

# Pensions with impact

Working towards a better future through impact investing

**£2.6 trillion**  
invested in UK  
Pensions<sup>1</sup>

That number  
rises to  
**£25.6 trillion**  
across the 38  
OECD countries<sup>2</sup>

The UN  
Sustainable  
Development Goals  
funding gap is  
**£3.6-5.1**  
trillion<sup>3</sup>

## Pension schemes can play a leading and transformational role in achieving these goals

Pension schemes are increasingly looking at how their portfolios will need to shift in response to growing net-zero pledges. Strategies to avoid harm can and should be complemented by ones that actively contribute to solutions. Impact investing can enhance pension schemes' returns and their members futures. It offers a way to protect member benefits in a rapidly changing environment while also contributing to the creation of a world fit for future generations.

Impact investing allows schemes to understand and respond to the negative and positive impacts of their portfolios on people and the planet. It also mitigates systemic risk through better risk diversification. By mapping investments and portfolio construction onto the UN SDGs, pension schemes can become one of the major drivers of change while fulfilling their fiduciary duty to members.

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Pension savings have incredible potential for contributing towards climate goals.

Rob Barker, Managing Director, UK Savings and Retirement, Aviva

<sup>1</sup> <https://makemymoneymatter.co.uk/whats-the-issue>

<sup>2</sup> [https://www.ifc.org/wps/wcm/connect/news\\_ext\\_content/ifc\\_external\\_corporate\\_site/news+and+events/news/insights/impact-investing-for-growth](https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/insights/impact-investing-for-growth)  
Converted from USD to GBP on <https://www.xe.com/> on 08/10/21

<sup>3</sup> Refers to annual investment needed. <https://www.sustainablegoals.org.uk/filling-the-finance-gap/>  
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## Our goal

We aim to make it easier for pension schemes to invest with impact. We help them reduce negative impacts and risks like carbon emissions, biodiversity loss, poor governance and inequality that arise from their portfolio. Going one step further, more and more pension schemes are interested in investment opportunities that have positive impact and secure a competitive financial return. One of the Institute's top priorities is debunking the myth that impact investing means sacrificing financial returns. We have also demonstrated that an impact approach is entirely compatible with pension trustees' fiduciary duties.

## Our work

- **We are debunking common myths:** such as the idea that impact investing is at odds with pension trustee fiduciary duty – the legal obligation on trustees to act in the best interest of the scheme's members. We worked with five leading City law firms to produce a **paper** that explains how fiduciary duty and impact investing are compatible.
- **We are providing useful tools and information:** we consulted across the pensions industry to develop **Impact Investing Principles for Pensions** – an accessible explanation of impact investing for pension schemes, and practical guidelines on how pensions can pursue an impact investing strategy. We are also developing an evidence base of impact investments suitable for pension schemes. This includes the investment cases for **'place based impact investments'** like clean energy and **social housing** and **impact investment opportunities in emerging and frontier markets**.
- **We are bringing people in pensions together:** in partnership with Pensions for Purpose, we run the **Adopters Forum** – a member forum of pension schemes, investment consultants and fiduciary managers that have committed to the Impact Investing Principles for Pensions. Members advance the principles, share best practice and together lead the way for more pension funds to invest with positive social and environmental impact. Members of the Forum include Smart Pension Master Trust and Aon Consulting. Members of the Forum have over £16.8 billion in assets.

**£16.8 billion** of assets committed to impact under our Impact Investing Principles in under a year

**If you are a pension scheme, fiduciary manager, consultant, or industry body, become an Adopter of our Impact Investing Principles for Pensions and join the Forum**

You can contact us at [pensions@impactinvest.org.uk](mailto:pensions@impactinvest.org.uk)

For more information on our work with pensions, please visit [www.impactinvest.org.uk/pensions](http://www.impactinvest.org.uk/pensions)

