Make My Money Matter

A TOOLKIT FOR PLEDGE PARTNERS

WE'RE CALLING ON ALL ORGANISATIONS TO MATCH YOUR PENSION WITH YOUR VALUES, AND HELP BUILD A BETTER WORLD FOR US ALL.

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"IT REALLY IS TIME FOR PEOPLE TO MAKE THEIR MONEY MATTER. IT'S TIME FOR PENSIONS WITH INTENTION. IT'S TIME TO BE PROUD OF OUR PENSIONS. IT'S TIME FOR PENSIONS TO HELP CREATE A WORLD THAT WE ALL WANT TO RETIRE INTO AND THAT WE WANT OUR CHILDREN TO GROWN UP INTO. AND BUSINESSES ARE THE NECESSARY HEROES. THE PUBLIC NEEDS YOU TO BE BRAVE AND TAKE THE LEAD."

Richard Curtis, the launch of the COP26 Private Finance Agenda, February 2020

WHAT WE'RE CAMPAIGNING FOR, AND WHY YOUR ORGANISATION PLAYS A CRITICAL PART

There's £3 trillion invested in UK pensions.[1] That's more than enough to fund the NHS and social care for the next 10 years, or cover the entire cost of meeting the Paris Climate Goals.

But while investing in many vital businesses, UK pension funds have also been fuelling some of the most destructive, unsustainable and exploitative industries on the planet. From tobacco to weaponry, pension funds have invested trillions on our behalf without ever asking us the crucial question: do these investments create a world that we actually want to live in?

At this critical moment, where decisions we take now will shape our lives for decades to come, our money matters more than ever. Do we continue to invest against our values, and fund the dying industries of the past, or do we commit to building a better future? After all, what's the point of saving for retirement if we don't have a world we want to retire into?

That's why Make My Money Matter is calling for the money invested on behalf of all UK citizens to be directed towards building societies we can be proud of, economies we can rely on, and an environment we can thrive in.

ALL ORGANISATIONS HAVE A CRITICAL ROLE TO PLAY

Without even realising it, your workplace pension might undermine everything you work for.

Your organisation might champion sustainability, but fund deforestation through your pension. You might strive for good working conditions, but invest in companies with child labour in their supply chains. You might cut your carbon footprint, while funding the world's worst polluters.

It doesn't have to be this way. Even a fraction of £3 trillion is enough to make real change. It's enough to give us influence to hold the world's biggest polluters and most unethical companies to account, and force them to change their ways.

More and more of your employees will be asking for a pension that creates a world worth retiring into. And evidence shows that investing in such a way can also build better returns – returns that take less of a hit in a market downturn. So now's the moment to make your money matter.

WE WANT YOUR ORGANISATION TO PLEDGE TO MAKE YOUR PENSION MONEY MATTER

We believe all organisations should align their pensions with their values, and help fund the sustainable, resilient and equitable industries of the future. That's why we're asking businesses, NGOs, universities and local authorities to support our mission to make all pension funds invest in a better future.

OUR ASKS FOR BUSINESSES, NGOS, UNIVERSITIES AND LOCAL AUTHORITIES

1 USE YOUR MISSION:

Ask the people who look after your pension to align your investments with your mission and values, making sure they support the things your organisation works for and believes in.

2 EMPOWER YOUR EMPLOYEES:

Tell your employees where their pension money is going. Engage in a dialogue with them about where it could go in the long term, and act on it.

3 INVEST IN PEOPLE AND PLANET:

Ask the people who run your pension scheme how they invest responsibly, how they use shareholder rights to get companies to improve, how they'll achieve net zero emissions, and how they'll increase the positive impact of your investments.

1. The Global Pension Assets Study, p13

HOW TO MAKE YOUR MONEY MATTER: THE PRACTICAL STEPS TO ALIGN YOUR PENSION WITH YOUR VALUES

THE STEPS YOU NEED TO TAKE WILL DEPEND ON HOW YOUR PENSION IS SETUP:

If you have a Defined Contribution (DC) scheme with a provider, like The People's Pension, or Aviva, you can go straight to them. You're their client, so you'll have some influence here, over where your employees save for their pension.

If you have Defined Benefit (DB) scheme, or a DC scheme that's company-run, you'll need to work with your trustees. Trustees are in charge of running the pension scheme and have the ultimate decision over what it invests in.

Too few schemes are making any disclosure about their environmental investments and their climate change risk, and I am determined to change that. Every private occupational pension holder should be able to know, individually, how their fund is invested and be able to hold the trustees and asset managers to account.
Guy Opperman, Commons Chamber,
27 January 2020

67% OF 18-34 YEAR OLDS WANT THEIR PENSION TO BE INVESTED TO HELP BUILD A

BETTER FUTURE POST CRISIS

(Make Your Money Matter Poll, 2020)

ASK 1 – USE YOUR MISSION:

Ask the people who look after your pension to align your investments with your mission and values, making sure they support the things your organisation works for and believes in.

HOW TO DO IT

- Speak to the people who look after your staff pension – your pension provider or your trustees. Discuss your organisation's mission and values, what you work for and stand for.
- Ask them how your pension investments support or undermine this. For instance, if you've pledged to halve your organisation's emissions by 2030, are there investments in your portfolio that contradict this? If you're proud that your organisation pays the living wage or higher, do any of your pension investments connect you to companies that pay less than the living wage? See Ask 3 for more questions to ask about how your pension is run.
- Assess the answers you get with your mission and values. If you're not happy, ask for change: you can discuss this further with your trustees and show them the business case for change (p.7). If you have an external pension provider and you're not happy, tell them. Make sure they know their product doesn't meet your expectations. The more organisations that do this, the louder your voices will be heard. Please tell us too – we might know of other organisations that have the same pension provider as you. And collective action is more powerful. You can also move to a provider that has sustainable funds. This will take time and money, but it is a possibility if your provider refuses to act. The Good With Money guide includes reviews of pension providers and responsible investment offerings.

> *We need to make it easier for people to invest with their values and then for that money to flow in an accountable way through to initiatives that are really going to deliver.*
> **Dame Elizabeth Corley**, former CEO of Allianz Global Investors, July 2019

78% OF YOUNG SAVERS

DON'T THINK THEIR PENSIONS ALIGN WITH THEIR VALUES

(Franklin Templeton, 2019)

ASK 2 – EMPOWER YOUR EMPLOYEES:

Tell your employees where their pension money goes. Engage in a dialogue with them about where it could go in the long term, and act on it.

HOW TO DO IT

Ask the people who look after your pension for a breakdown of where your staff pension is invested. Broad themes and sectors are useful, the carbon footprint, or a list of the top 10 holdings. But the more you can name individual investments in companies, the easier it will be for employees to understand. Then communicate this by doing one or more of the following:

- **Sign up employee 'sustainable pension champions'** – they don't have to be experts, they just need to be interested, and able to help communicate some of the issues and opportunities to staff. Then they can relay any concerns and questions back to you.
- **Send an email** to tell them where their money's invested, and invite their thoughts.
- **Run a survey** to ask employees (and ex-employees who still have a pension with you) what's important to them about their pension money. See PensionBee's survey as an example.
- **Hold focus groups, workshops, or roadshows** to talk to staff and discuss their thoughts in an open forum. Bring in someone from the pension provider to talk about sustainability and the staff pension fund.
- **You can also ask your pension provider or trustees to conduct surveys** with the members of the pension fund (both current staff, and staff who have left your organisation but are still members of the scheme).

It's important to set expectations when you're talking to employees about this – because you might not be able to deliver on exactly what people want. But you can start a conversation with them, and feedback what you hear to your trustees or your pension provider.

Watch this space... Lots of industry groups are working on what best practice looks like for this, and the PRI are even doing global research to find out.

68% OF UK SAVERS

WANT THEIR INVESTMENTS TO CONSIDER PEOPLE AND PLANET ALONGSIDE FINANCIAL PERFORMANCE

(DFID, Investing in a Better World, 2019)

ASK 3 – INVEST IN PEOPLE AND PLANET:

Ask your pension provider or trustees to explain how their fund managers invest responsibly, how they use shareholder rights to get companies to improve, how they'll achieve net zero emissions and how they'll increase the positive impact of your investments.

> *The financial industry must continue to allocate capital in a way that is both good for our clients' financial futures, as well as the future of the wider world. These two ambitions can, and should, go hand in hand. The time for action is here.*
> **Amanda Young**, Head of Responsible Investment, Aberdeen Standard, January, 2020

Questions to ask the people who run your pension (your provider, or your trustees, and their asset managers):

A) Responsible investment: How are you integrating environmental, social, and governance (ESG) risks, especially climate risk? Do you integrate it into 100% of investment decision-making?

B) Use shareholder rights: How are you using proxy voting rights to hold companies to account? What's the last company AGM you went to, what did you vote on and what was the outcome? What other stewardship policies do you have in place?

C) Achieve net zero emissions: Is our pension on track to meet the Paris Goals of 1.5 degrees warming? Will we reach net zero emissions by 2050, and halve them by 2030?

D) Increase the positive impact of investments: All investments have an impact. What's the impact of our investments on people and planet? How do you consider this in your investment decision-making? What can we do to reduce the negative impact and increase the positive? What specific impact investments, like wind farms and social housing, are available for us to invest in?

HOW TO DO IT

For organisations that use an external DC provider:

- Speak to your provider. Ask them if they have a sustainable option that you can use as your default fund. Ask them what their policies and practices are when it comes to A, B, C and D. Your provider might say they don't meet these criteria in the default fund, but they do offer a fund choice. The majority of people stay in the default fund though, so it needs to be fit for them. If you're not happy with what your provider can offer, you can:
  - Tell them. Make sure they know their product doesn't meet your expectations. The more organisations that do this, the louder your voices will be heard. Please tell us too – we might know of other organisations that have the same pension provider as you. And collective action is more powerful.
  - You can also move to a provider that has more sustainable options. This will take time and money, but it is a possibility if your provider refuses to act. The Good With Money guide includes reviews of pension providers and responsible investment offerings.

For organisations with a DB scheme, or a company-run DC scheme:

- Talk to your trustees about A, B, C, and D, to understand their approach and where they might be able to do more. Focus your engagement on sympathetic trustees and those most engaged with your organisation and its sustainability policies.
- There are a number of things your trustees can do, such as ask their fund managers for sustainable options, find new fund managers, or challenge their investment consultant to do more. But this work will all begin with your trustees' beliefs and their investment principles. See the links in 'how pension scheme trustees can put ESG and stewardship into practice' on page 14 for guides and action plans for trustees.

WHAT HAPPENS NEXT?

Change won't happen overnight, and you might get some pushback on the way, but every step you take makes a difference. You'll be putting pressure on the industry to do better, and you'll be part of a movement demanding all our money is invested more sustainably.

Get in touch to tell us how you're getting on – what success you have and what hurdles you find. If you have questions, let us know! We'll find the answer, or connect you to one of our brilliant partners who can help.

THE BUSINESS CASE FOR SUSTAINABLE INVESTING

Companies that don't adapt – including companies in the financial system – will go bankrupt without question. [But] there will be great fortunes made along this path aligned with what society wants.
Mark Carney, July 2019

SUSTAINABLE INVESTING IS LIKELY TO GET BETTER RETURNS OVER THE LONG TERM

Companies that do harm, are poorly run, or have unsustainable practices are unlikely to perform well in the future. They're risky places to invest, especially when it comes to environmental, social and governance (ESG) risks, like the risk of climate change, poor labour standards, or board corruption scandals. This is because they might be hit by regulation, face a future of increasing consumer criticism, reputational controversy or fines. The climate emergency poses so many financial risks to companies, that the Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) developed new disclosure standards for companies.

Companies that are sustainable, well-run and future-focused are more likely to perform well in the long term. This is because they're more likely to mitigate environmental, social and governance risks – and because they present growing investment opportunities, such as clean energy, health, education, social housing and financial inclusion.

There is a growing body of evidence showing that sustainable investing already outperforms traditional investing. See UKSIF's list of evidence, and Tribe's evidence for more information.

If we don't have a planet, we're not going to have a very good financial system.
James Gorman, CEO of Morgan Stanley, 2019

OVER THE LAST 10 YEARS,
SUSTAINABLE FUNDS HAVE CONSISTENTLY

OUTPERFORMED

TRADITIONAL INVESTMENTS

(Morningstar, 2020)

YOUR EMPLOYEES WILL INCREASINGLY DEMAND A PENSION THAT'S INVESTED SUSTAINABLY – AND MIGHT EVEN SAVE MORE FOR THEIR FUTURE IF THEIR MONEY DOES GOOD WHILE IT GROWS

Our campaign will be encouraging the public to ask for a pension to be proud of. There's growing demand already: 7/10 of the UK public want their investments to be responsible, while over half the country expects their pension to be fossil fuel free. Three quarters of 18 to 24-year olds believe choosing where you invest your money is one of the best ways to help the planet. It's true: a sustainable pension can be 27 times more effective in cutting your carbon footprint than recycling, going vegan, and not driving combined. 7/10 people consider workplace pensions important in looking for a new job. So, a pension to be proud of will improve employee satisfaction, and will strengthen your employer brand for new recruits, too. Plus, 52% of UK savers would save more money if they were confident it was doing good while it grows.[2]

Recent UK polling has shown that the pandemic has prompted the British public to think about the future they want after Covid. A survey conducted by YouGov and NEON in April 2020 showed that 60% of the public believe that we are unprepared to deal with climate change, as well as demonstrating broad public support for more progressive policies. Polling by Ipsos Mori found that 66% of Britons believe that climate change is as serious as COVID-19, and a majority (58%) believe that it is important that government actions prioritise climate change in the post-COVID recovery context. Crucially, 70% of the Ipsos Mori survey respondents also agreed that one of the long-term impacts of the virus would be them seeking out products that are healthier and better for the environment.

CONSUMERS WILL COME TO EXPECT THIS FROM THE BRANDS THEY KNOW AND TRUST

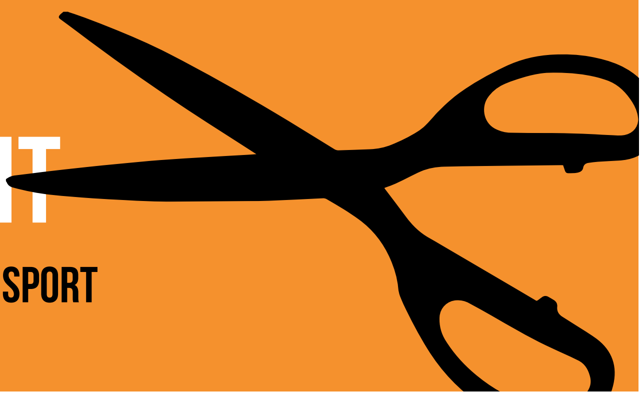
Many consumers already make decisions about which brands to buy from and which ones to boycott based on those brands' behaviour. Whether or not those brands have a pension with intention is an extension of that behaviour. So, this will be something consumers will come to consider in their decisions, and come to expect from their favourite sustainable brands.

> *Money is an incredibly powerful tool for change. It can do a huge amount of good, and it can also do a huge amount of damage. Climate change isn't just about the pandas and the polar bears, it's about your pocket. It's about your pensions, your savings and your investments.*
> **Steve Waygood**, Chief Responsible Investment Officer, Aviva Investors, February 2020

MOVING YOUR MONEY TO A SUSTAINABLE FUND COULD BE 27 TIMES MORE POWERFUL AT

(Nordea, 2019)

CUTTING YOUR CARBON FOOTPRINT



THAN EATING LESS MEAT, USING PUBLIC TRANSPORT AND FLYING LESS, COMBINED

2. DFID Investing in a Better World survey

HOW SUSTAINABLE INVESTING FITS IN WITH PENSION REGULATION AND TRUSTEE DUTIES

SUSTAINABLE INVESTING AND FIDUCIARY DUTY GO HAND IN HAND

Pension scheme trustees are bound by fiduciary duty to act in their members' best interests. For many trustees, this means helping members achieve the best net risk-adjusted return. Some trustees use this as a reason to not take sustainability factors into account – because they think sustainable investing means taking more risk, and accepting lower returns.

But, as the PLSA says, 'The opposite is true. Trustee fiduciary duties require trustees to look at why they are making the investment and take into account all material financial factors. There is a growing body of evidence to demonstrate that issues such as climate risk or good corporate governance have a financially material impact on risk-adjusted-returns.'

Also see UKSIF's guide to applying fiduciary duty for more information.

BY LAW, PENSION SCHEMES ALREADY HAVE TO TAKE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK FACTORS INTO ACCOUNT

The trustees of UK DB and DC pension schemes now have to set out:

- How financially material factors (including, but not limited to, ESG considerations including climate change), over the time horizon of the scheme, are taken into account in the selection, retention and realisation of investments.
- The extent (if at all) that non-financial matters, e.g. member views, are taken into account.
- Engagement and voting activities in respect of investments (e.g. stewardship).

OVER HALF OF SAVERS BELIEVE

RESPONSIBLE INVESTMENT

SHOULD BE BUILT INTO THEIR PENSION'S DEFAULT FUND

(Franklin Templeton, 2019)

WHAT OTHER ORGANISATIONS AND THEIR PENSION FUNDS ARE DOING

THE CHURCH OF ENGLAND PENSION FUND CREATED A PARIS ALIGNED INDEX

The Church of England's pension fund looks after around £2.8 billion. Together with the Climate 100 investor group, it successfully pushed Shell to link executive pay directly with carbon reduction targets.

In 2020, it went even further by launching its own £600 million investment index for members that only includes companies making progress on the Paris Climate Agreement targets.

THE HSBC UK DC PENSION FUND INTRODUCED A CLIMATE TILT

In 2017, HSBC became the first investor in the Legal and General Future World Fund. This aims to limit exposure to firms that invest in fossil fuels and those that are energy inefficient, while increasing investment in those that generate revenue from renewable sources and environmental solutions.

This represents around £1.85 billion of its £2.6 billion portfolio that is now focused on limiting harm to our planet and finding sustainable solutions for the future.

THE ENVIRONMENT AGENCY PENSION FUND INVESTS IN PEOPLE AND PLANET

The Environment Agency Pension Fund (EAPF) is one of the largest local government pension schemes in the UK, managing over £3.5 billion of investments for employees.

In 2013, the scheme announced that it aimed to invest 25% of its fund in companies that make a positive contribution to a green and sustainable economy, in part by investing in funds with an environmental theme.

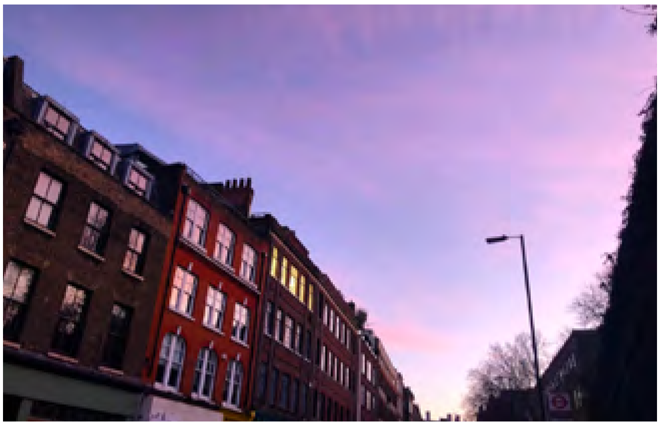
In 2015, the fund added again to its environmental commitment by pledging to ensure that its investment portfolio is compatible with the Paris Climate Agreement.

NEST IS GROWING THE POSITIVE IMPACT OF ITS PORTFOLIO

Nest is the government backed pension ‘master trust’, which many UK citizens have been enrolled in since 2012. It looks after £9.6 billion for more than 8.5 million members.

They consider climate risk in their default fund, and their ethical fund is completely fossil fuel free. In 2019, they also became the first national fund to announce they would divest completely from tobacco.

They have now opened up 7% of their fund to drive impact – investing in companies working on projects such as sustainable infrastructure and energy-efficient housing.



THE LONDON BOROUGH OF ISLINGTON PENSION FUND IS HALVING CARBON BY 2022

The London Borough of Islington Pension Fund looks after £1.4 billion. In 2017, they began a plan to reduce their exposure to carbon by over 50% by 2022.

They have also committed to investing at least 15% of the fund into sustainable investments, such as low carbon technology and green infra-structure. The fund also actively engages with the companies they invests in to urge them to reduce their carbon footprint and their reliance on fossil fuels.

THE BRUNEL PENSION PARTNERSHIP PLEDGES TO ALIGN WITH THE PARIS AGREEMENT

The Brunel Pension Partnership Limited is one of eight national Local Government Pension Scheme (LGPS) Pools, bringing together circa £30 billion investments of 10 like-minded funds. They manage the investments for the pension funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

Their climate change policy shows how they’ll demand that all material holdings in their funds take steps to align emission reduction to keep to well below 2° of warming.

ALIGNING YOUR PENSION WITH YOUR MISSION

Tortoise Media, PensionBee, and WWF have assessed how their pension investments sit with their employees' values, and made a change. Ecotricity and Triodos offer a sustainable fund that aligns with their mission.

EMPOWERING YOUR EMPLOYEES BY TALKING TO THEM ABOUT WHERE THEIR PENSION MONEY GOES

The Tesco pension scheme spoke to thousands of its members to find out what mattered most to them when it came to their retirement savings. The pension schemes of Lloyds Banking Group, Bank of America, Legal & General and RBS are all engaging with their members about what matters to them when it comes to their pension money.

WHERE TO GO FOR MORE CASE STUDIES:

- Pensions For Purpose case studies
- ShareAction's reports and rankings of corporate pension providers and auto enrolment providers
- Good With Money's The Good Guide to Pensions

The message is clear to all publicly listed companies: put in place targets and strategies aligned to Paris and be rewarded with inclusion in the Index or work against the long term of interests of beneficiaries and wider society and be excluded.
Adam Matthews, Co-Chair of the Initiative and Director of Ethics and Engagement for the Church of England Pensions Board

OVER HALF OF 20-40 YEAR OLDS WOULD BE LIKELY TO

SWITCH PENSIONS

IF THEY KNEW IT COULD BE INVESTED IN A WAY WHICH HAD A POSITIVE IMPACT

(Hymans Robertson)

FREQUENTLY ASKED QUESTIONS

WHAT CAN I SAY TO MY EMPLOYEES WHEN THEY START ASKING ME FOR A BETTER PENSION?

Tell them you're a Make My Money Matter pledge partner, which means you've pledged to make your workplace pension one to be proud of.

WHY ARE YOU ASKING ORGANISATIONS TO GET INVOLVED IN THIS CAMPAIGN, WHEN IT'S TRUSTEES OF PENSION SCHEMES THAT DECIDE WHERE MONEY IS INVESTED?

We're asking organisations to get involved because:

- Employers play a part. Many employers choose their pension provider – and if they don't like what's on offer, they can move. Employers with DB schemes should be consulted on the investment strategy. (And the latest Pension Bill suggests they might even be able to sign off on this.) Either way, they can work with their trustees on our 3 asks.
- When people think 'pension', they think of their employer. Employers set up workplace pensions and contribute to them. So, when individuals think of their pension, they connect it to their employer, rather than to a trustee or provider. That's why we're encouraging individuals to ask their employers for a pension to be proud of. It's why we're helping pledge partners prepare their response.
- Organisations can help us amplify our message and put pressure on the industry – the more organisations that ask for a pension to be proud of, the louder the message, and the more pressure there'll be on the industry to deliver this.

DOES THE PLEDGE COME FROM THE ORGANISATION OR FROM THE PENSION SCHEME?

It comes from the organisation. The organisation pledges to engage with their provider or trustees to make their pension money matter.

DO WE NEED TO HAVE ALREADY MADE A CHANGE TO OUR PENSION TO BE A PLEDGE PARTNER?

No, you don't. Becoming a pledge partner means you're committing to making your pension more sustainable – it doesn't mean you've already done it. It means the intention is there and that you'll start engaging with your pension as soon as you can.

IS THERE A COST TO MAKING OUR WORKPLACE PENSION MORE SUSTAINABLE?

The Pensions and Lifetime Savings Association (PLSA) says, 'Even a relatively small positive performance differential (both in risk and return terms) could, over a typical investment horizon, more than compensate for any up-front costs (e.g. those associated with understanding, documenting and implementing any changes to the investment portfolio). At worst, therefore, the up-front costs should be considered a necessary expenditure.' And when it comes to management fees for the sustainable funds, these shouldn't be more expensive – many asset managers have shown they can invest responsibly for the same fees as traditional investing.

WHAT DOES A SUSTAINABLE PENSION LOOK LIKE?

Our campaign partner, A4S, is creating a toolkit for best practice sustainable investing in pensions – plus tools trustees can use. Watch this space.

WILL EMPLOYEES SAVE MORE IF THE PENSION FUND DOES GOOD?

The Department for International Development Investing in a Better World survey in 2019, noted that over half of the British public would save more if they knew the investments made a positive difference.

WHERE TO GO FOR MORE INFORMATION

HOW TO TALK TO YOUR PENSION SCHEME TRUSTEES ABOUT THE FINANCIAL RISKS OF CLIMATE CHANGE AND THE SUSTAINABLE INVESTMENT OPPORTUNITIES THAT ARE ON THE RISE

- C40 Cities toolkit – page 74 and 77

HOW SUSTAINABLE INVESTMENT FITS IN WITH FIDUCIARY DUTY

- UKSIF's guide to applying fiduciary duty
- ESG and Stewardship: A practical guide to trustee duties, the PLSA

HOW PENSION SCHEME TRUSTEES CAN PUT ESG AND STEWARDSHIP INTO PRACTICE

- ESG and climate change for pension funds – Putting the law into practice, Sackers
- ESG and Stewardship: A practical guide to trustee duties, the PLSA
- Stewardship and Voting Guidelines, the PLSA
- The ABC of ESG, Mercer
- Red Line Voting Initiative, AMNT
- Holding Investment Consultants to Account: A guide for trustees, AMNT/UKSIF
- Responsible Investment: A guide for Defined Benefit trustees, A guide for Defined Contribution trustees, Hymans Robertson
- ESG: Are you asking the right questions, ARC Pensions Law/River and Mercantile

EVIDENCE THAT SUSTAINABLE INVESTMENT OUTPERFORMS TRADITIONAL INVESTMENT

- Financial Benefits, UKSIF
- Investing for Impact: The evidence, Tribe
- Why Sustainability cannot be ignored in DC plans, Schroeders
- ESG Risk in Default Funds, PLSA/Sustainalytics
- Total Societal Impact: A New Lens for Strategy, Boston Consulting Group
- ESG and Financial Performance, Deutsche Asset Management/The University of Hamburg
- The Impact of Corporate Sustainability on Organisational Processes and Performance, Eccles, Ioannou and Serafeim

WHAT THE UK PUBLIC THINKS ABOUT SUSTAINABLE INVESTING

- DFID's Investing in a better world survey shows growing demand for responsible investment
- Franklin Templeton's responsible investing research shows people would save more money if they knew it was doing good while growing

THE BIGGER PICTURE: WHAT EVERY PLAYER IN THE INVESTMENT CHAIN CAN DO TO FINANCE A SUSTAINABLE FUTURE

- Financing Our Future report, Accounting For Sustainability

FIND OUT HOW WELL YOUR DC PENSION PROVIDER PERFORMS WHEN IT COMES TO RESPONSIBLE INVESTMENT

- The Good Guide to Pensions, Good With Money

FIND OUT HOW WELL YOUR ASSET MANAGERS PERFORM WHEN IT COMES TO RESPONSIBLE INVESTMENT

- Point of No Returns report, ShareAction

GLOSSARY

DEFINED BENEFIT (DB) SCHEME

A workplace pension scheme. When a member of the pension scheme retires, the scheme pays them a guaranteed income for the rest of their life.

DEFINED CONTRIBUTION (DC) SCHEME

A workplace pension scheme. Members of the scheme build up a pot of money when they're working, with help from their employer. Members can take that money anytime from age 55 – and it's up to them how they use it. (They don't get a guaranteed 'benefit' – the only thing that's guaranteed is what they put in it, the 'contribution'.)

TRUSTEES

The people in charge of running a pension scheme. They act separately from the employer for the benefit of scheme members. (Trust-based schemes are looked after by trustees. Contract-based schemes, such as a DC scheme that uses an insurance company as the provider, have an Independent Governance Committee (IGC) instead. The IGC plays a similar governance role to trustees.)

DEFAULT FUND

In DC schemes, this is the standard investment choice that savers are put into. There are usually other options, but a saver has to choose to move into them themselves. The majority of savers stay in the default fund.

MASTER TRUSTS

A large DC pension scheme that many different employers use. Nest and The People's Pension are examples of master trusts.

ESG

ESG stands for environmental, social and governance.

ESG INVESTING

ESG investing takes account of environmental, social and governance factors in investment decision-making. These factors could include risks such as those posed by climate change (E), poor labour standards (S), and board corruption scandals (G). ESG factors may also present opportunities, such as investing in low-carbon alternatives like renewable energy companies (E). (Thanks to our friends at ShareAction for this definition).

RESPONSIBLE, SUSTAINABLE, AND IMPACT INVESTING

These three investment approaches are best shown on a spectrum of capital (Bridges).

Responsible investing incorporates ESG to mitigate risk. Sustainable investing incorporates ESG to enhance return. (Responsible and sustainable investing are sometimes used interchangeably, or conflated together.) Impact investing intends to generate positive, measurable social and environmental impact alongside a financial return (GIIN).

STEWARDSHIP/ENGAGEMENT AND VOTING ACTIVITIES

Engaging with companies on ESG concerns that affect their long-term growth, and using shareholder power to influence corporate behaviour. A proxy vote is where a shareholder can instruct their investment manager to vote on their behalf. (We've borrowed this definition from the PLSA's guide.)

For more definitions of responsible, sustainable, impact, ethical, and socially responsible investment: see ShareAction's What's in a definition?

Make My Money Matter

FOR MORE INFORMATION

If you want to know anything else about the campaign – or have any questions – please get in touch at **info@makemymoneymatter.co.uk**, or check out our website.

WWW.MAKEMYMONEYMATTER.CO.UK