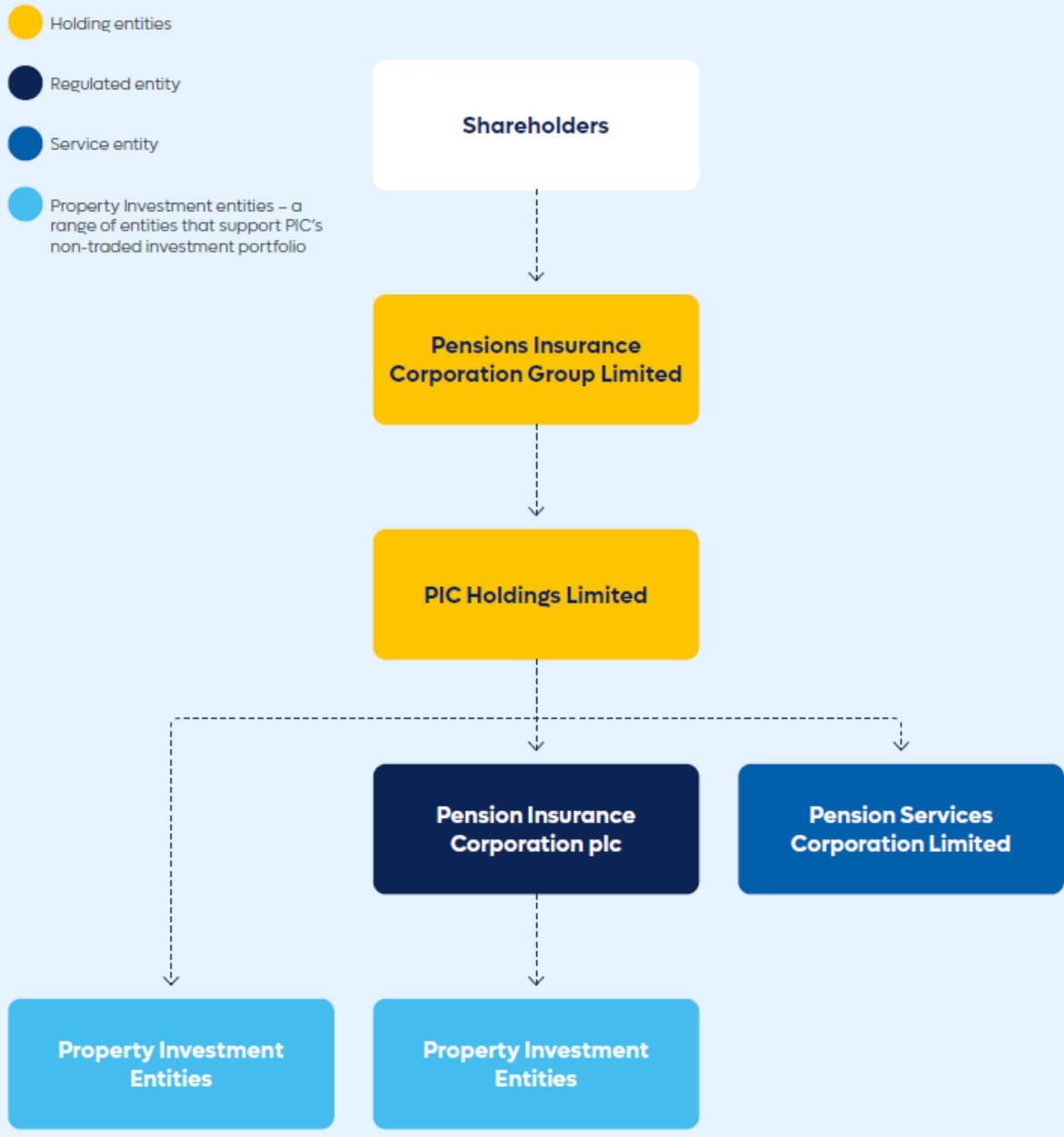
We currently have 547 employees and have an annual turnover of £6,949 million.

## **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.

### Simplified PICG Group structure



### 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. The policy was updated by the General Counsel in October 2023 and approved by the Executive Committee in October 2023. 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.

We use LSEG World-Check reports as part of our KYC process to perform due diligence on all new suppliers at both company and director level, including for the purposes of detecting any modern slavery and illegal trafficking, as well as money laundering, financial crime, serious misconduct, unethical conduct and other criminal or unlawful activity.

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.

PIC is a signatory to the UN Principles of Responsible Investment (UNPRI) and has been since early 2020. PIC takes pride in the genuine actioning of the principles and this has been recognized through our 4 Star, and well above average, assessment in the latest 2023 UNPRI assessment process.

PIC is also a signatory to the UK Stewardship Code, which is a testament to the emphasis we put on our engagement activity. We have a two-year engagement strategy (both direct with investee companies and via our external managers) which includes social topics specifically focused on modern slavery, labour standards and human rights within the supply chain. We encourage investee companies to demonstrate alignment between their operations and International Labour Organisation (ILO) standards (or a country specific equivalent) as well as perform adequate independent auditing.

We use sector specific ESG questionnaires in our due diligence process for investments, which include questions on modern slavery and human rights. We also use in-depth ESG Scorecards developed in conjunction Buro Happold for our existing

and potential Real Asset investments. The scorecard rates assets according to detailed ESG KPIs (including modern slavery) and ranks them on 5-point scale.

In 2023, our Responsible Investing team grew to three full time individuals. Some notable actions over the year with regards to modern slavery are:

- We are active participants in a UNPRI-led collaborative engagements on human rights and social issues within the supply chains of energy, mining and renewable companies.
- We hired a full time Investment Stewardship Manager who continued to make progress on PIC's two year engagement strategy.
- We engaged with 99 companies via our various engagement channels. Of those engagements, 18% had a focus on human rights and 12% on human capital, both of which cover the topic of modern slavery to various degrees.
- We included specific due diligence questions on the topic of independent social audits within supply chains for several direct infrastructure investments.

### **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. The completion of the training modules is monitored weekly and as at 31 December 2023, there was 100% compliance. New starters have 30 days to complete their compliance modules from their start date.

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 2023 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 (2022: None)
- Suspicions of slavery or human trafficking disclosed via our whistleblowing procedures: None (2022: None)
- Employees who have completed training (or refresher training) on whistleblowing and financial crime prevention: all new employees (2022: all new and existing employees)
- Employees who have completed training on modern slavery: all new employees in our facilities and investment team (2022: all employees in our facilities team and investment team)
- Number of PIC's key external asset managers we've engaged with in relation to social issues including modern slavery: 2 out of 3 (2021: 2 of 3)

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

David Weymouth  
Chairman of Pension Insurance Corporation plc  
Date: 26 March 2024