



PUBLIC INVESTMENT  
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Est. 1911

# CLIMATE CHANGE POSITION STATEMENT





## 1. BACKGROUND

Climate change has evolved from being an isolated concern in the past to one of the biggest systemic risks facing investors today. The effects associated with climate change go beyond just the impact of the company on climate change; they include the impact of climate change on the PIC, investment portfolios, and capital markets. Transition risks, as well as physical consequences of climate change, provide risks and opportunities for investments, potentially affecting investors' capacity to deliver positive returns to PIC's clients and their beneficiaries. As investors, it is imperative that we grasp the dynamics of climate change across the entire value chain and recognise the potential financial ramifications stemming from these dynamics. Further, the PIC acknowledges that there exists a strong motivation to comprehend the financial implications of climate change, endorse carbon reduction initiatives, and foster resilience against climate change today. Any postponement in proactively addressing these impacts and vulnerabilities could result in substantial financial consequences.

## 2. AMBITION

The PIC aspires to be amongst the leaders in managing climate change risks and funding creative climate change solutions in ways that are sensitive and flexible to the various markets in which we operate. Underpinning these ambitions is our vision to achieve net-zero by 2050. We will emulate South Africa's ambitions in the updated Nationally Determined Contribution (NDC) and aim to limit global average temperatures to well below 2°C above the pre-industrial average temperatures and pursue efforts to limit it to 1.5°C to mitigate the substantial and far-reaching effects of climate change. Mitigation measures will be guided by the best available science while acknowledging common but differentiated responsibilities that take into account national circumstances and capacities for a just transition. This is especially true when it comes to assets that have long-term implications for both environmental and socio-economic development. As a result, our ambition is to limit any compromise between economic, environmental and social sustainability.

## 3. APPROACH

Our Environmental, Social and Governance (ESG) policy firmly ensures that our investments are aligned with practices that promote the protection of the environment to sustain the creation of wealth as well as help reduce the impacts of climate change. We will continue to be conscious of environmental challenges especially those that might be perpetuated by our investments. Our investments are across different sectors and our approach toward reducing the impacts of climate change includes measuring and monitoring emissions together with assessing and responding to climate change impacts under different sectors. We recognise that climate change poses risks and opportunities both directly and indirectly through our investments and will continue to engage and encourage investee companies to adopt relevant climate change governance structures to address these. To further help define PIC's vision, the below approach statements have been developed to enhance the organisation's action on climate change.

### For PIC Corporate, our approach focuses on:

- Developing decarbonisation plans that are based on science and that are conscious of governmental policy instruments to inform decarbonisation trajectories that will assist us in releasing our net-zero ambition;
- Continuing to take action to reduce our emissions;
- Reporting on the emissions from operations;
- Improving the climate change resilience of PIC operations;
- Collaborating with our sector peers to achieve effective long-term solutions that improve sectoral performance and boost industry influence in policy formation; and
- Supporting the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) and reporting on the progress of our climate-relevant objectives.

### For Assets Under Management, our approach focuses on:

- Facilitating increased investments in climate impacting solutions;
- Prioritising real economy emissions reductions;
- Contributing to the reduction of emissions associated with the use of fossil fuels by making significant investments in low-emission technologies;
- Exerting influence on carbon-intensive companies/industries to transition to lower carbon emissions rather than divesting in such companies where we relinquish our ability to provide solutions for a just transition;
- Aligning climate change mitigation, climate change adaption, economic and social measures for the achievement of a just transition and thereby empowering and equipping those most impacted by climate change such as the poor, women, people with disabilities, and the youth for future opportunities;
- Improving the climate change resilience of our investments;
- Supporting fair shareholder resolutions that require companies to disclose their approach to climate change; and
- Reporting on the climate change impact of investees.





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