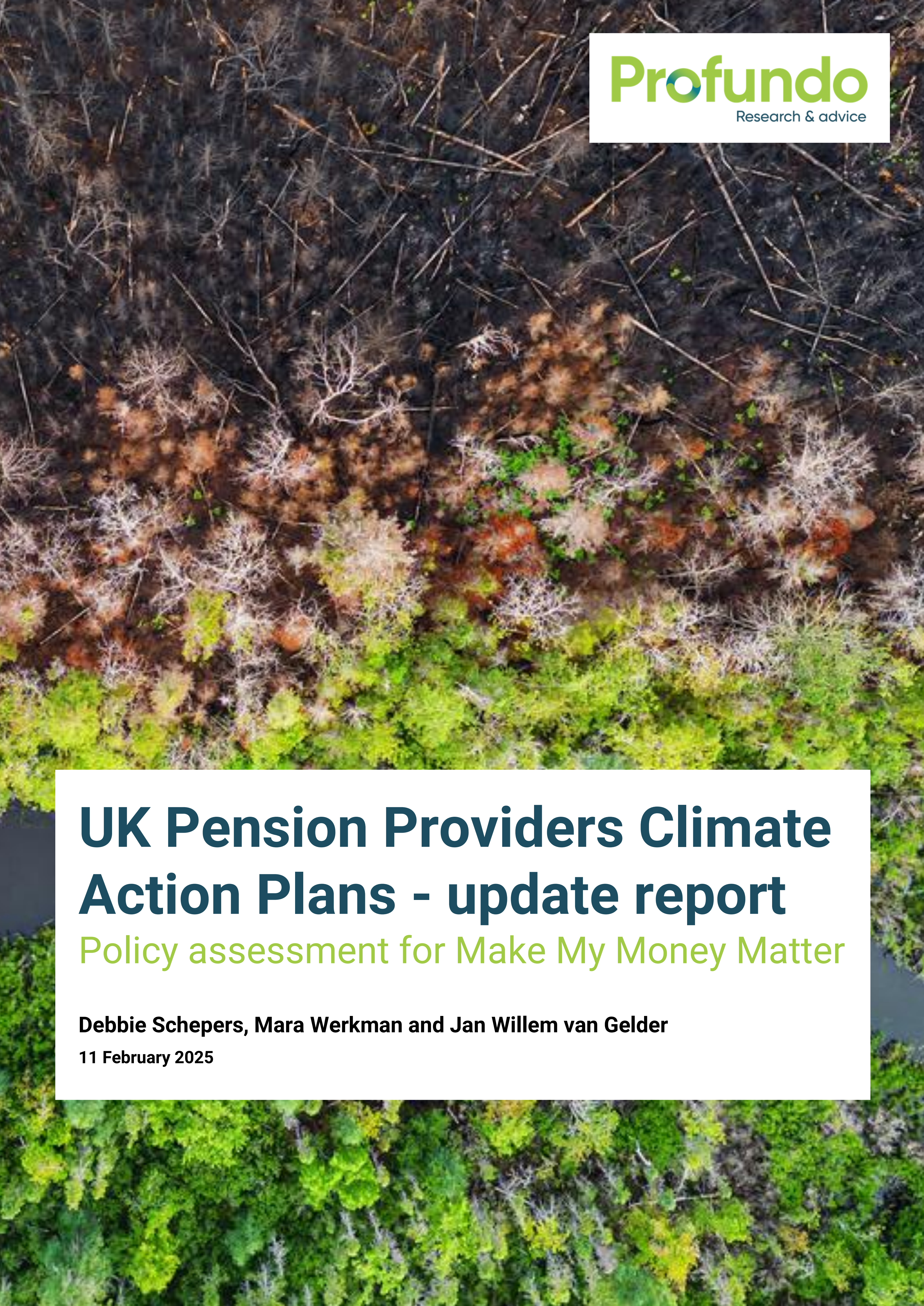

UK Pension Providers Climate Action Plans - update report

Policy assessment for Make My Money Matter

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11 February 2025

About this report

This report has been commissioned by Make My Money Matter (MMMM). MMMM is a people-powered campaign fighting for a world where everyone knows where their pension money goes, and where they can demand for it to be invested to build a better future.

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Authorship

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Summary

Pension schemes in the United Kingdom (UK) have a crucial role to play in combatting the climate crisis, whilst ensuring long term sustainable returns for beneficiaries. With more than GBP 500 billion invested in Defined Contribution (DC) assets, the pension providers included in this study play a pivotal role in confronting the current climate emergency. Their stewardship actions, investment choices, climate policies, and leadership are very important for their savers and the future of the planet. With their financial leverage, pension providers can take important steps to limit climate change – from tackling deforestation to ending fossil fuel expansion. This requires that their climate commitments are converted across the board into ambitious and detailed plans, targets, and policies.

In how far UK pension providers take up this challenge, is the topic of this report. It presents the results of an assessment of the quality of the climate action measures published by the twelve largest DC workplace pension providers in the UK. These pension providers offer occupational pension schemes through Master Trusts (MT) or Group Personal Pensions (GPP). Unless chosen otherwise, pension members' assets are allocated towards so-called default schemes. For this reason, the report specifically focuses on the sustainability policies covering MT or GPP default schemes.

The report thereby updates the first Climate Action Report published by Make My Money Matter in February 2024. This update focuses on the twelve largest pension providers by total number of members (active and deferred). The pension providers in scope are presented in Table 1.

Table 1 Top DC 12 workplace pension providers in the UK

Aegon	Fidelity International	Royal London	Smart Pension
Aviva	Legal & General	Now: Pensions	Standard Life
Cushon	Nest	Scottish Widows	The People's Pension

Research methodology

The research and analysis for this project was conducted between September and December 2024. The research is based on information that pension providers have publicly disclosed on their website as of 31 October 2024 and which is relevant for the default schemes of their collective pension schemes. Policies at group-level were also taken into account where it was clear that the policy is applied to the default pension schemes.

Providers were advised in advance of the research and given the opportunity to respond to their draft assessments. All pension providers used this opportunity, and their feedback on the draft assessments was considered before finalisation of the policy assessments.

The research methodology enables measurement of the extent to which each pension provider has effective objectives, policies, and instruments in place to respond to climate change. The assessment framework facilitates comparison between providers.

The assessment framework remains the same as last year's and comprises seven themes that are important for addressing climate change. These themes were chosen as they represent necessary and important priority areas which give a good indication of climate action. They are:

- **Commitment to a 1.5 °C pathway**

  The *Commitment to a 1.5 °C pathway* theme analyses what pension providers specify as overall commitments concerning the alignment of their investments with the Paris agreement. This element provides the foundation for climate action.

- **Measurement and disclosure of the carbon footprint**

  To understand which actions would be necessary to effectively reduce greenhouse gas emissions, pension providers must measure and disclose their portfolio greenhouse gas emissions.

- **Detailed target setting per sector and asset class**

  Once pension providers have measured their carbon footprints, they must set detailed emissions reduction targets for sectors such as agriculture, oil and gas, and shipping, and asset classes such as equity, corporate bonds, and sovereign bonds.

- **Investments in climate solutions**

  To meet the emission reduction objectives specified in transition plans, and finance real world impact, pension providers need to increase investment in climate mitigation and adaptation.

- **Phase-out of fossil fuels**

  To transition to a low-carbon economy, pension providers must move from investing in fossil fuels and fossil fuel expansion to renewable energy sources.

- **Deforestation and land use**

  Pension providers must ensure that the companies they invest in do not cause deforestation, which is an important contributor to global greenhouse gas emissions, and set clear targets and disclosure for the emissions caused by portfolio companies in the Agriculture, Forestry and Other Land Use (AFOLU) sectors.

- **Stewardship instruments used to align the portfolio and drive change**

  Stewardship instruments are the tools that pension providers use to exercise influence over the climate plans and actions of their investees and to drive change. Pension providers need to be transparent on the actions through which their climate action policies are implemented and enforced.

Each of the seven themes was further broken down into assessment elements, with 24 elements in total. The policy publications of each provider were scored against all 24 elements. The scores were then added up for each provider per theme and for all themes together. To combine the thematic scores to a total score for each pension providers, weighting factors per theme are used. For the ease of interpretation the scores were consequently normalized on a scale from 0 to 10.

Most pension providers have inadequate climate action plans

Based on their overall scores, the pension providers are classified into the four categories as shown in Table 2. The results of this study indicate that none of the 12 largest UK pension providers have good policies. Most of them (8) have inadequate policies to address climate change issues, while some (4) have adequate climate action plans.

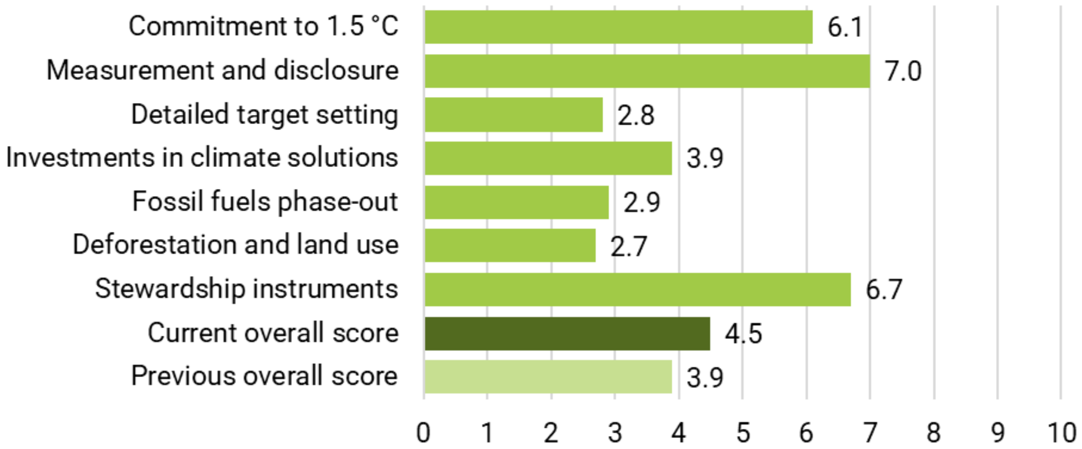
Table 2 Overall quality of the climate policies of UK pension providers

Category	Score range	Number of providers	Share of total providers
Pension providers with good climate policies	7.5 – 10	0	0%
Pension providers with adequate climate policies	5.0 – 7.5	4	33%
Pension providers with inadequate climate policies	2.5 – 5.0	8	67%
Pension providers with poor climate policies	0.0 – 2.5	0	0%

Results per assessment theme

The results of the policy assessments per theme are summarised in Figure 1, showcasing the average scores of the twelve pension providers across the seven themes that were assessed.

Figure 1 Average scores per assessment theme



Note: The average overall score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

With an average overall score of 4.5, the policy assessments indicate a slight improvement compared to the assessments conducted last year (3.9 average overall score). Yet, the results illustrate that further development of pension providers' climate action plans is much needed. The pension providers have inadequate climate policies on policies related to *Deforestation and land use* (score 2.7), *Detailed target setting* (score 2.8), *Fossil fuel phase outs* (score 2.9), and *Investments in climate solutions* (score 3.9).

The pension providers perform better on the themes *Measurement and Disclosure* (score 7.0), *Stewardship Instruments* (score 6.7), and *Commitment to a 1.5 °C pathway* (score 6.1).

Per theme, we can make the following observations:

- **Commitment to 1.5 °C**

  All pension providers commit to align their investment portfolios with the goals of the Paris Climate Agreement, although explicit commitments to a 1.5 °C pathway with no or limited overshoot, remain rare. Most pension providers (8) now set relative emission reduction targets for the short- (2025) and medium (2030) term. However, absolute emission reduction targets remain absent from the climate action plans. Additionally, the role of carbon credits in meeting emission reductions is often still unspecified.

- **Measurement and disclosure**

  This study indicates that UK pension providers have made notable strides in disclosing scope 3 emissions of their investee companies in the past year. However, there are still gaps in the reporting of carbon footprints, especially in relation to emissions broken down by the economic sectors their investee companies are active in

- **Detailed target setting**

  The policy assessments indicate that sectoral emission reduction targets are a notable gap in the climate action plans of UK pension providers. While emission reduction targets for specific asset classes are more commonly established, the majority (9) of pension providers only set targets for their corporate bonds and listed equity portfolios as a combined category.

- **Climate solutions**

  The policy assessments reveal that the majority of pension providers (58%) either fail to report on the allocation of default scheme assets to climate solutions or provide this information using imprecise or ambiguous language. Consequently, in most cases, it remains unclear how much of the default scheme assets are allocated to specific types of climate solutions.

- **Fossil fuel phase out**

  The policy assessments show that 83% of the pension providers (10) require fossil fuel-producing companies to commit to the Paris Climate Agreement, although only few (4) mention alignment with a 1.5 °C pathway. Most pension providers (7) have pledged not to invest in companies planning to develop new coal mines or coal-fired power plants, or in companies where coal accounts for more than 5% of their activities. However, a quarter of the providers (3) have no policies regarding investments in coal mining or coal power. When examining policies related to oil and gas companies, the majority (10) lack any policies concerning new oil or gas exploration or development. Exclusion policies often focus only on the most controversial fossil fuel sectors, such as oil and gas from tar sands or the Arctic. These measures are insufficient to align with the objectives of the Paris Climate Agreement.

- **Deforestation and land use**

  While all pension providers have publicly committed to addressing deforestation, policies focused on conserving areas crucial to both global biodiversity and climate goals remain largely absent. Most policies do not mention critical areas that require conservation and preservation, such as wetlands, peatlands, High Carbon Stock (HCS) forest areas, or High Conservation Value (HCV) areas.

- **Stewardship**

  The pension providers score relatively well on the theme *Stewardship* instruments, with all pension providers having formulated policy frameworks with respect to their engagement and voting activities. Though, in most cases, stewardship frameworks lack teeth. Often, pension providers state that they ‘may divest’ after unsuccessful engagement, but the conditions under which such actions will be taken remain unclear. This is partly due to the fact that most pension providers do not report transparently on the results of their engagements with investee companies, but rather highlight a few case studies to illustrate good examples. Structural reporting on results of engagement activities was only found for a quarter of the pension providers assessed.

Policy recommendations

Based on these findings, this report indicates priority areas for UK DC pension providers to focus on in 2025 and beyond, namely:

- **Translate broad climate commitments into detailed emission reduction targets aligned with a 1.5ºC pathway with minimal or no overshoot**

  In order to meet global temperature goals, pension providers must convert their general climate commitments into specific, detailed emission reduction targets that are consistent with a 1.5ºC pathway. These targets should include absolute reductions for both the short (2025) and medium (2030) terms. Targets should be set by asset class to provide clear, actionable mandates for external asset managers and to facilitate tracking progress over time. Additionally, sector-specific emission reduction targets should be established, particularly for high-emitting sectors like fossil fuels and Agriculture, Forestry, and Other Land Use (AFOLU). Furthermore, pension providers should specify the role of carbon credits in meeting their emission reduction targets and commit only to using third-party verified carbon credits for offsetting hard-to-abate emissions.

- **Enhance measurements and disclosures, including sectoral emissions and AFOLU sectors**

  Pension providers should continue to build on the progress made on this theme by reporting sectoral greenhouse gas (GHG) emissions, including those linked to investments in AFOLU (Agriculture, Forestry and Other Land Use) sectors. Ideally, pension providers should use at least the first two digits of NACE or ISIC codes to classify economic sectors.

- **Increase investments in climate solutions and address barriers to investment**

  To support the transition to a green economy, pension providers should scale up investments in climate solutions such as renewable energy, sustainable agriculture, forestry, and energy efficiency. This green investment strategy should include clear short-term goals, with at least 2% of total assets under management (AUM) allocated to climate solutions.

- **Strengthen responsible investment policies to protect critical biodiversity and achieve climate goals**

  UK pension providers should enhance their policies by requiring investee companies to refrain from converting wetlands, peatlands, High Carbon Stock (HCS) forest areas, and High Conservation Value (HCV) areas.

- **Set up robust frameworks for shareholder voting and engagement with investee companies and report transparently and periodically on results**

  Pension providers should set up robust policy frameworks for shareholder voting and engagement with investee companies. A robust approach entails setting clear expectations for investee companies and external asset managers on specific, concrete issues. Merely listing broad priority themes is insufficient; expectations must be well-defined and actionable. Additionally, a robust strategy requires ensuring that engagement efforts are meaningful and have tangible consequences. The lack of clarity is particularly concerning in relation to fossil fuel-producing companies. It is essential that unsuccessful engagement on climate issues results in concrete action; high-emitting companies failing to make adequate progress towards alignment with a 1.5ºC pathway should be excluded from investments. Finally, pension providers must commit to transparent reporting on the outcomes of their policies regarding divestment, exclusions, voting, and engagement. Reporting on a few cases is not sufficient.

Making these improvements would help pension providers to align their portfolios with climate goals and to drive the necessary transition to a sustainable future, while aiding British pension savers in choosing a sustainable option for their retirement scheme.

Abbreviations

AFOLU	Agriculture, Forestry and Other Land Use
AuM	Assets under Management
AuMA	Assets under Management and Administration
BECCS	Bioenergy with Carbon Capture and Storage
CSRD	Corporate Sustainability Reporting Directive
DACCS	Direct Air Carbon Capture and Storage
DC	Defined Contribution
EPRG	Expert Peer Review Group
ESRS	European Sustainability Reporting Standards
FSSD	Financial Services Sector Disclosure
GBP	Great British Pound
GPP	Group Personal Pension
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HCS	High Carbon Stock
HCV	High Conservation Value
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
LGIM	Legal & General Investment Management
L&G	Legal & General
MMMM	Make My Money Matter
MT	Master Trust
NCI	New Climate Institute
NZAOA	Net-Zero Asset Owner Alliance
NZBA	Net-Zero Banking Alliance
OECD	Organisation for Economic Co-operation and Development
PACTA	Paris Agreement Capital Transition Assessment
PCAF	Partnership for Carbon Accounting Financials
SBTi	Science Based Targets Initiative
TCFD	Taskforce on Climate-related Financial Disclosures
TPI	Transition Pathway Initiative
TPP	The People’s Pension
UK	United Kingdom
UNEP	United Nations Environmental Programme
UN-HLEG	United Nations’ High-Level Expert Group
UNCTAD	United Nations Conference on Trade and Development

Introduction

According to the Copernicus Institute, 2024 marked the first year in which global warming surpassed the 1.5°C threshold.[1] While this does not signal the end of the goals set by the Paris Climate Agreement, it emphasises the urgent need for swift and decisive climate action. Statistics alone, however, are not needed to underscore this urgency. Recent catastrophic events such as the devastating wildfires in California, the floods in Spain and Central Europe last autumn, and the typhoon-induced landslides and flooding in Southeast Asia all serve as stark reminders of the pressing need to address climate change.[2]

With over GBP 500 billion in defined contribution (DC) pension assets and more than 17 million active members, the pension providers included in this study play a pivotal role in confronting the current climate emergency.[3]

This report aims to assess the climate action plans, policies, and tools employed by DC pension providers to fulfil their commitments. It focuses on the twelve largest workplace pension providers in the UK, based on the total number of members (active and deferred). The study employs an assessment framework that spans a range of themes, from net-zero commitments to the elimination of deforestation.

The structure of the report is as follows: Chapter 1 outlines the methodology used in this research, including the overall assessment framework. Chapter 2 provides an analysis of the climate-related sustainability policies of the assessed pension providers. Chapter 3 presents the key conclusions from the research and highlights priority areas for action. A summary of the findings is available on the first pages of this report.

1

Methodology

This chapter describes the objectives, research approach, and the assessment framework used to assess the climate action plans of twelve defined contribution (DC) pension providers in the United Kingdom (UK).

1.1 Objective and scope

1.1.1 Objective

The objective of this research is to assess the twelve largest defined contribution (DC) pension providers in the United Kingdom (UK) on their climate action plans. DC pension schemes are collective workplace schemes where the contributions made by employers and employees are invested to create a pension pot at retirement. They can take the form of Group Personal Pension schemes (GPPs), which are offered directly by insurance companies, and Master Trusts (MT), which have a separate board. Master Trusts can be stand-alone organisations, but they can also be linked to insurance companies. Unless chosen otherwise, pension members' assets are allocated towards so-called default schemes. For this reason, the report specifically focuses on the sustainability policies covering MT or GPP default schemes.

The research methodology for this study enables measurement of the extent to which each pension provider has effective objectives, policies and instruments in place to respond to climate change, which are relevant for the collective pension schemes (GPPs and/or Master Trusts) they are offering. The assessment tool facilitates comparison between providers, and tracks each pension provider's progress over time.

1.1.2 Selection of pension providers

The 12 largest defined contribution pension providers in the UK, as determined by the number of members, are researched, see Table 3. The pension providers in Table 3 represent more than GBP 500 billion in DC pension assets, and have more than 17 million active members.[4]

Table 3 Key data of selected pension providers as of 31st December 2023

Provider	Active members	Deferred members	Total members
Nest	4,800,000	7,200,000	12,000,000
The People's Pension	1,880,000	4,700,000	6,580,000
Aviva	1,972,874	3,397,590	5,370,464
L&G	2,206,337	2,959,189	5,165,526
Scottish Widows	1,600,000	2,300,000	3,900,000
Now:Pensions	872,941	1,536,622	2,409,563
Standard Life	1,675,332	669,708	2,345,040
Aegon	999,577	1,251,820	2,251,397

Provider	Active members	Deferred members	Total members
Royal London	732,799	775,252	1,508,051
Smart Pension	340,884	906,627	1,247,511
Fidelity International International	255,214	441,820	697,034
Cushon	188,114	354,054	542,168

Source: Greenwood, J. and E. Simon (2024, April), *Master Trust and GPP Defaults Report*, London, United Kingdom: Corporate Advisor Intelligence, p. 7-10.

1.1.3 Assessment framework

The assessment framework of this research is similar to that of last year's report. It draws on:

- Insights from authoritative international publications and guidelines on elements that are essential to make climate action plans effective and credible (see section 1.1.4). The elements based on these publications and guidelines were partly taken from the methodology developed for the 2023 study of climate action plans of Dutch financial institutions for the Fair Finance Guide Netherlands;[5]
- Insights on deforestation risk sectors drawn from international agreements and conventions, best practices in the global business community and the financial sector, and recent legislative changes. The elements based on these sources were taken from the Forests & Finance 2023 Policy Assessment Methodology;[6]
- Other international conventions, agreements and standards considered relevant for this study. Elements based on these standards were drawn from the Fair Finance Guide International Methodology 2023.[7] This methodology has been used to assess pension providers regularly.[8]

The framework consists of seven themes that are important for addressing climate change. Each theme contains a set of quantifiable statements, or "elements", against which pension providers are assessed on their climate action plans. The themes cover goals, means, disclosure and the stewardship instruments used to achieve objectives (such as engagement, voting, and exclusion). Further details about the relevance of the themes and the elements within each theme are provided in section 1.2. The themes are:

- Commitment to a 1.5 °C pathway;
- Measurement and disclosure of the carbon footprint;
- Detailed target setting per sector and asset class;
- Investments in climate solutions;
- Phase-out of fossil fuels;
- Deforestation and land-use; and
- Stewardship instruments used to align the portfolio and drive change.

1.1.4 Authoritative publications and guidelines used

The assessment framework is based on the following authoritative international publications, guidelines and legislation to identify critical themes and criteria for a good climate action plan:

- **ESRS E1:** "European Sustainability Reporting Standards E1: Climate Change", to be used by all companies subjected to the European Corporate Sustainability Reporting Directive (CSRD);[9]
- **EPRG Race to Zero:** "Interpretation Guide Race to Zero Version 2.0" published by the Expert Peer Review Group (EPRG);[10]
- **GHG Protocol: "**A Corporate Accounting and Reporting Standard" published by the World Resource Institute and the World Business Council for Sustainable Development;[11]
- **IEA Net Zero report:** "Net Zero by 2050 - A Roadmap for the Global Energy Sector" published by the International Energy Agency (IEA);[12]

- **IPCC recommendations:** "Mitigation of Climate Change" published by the Intergovernmental Panel on Climate Change (IPCC);[13]
- **NCI Guidance:** "Guidance and assessment criteria for good practice corporate emission reduction and net-zero targets: Version 2.0 Corporate climate responsibility" published by the New Climate Institute (NCI);[14]
- **NZAOA Commitment Document:** "Commitment document for participating asset owners" published by the Net-Zero Asset Owner Alliance (NZAOA);[15]
- **NZBA Guidelines:** "Guidelines for Climate Target Setting for Banks" published by the Net-Zero Banking Alliance (NZBA);[16]
- **OECD Guidelines**: "Guidelines on Responsible Business Conduct for institutional Investors." published by the OECD;[17] and
- **Paris Climate Agreement:** The Paris Agreement is the international treaty on climate change adopted in 2015;[18]
- **PCAF:** "The Global GHG Accounting & Reporting Standard - Part A: Financed Emissions" developed by the Partnership for Carbon Accounting Financials (PCAF);[19]
- **UN-HLEG report:** "Integrity matters: net-zero commitments by businesses, financial institutions, cities and regions" published by the United Nations' High-Level Expert Group (UN-HLEG) on the Net-zero Emissions Commitments of Non-State Entities;[20]

1.2 Themes and elements assessed

Across the seven themes, the assessment framework consists of a total of 24 elements, listed in Table 4. More details about the elements and the scoring criteria for each are provided in the Appendix 1 of this document.

Table 4 Themes and elements in the assessment framework

Theme	Element	
Commitment to 1.5 °C	1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement goal
	2	Set short- and medium- term, and absolute emissions reduction targets
	3	Reduction targets are independent from carbon offsetting
Measurement and disclosure	4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio
	5	Carbon footprints are measured and disclosed for the full value chain of investees
	6	Carbon footprints are measured and disclosed by sector
	7	Carbon footprints are measured and disclosed by asset class
Detailed target setting	8	Emissions reduction targets are set for the full value chain of investees
	9	Specific emissions reduction targets are formulated for all economic sectors relevant to climate change mitigation
	10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot
	11	Specific emissions reduction targets are formulated for all asset classes in which the pension provider invests
Investments in climate solutions	12	Investments in climate solutions are made and ambition is shown
Phase-out of fossil fuels	13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal

Theme	Element	
	14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants
	15	Investments in companies engaged in new oil or gas exploration or development are excluded
Deforestation and land use	16	Public commitment to tackle deforestation is shown
	17	Commitment to a no-deforestation policy is made
	18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed
	19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)
Stewardship instruments	20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets
	21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)
	22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)
	23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets
	24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy)
7 Themes	**24**	**Elements**

1.2.1 Scoring model and weighting

Each theme includes multiple elements, each with a separate scoring table. A pension provider receives a higher score when their policy on a theme is clear, comprehensive, and ambitious.

To ensure that the scores of all pension providers and all themes are comparable, both the thematic scores and the total scores are normalised on a scale from 0 to 10. This is done by dividing the actual scores by the maximum score that could be achieved and then multiplying by ten.

To combine the thematic scores to a total score for each pension provider, weighting factors are used as defined in Table 5.

Table 5 Weighting factors use to combine thematic scores to a total score

Theme	Weighting factor	Maximum score
Commitment to 1.5 °C	10%	18
Measurement and disclosure	15%	22
Detailed target setting	15%	24

Theme	Weighting factor	Maximum score
Investments in climate solutions	15%	6
Phase-out of fossil fuels	15%	18
Deforestation & land use	15%	22
Stewardship instruments	15%	26
Total	**100%**	**136**

1.3 Research approach

1.3.1 Process and planning

The research and analysis for this project was conducted between September and December 2024. Pension providers were assessed based on information pertaining to the 2023/24 financial year for their scheme. Providers were advised in advance of the research.

Research is based on information that pension providers have publicly disclosed on their website as of 31 October 2024 and which is relevant for the default investment funds collective pension schemes (GPPs and/or Master Trusts) they are offering. Only publicly available sources are referenced because disclosure and transparency are critical for the public to hold pension providers to account.

All pension providers were invited to comment on the detailed draft results of the assessment. All providers used this opportunity and provided feedback on their draft assessments, which was analysed and then integrated into the final assessments.

1.3.2 Assumptions and limitations

This study focuses on the largest UK defined contribution workplace pension providers. Assessments were carried out at provider level, and the policies on a higher organisational level were considered where relevant. The policies of the pension provider must at least apply to its offered default UK pension.

The methodology assumes that information published by DC pension providers on their website by the stipulated date is complete and accurate. Providers were given the opportunity to respond to the draft policy assessments and provide feedback on the scores. Providers that do not publicly disclose information may be incentivised to improve their policies, actions and reporting in future.

The methodology focuses on pension providers' policy statements and the instruments they use to exercise stewardship concerning climate action. The methodology is not designed to comprehensively assess the extent to which, in daily practice, pension providers consistently apply the policies and instruments at their disposal to make investment decisions and to exert influence over investees. Strong policies, implemented rigorously, can be expected to contribute to meeting temperature and emission targets over time. However, how far these policies are implemented rigorously in practice needs to be assessed by separate case-by-case exposure studies.

1.4 Assessment criteria background

This section specifies the:

- Relevance of the seven themes and the elements included in each theme;
- Authoritative documents that underpin the choice of elements; and
- Scoring tables for each element.

All elements are phrased as quantifiable statements that can be assessed over time and between pension providers.

1.4.1 Commitment to a 1.5 °C pathway

The *Commitment to a 1.5 °C pathway* theme analyses what pension providers specify concerning their investments and climate commitments. This is a critical theme as it provides the foundation for climate action. However, it is critical that pension providers also state how they envision their commitment in relation to their investments.

A pension provider's statement of commitment should:

- Refer to the 2015 Paris Agreement;
- Commit to a 1.5 °C scenario with no or limited overshoot and based on the best available scientific knowledge;
- Commit to aligning its investment portfolios with a scenario consistent with this objective;
- Describe the trajectory for aligning the investment portfolios with a 1.5 °C scenario. This includes specifying short- and medium- term emissions reduction targets against a baseline year; and
- Specify emissions reductions in absolute as well as relative terms; and
- Commit not to use carbon offsets to reach the reduction targets.

An explanation of the elements in this theme is outlined below.

- **Commitment to a 1.5 °C pathway**

  The 2015 Paris Agreement is the most widely recognised international agreement on climate change. It includes commitments to keep global average temperatures "well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels". [21] In addition, the Paris Agreement sets the goal of "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".[22]

  Since the adoption of the Paris Agreement, the scientific consensus, highlighted by a 2018 special report of the Intergovernmental Panel on Climate Change (IPCC), has been that the negative social, environmental, and economic consequences in a 2 °C scenario will be much more severe than in a 1.5 °C scenario.[23] The message from the IPCC report released in April 2022 on climate change mitigation is clear: urgent and drastic action is needed if the world is to limit global warming to 1.5 °C.[24]

  During the COP26 in Glasgow in 2021, the goal of the Paris Agreement was sharpened to limiting global warming to 1.5 ºC. This was further reinforced during the COP28 in Dubai in 2023 with a global stocktake to assess the collective progress made towards meeting the climate goals.[25] The latest scientific consensus released by the IPCC in 2022 indicates that to achieve this goal, GHG emissions need to be cut 43-50% by 2030 in comparison to 2019 levels.[26]

  Net zero refers to the state in which GHG emissions going into the atmosphere are balanced by removal out of the atmosphere.[27] In this iteration of the research, a robust net zero commitment (including halving emissions this decade, and/or a net zero date well before 2050) is interpreted as an intention towards aligning with a 1.5 °C scenario. However, as achieving the 1.5 °C goal becomes more challenging every year,[28] more ambitious goals may be required to meet the criteria in the future.

- **Short- and medium- term targets are set to reach a 1.5°C scenario**

  The United Nations' High-Level Expert Group recommended in 2022 that financial institutions make a net zero pledge representing a fair share of the needed mitigation effort, containing interim targets. It recommended the first target in 2025, followed by 2030 and 2035, in line with the IPCC or IEA pathways that limit warming to 1.5 °C with no or limited overshoot, and with global emissions declining by at least 50% by 2030, reaching net zero by 2050 or sooner.[29] The

New Climate Institute stated in 2022 that financial institutions should "set interim targets that are aligned with the long-term vision in terms of depth and scope, with the first target on a timescale that requires immediate action and accountability (maximum 5 years)."[30] A clear commitment to mitigating the worst impacts of climate change should therefore seek to reduce financed emissions in line with these same percentages.

The latest scientific consensus released by the IPCC in 2022 indicates that GHG emissions need to be cut 43-50% by 2030 in comparison to 2019 levels.[31] The EPRG notes that a 50% reduction by 2030 implies average annual reductions of approximately 7% following the 'Carbon Law' as a rapid roadmap for global decarbonisation. However, the EPRG also recognises that change may not be linear, in particular for hard-to-abate sectors and that 7% per year may be more/less ambitious depending on baseline, sector and geography.[32]

- **Emission reduction targets are set in absolute terms**

  Emission reduction targets should be set in absolute terms at the portfolio level, expressed as a volume of financed greenhouse gas emissions or as a percentage by which the emissions volume needs to be reduced. The importance of absolute targets is stressed in several authoritative international guidelines. The UN-HLEG recommends: "Company transition plans must: [...] disclose short-, medium- and long-term absolute emission reduction targets, and, if relevant, relative emission reduction targets."[33] And the EPRG Race to Zero writes: "In most cases, absolute emissions targets are necessary for ensuring real-world reductions (…) for finance institutions and others with "indirect" emissions, intensity targets may be helpful for tracking the process of decarbonization. Including both absolute and intensity targets and metrics provides the most clarity."[34]

  Relative targets may additionally be set; there are several reasons why a pension provider's funds under management may experience strong growth. But if pension providers only set relative targets, in terms of the average emissions per pound invested or financed, they cannot guarantee that they will sufficiently contribute to reaching the goals of the Paris Agreement. Any growth of their portfolios will then result in lower absolute emission reductions.

- **Emission reduction targets are independent from carbon offsetting claims**

  Commitments by financial institutions to reduce emissions to net zero by 2050 have become commonplace in recent years. Whether such commitments are credible depends in part on the extent to which they rely on so-called carbon offsetting claims or "negative emissions", such as tree planting, Bioenergy with Carbon Capture and Storage (BECCS) or Direct Air Carbon Capture and Storage (DACCS). Overreliance on negative emissions is problematic firstly because negative emissions do not reduce but rather offset emissions. Negative emissions are not an alternative to emission reductions and can, at most, play a minor role in decarbonisation efforts.

  Secondly, the viability and effectiveness of proposed solutions and technologies can be questioned. For instance, relying on carbon offsetting claims from massive tree planting is problematic as accounting for the carbon removed from the atmosphere is very complex, and it involves human rights and environmental risks such as land grabbing and biodiversity loss.[35] In addition, it is not clear that there is enough land available to offset emissions at the scale required by net zero strategies heavily dependent on tree planting. At the same time, BECSS and DACCS technologies are still in their infancy, remain very expensive compared to emission reductions, and have not been proven to work at scale.[36]

Pension providers' commitments should, therefore, be independent of negative emissions or carbon offsetting claims.[37] However, for this iteration of the policy assessment, pension providers have also been scored for only using carbon offsets for residual emissions or hard-to-abate emissions.

1.4.2 Measurement and disclosure

Aligning investment portfolios with a 1.5 °C scenario requires pension providers to know the true climate impacts of their investment activities. To understand which actions would be necessary and effectively reduce greenhouse gas emissions, pension providers must first measure their contribution to the greenhouse gas emissions of the assets they invest in. This carbon footprint needs to be fully measured and disclosed using a reliable methodology, in volumes of greenhouse gases.

Pension providers need to:

- Measure the carbon footprints (GHG emissions) attributable to their investment portfolios by using an internationally recognised and reliable methodology;
- Measure the full value chain of investees' carbon footprints (scopes 1, 2, and 3 of the GHG Protocol);
- Measure the carbon footprints attributable to their investment portfolios per economic sector for at least the most significant GHG emitting sectors; and
- Measure the carbon footprints attributable to their investment portfolios per asset class.

An explanation of the elements in this theme is outlined below.

- **Measure emissions using an internationally recognised and reliable methodology**

  The UN-HLEG states that emissions measurements should be generated using a robust methodology consistent with limiting warming to 1.5 °C with no or limited overshoot verified by a third party "(for example by the Science Based Targets Initiative (SBTi), the Partnership for Carbon Accounting Financials (PCAF), The Paris Agreement Capital Transition Assessment (PACTA), The Transition Pathway Initiative (TPI), the International Organization for Standardization (ISO), among others)".[38]

- **Measure and disclose the full value chain of investees' carbon footprint**

  Pension providers should categorise all greenhouse gas emissions (scope 1, 2 and 3) of the companies in its investment portfolios as the pension provider's "Scope 3 emissions" under the GHG Protocol categorisation. As per the GHG Protocol, scope 1 emissions are direct emissions from owned or controlled sources, scope 2 emissions are indirect from the generation of purchased electricity, and scope 3 emissions are all indirect emissions that occur in the value chain of the company.[39] To have meaningful targets and to avoid confusion, it should be clear that the scope 3 emissions of the portfolio companies – i.e. the emissions caused by their suppliers and clients – are also included in the emission reduction targets of the pension providers.

  The EPRG Race to Zero explains: "Scope 3 for financial institutions should mean including portfolio/loanbook/insured/facilitated emissions, which are composed of the investee companies and/or clients' emissions, including the Scope 3 emissions of the underlying investee companies and/or clients." [40] This is confirmed in the UN-HLEG report: "Targets must include emissions reductions from (…) full value chain and activities, including: scope 1, 2 and 3 emissions for businesses (…) all emissions facilitated by financial entities."[41]

  Data availability can be a problem to report on the scope 3 emissions of the portfolio companies. A stepwise approach is therefore recommended by PCAF: "Financial institutions shall start reporting scope 3 emissions for the oil, gas, and mining sectors from 2021 onward and additional sectors will be added from 2023. In the years toward 2023, PCAF will monitor the data availability and impact for these additional sectors and will provide additional guidance on the reporting requirements."[42]

- **Measure and disclose carbon footprints per economic sector**

  Pension providers invest in different economic sectors, each of which has distinct climate impacts. Some economic sectors will need to decarbonise faster than others because of their outsized role in climate change, while other sectors may still face technological challenges that need to be overcome. A credible climate action plan must develop a sector-based approach that takes such differences into account.[43] Pension providers need to measure and disclose the carbon footprint of their investments on a sectoral basis so that they can define their priority sectors for action and engagement.[44]

- **Measure and disclose carbon footprints by asset class**

  Pension providers invest in different asset classes. For each type of asset class, aligning emissions with ambitious climate goals comes with different challenges and opportunities. For this reason, a "one size fits all" approach to reporting the carbon footprint of the investment portfolio is unlikely to be effective. Pension providers should not only define overall reduction targets for the investment portfolio as a whole, but also outline the footprint of different asset classes. This includes listed shares, corporate bonds, real estate, mortgages, government bonds, private equity and private debt.[45]

- **Publicly disclose carbon footprints**

  All international guidelines emphasise the importance of measuring and reporting in a transparent way. Pension providers should report on progress annually. The NZBA[46] and the NZAOA[47] recommend that banks and asset owners report an emission profile and a baseline emission measurement that serve as a basis for the emission reduction targets.

1.4.3 Detailed target setting

Once pension providers have measured their carbon footprints (see section 1.4.2), they must set detailed emissions reduction targets. Namely, pension providers need to:

- Set emission reduction targets that cover the full value chain of investees' carbon footprints (scope 1, 2, and 3);
- Set emission reduction targets on a sectoral basis;
- Set emission reduction targets by asset class; and
- Set emission reduction targets based on credible pathways consistent with limiting global warming to 1.5 °C with no or limited overshoot (i.e. using a robust methodology).

Detailed sectoral targets are important because pension providers' transition plans must take into account the distinct climate impacts of different economic sectors. [48] Sectoral targets link portfolio-level emission reductions to the carbon efficiency requirements of that sector. These targets are also useful in comparing the performance of portfolio companies within the same sector and consequently allow for informed capital reallocation within or between sectors.[49]

Pension providers need to ensure that investees align their actions with sectoral emission reduction plans, such as those developed by SBTi or the TPI. The UN-HLEGrecommends: "Company transition plans must: [...] disclose short-, medium- and long-term absolute emission reduction targets, and, if relevant, relative emission reduction targets."[50]

Targets for specific asset classes are also necessary as there are significant differences in the carbon intensity associated with different asset classes. These targets, along with sector targets, are a significant component of the NZAOA target setting framework, and help reduce the emissions profile of the pension providers' portfolio.[51]

1.4.4 Investments in climate solutions

To meet the emission reduction objectives specified in transition plans, and finance real world change, pension providers need to increase investment in climate mitigation and adaptation. This includes investments in areas such as energy efficiency, green buildings, renewable energy, sustainable agriculture, sustainable forestry, and water solutions.[52]

According to the United Nations Conference on Trade and Development (UNCTAD), "international private investment in climate change sectors is directed almost exclusively to mitigation; only 5% goes to adaptation projects."[53] Research shows that investment in adaptation must be scaled by orders of magnitude to achieve the goals of the Paris Agreement.[54] Pension providers should increase their focus on climate adaptation solutions provided by non-listed companies to help people, animals and plants to survive climate volatility.[55]

1.4.5 Phase-out of fossil fuels

To transition to a low-carbon economy, pension providers must move from investing in fossil fuel to renewable energy sources. They need to set specific targets for the phasing out of financing for fossil fuels, in line with recommendations by IPCC and IEA. The COP28 in Dubai also approved a roadmap that includes measures to drive the "transition away from fossil fuels" in a just, orderly, and equitable manner.[56]

There is overwhelming scientific consensus that limiting the global temperature increase to 1.5 °C above pre-industrial levels necessitates, above all, a rapid move away from fossil fuels. IPCC mitigation pathways consistent with a 1.5 °C scenario all assume rapid decarbonisation of the energy sector.[57] The 2021 Production Gap report by the UN Environment Programme (UNEP) similarly stresses that the production and use of fossil fuels, especially coal, should be quickly phased out. "Global fossil fuel production must start declining immediately and steeply to be consistent with limiting long-term warming to 1.5 °C." and "The production gap is widest for coal in 2030: governments' production plans and projections would lead to around 240% more coal, 57% more oil, and 71% more gas than would be consistent with limiting global warming to 1.5 °C."[58]

According to the UN-HLEG report, all net zero pledges should include specific targets aimed at ending the use of and support for fossil fuels in line with IPCC and IEA net zero greenhouse gas emissions modelled pathways that limit warming to 1.5 °C with no or limited overshoot. The IEA's report *Net Zero by 2050 A Roadmap for the Global Energy Sector* from 2021 reaffirms that there is no need for investment in new fossil fuel supply in its net zero pathway; "Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required."[59] Among the essential measures described to reach net zero emissions by 2050 is an immediate end to new investments in fossil-fuel extraction and aiming to achieve net zero electricity by 2040. This requires a phase out of all unabated coal-fired power plants and oil-fired power plants in advanced economies by 2030 and in all economies by 2040.[60] As per the methodology adopted for this report, pension providers should not invest in companies that are involved in coal production or coal-fired power plants for more than 5% of their activities.

1.4.6 Deforestation and land use

Pension providers must ensure that the companies they invest in do not cause deforestation, which is an important contributor to global greenhouse gas emissions. Companies must not degrade or convert natural ecosystems.

The 6th assessment report of the Intergovernmental Panel on Climate Change (IPCC) finds that the Agriculture, Forestry and Other Land Use (AFOLU) sector on average accounted for 13-21% of global total anthropogenic greenhouse gas emissions in the period 2010-2019,[61] and that deforestation is responsible for 45% of total AFOLU emissions.[62]

To reduce deforestation, pension providers should:

- Commit to a clear no-deforestation policy;
- Be transparent about investments in deforestation risk sectors (i.e. disclose financed greenhouse gas emissions related to Agriculture, Forestry and Other Land Use) and measure and disclose their financed GHG emissions related to the sector; and
- Disclose targets and a credible transition plan to mitigate GHG emissions from Agriculture, Forestry and Land Use across their portfolio.

An explanation of the elements in this theme is outlined below.

- **Commit to a no-deforestation policy**

  Specific requirements to be included in a credible no-deforestation policy include a commitment by companies and their suppliers to zero-deforestation and no-conversion of natural forests and ecosystems. Companies and their suppliers must not drain or degrade wetlands and peatlands, not convert or degrade High Carbon Stock (HCS) forest areas, and must identify and protect High Conservation Value (HCV) areas under their management.

- **Disclose investments in, and GHG emissions of, deforestation risk sectors**

  At least 13% of global total anthropogenic greenhouse gas emissions are caused by the Agriculture, Forestry and Other Land Use (AFOLU) sector.[63] Pension providers contribute to these emissions through their investment activities and must account for these financed emissions in their GHG inventories.

  Pension providers should disclose investments in the AFOLU sectors and measure and report the associated GHG emissions. Investee companies in AFOLU sectors will include farmers, plantation companies, traders, processors, crushers, refiners, slaughterhouses and consumer-goods companies which are active in deforestation-risk commodity sectors including beef, soy, palm oil, timber, pulp and paper, rubber, sugar cane.[64]

  Pension providers should provide investment-specific disclosure. As a second-best option, the pension provider can provide an overview in its annual report or on its website of the sectoral and regional breakdown of its investments. Such information is required in indicator FS6 of the Global Reporting Initiative's *G4 Financial Services Sector Disclosure (FSSD)*.[65] If the sector breakdown is sufficiently detailed, for example based on the first four digits of NACE or ISIC, this would provide a good indication of a pension provider's exposure to deforestation-risk commodity sectors. The Global Reporting Initiative (GRI) recommends financial institutions to continue using this *G4 Financial Services Sector Disclosure* together with the new *GRI Universal Standard*, as long as the three new *Sector Standards* for the financial sector are under development.[66]

- **Develop emission reduction targets and a credible transition plan to mitigate GHG emissions from the AFOLU sectors**

  The pension provider should publish targets for its financed Agriculture, Forestry and Land Use (AFOLU) emissions and should develop specific plans for all deforestation-risk sectors to which it has significant exposure.

The targets should align with a 1.5 °C global warming scenario under the Paris Climate Agreement, which requires a reduction of around 50% by 2030. The Expert Peer Review Group (EPRG) of the UN Race to Zero campaign notes that this reduction target implies average annual reductions of approximately 7 per cent following the 'Carbon Law' as a rapid roadmap for global decarbonisation. However, the EPRG also recognises that change may not be linear, in particular for hard-to-abate sectors and that 7% per year may be more/less ambitious depending on baseline, sector and geography.[67]

1.4.7 Stewardship instruments

Stewardship instruments are the tools that pension providers use to exercise influence over the climate plans and actions of their investees and to drive change. Policies are worthless if not implemented and enforced rigorously. Pension providers therefore need to be transparent on the actions through which their climate action policies are implemented and enforced.

Pension providers are assessed on the extent to which they have elaborated on their instruments of engagement, exclusion, divestment, or additional set of instruments they select. Pension providers should publish on their website which specific measures they choose, how they contribute to achieving emission reduction targets, and how they have implemented the measures in practice.

Disclosure on engagement is in line with the *G4 FSSD* of the GRI.[68] This requires financial institutions to provide information on voting practices and on how they deal with investments that do not (or no longer) meet the policy, the norms, or the contract conditions of the financial institution is now explicitly requested. Financial institutions have to report which action they have taken in these situations (for example engagement or exclusion), whether these actions have been successful and what further steps will be taken.

The Global Reporting Initiative recommends financial institutions to continue using this GRI *G4 FSSD* together with the new *GRI Universal Standard*, as long as the three new *Sector Standards* for the financial sector are under development.[69]

Similar requirements are included in the OECD’s *Guidelines on Responsible Business Conduct for institutional Investors*, which explain the application of the *OECD Guidelines for Multinational Enterprises* in the context of responsible investment. The guidelines suggest that the investor’s public reporting includes information on its voting records, on engagement activities undertaken by the investor, on companies with which the investor has engaged and on the results of engagement with specific companies.[70]

2

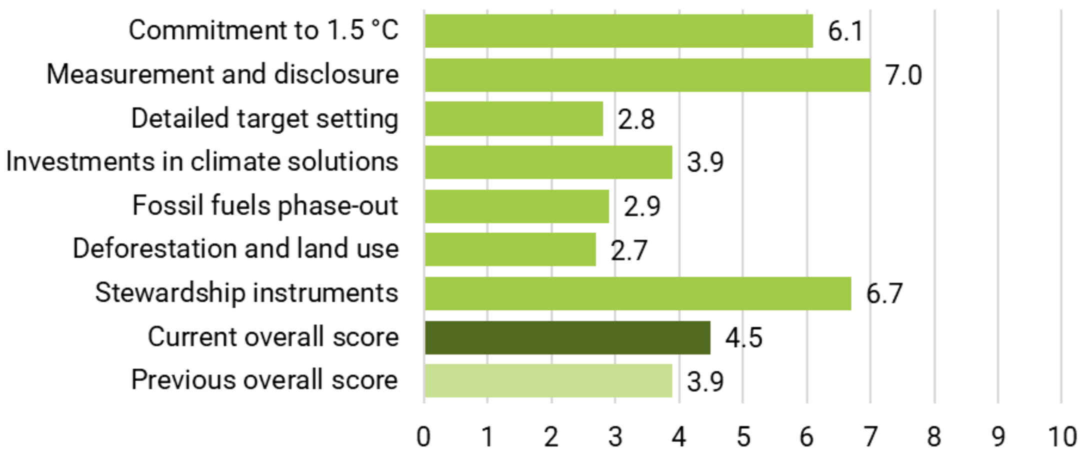
Policy assessment of pension providers

This chapter describes the status quo of UK pension providers' climate action policies. It presents best practices as well as areas for improvement in terms of UK pension providers' commitment to the Paris Climate Agreement and the measurement and disclosure of their financed carbon emissions. The chapter also reports on what level of detail UK pension providers use when setting emission reduction targets, as well as their policies on investments in climate solutions, phase out of fossil fuel companies, deforestation and land-use, and the quality of their stewardship instruments.

2.1 General findings

The overall findings indicate that the top defined contribution pension providers have limited policies and measures to address climate change issues. Figure 2 shows the average scores across the seven themes that were assessed.

Figure 2 Average scores per assessment theme



Note: The average overall score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

With an overall score of 4.5 out of 10, the policy assessments indicate a slight improvement compared to the assessments conducted last year.[71] Yet, the results illustrate that further development of pension providers' climate action plans is much needed.

- Global (rain)forests and peatlands are not adequately protected in investment policies: pension providers on average score 2.7 out of 10 for their deforestation and land use policies;
- Targets to reduce the carbon emissions of investment portfolios are lacking details: pension providers on average score 2.8 out of 10 for the theme *Detailed Target Setting*;
- Plans to phase out investments in fossil fuel-producing companies generally do not correspond with a 1.5 °C pathway: pension providers on average score 2.9 out of 10; and

- The savings of members are often insufficiently shifted towards climate solutions: on average, pension providers score 3.9 out of 10 for their *Investments in Climate Solutions*.

The pension providers perform best on the themes *Measurement and Disclosure* (score 7.0), *Stewardship Instruments* (score 6.7), and *Commitment to a 1.5 °C pathway* (score 6.0).

Table 6 gives more insight into the scores of individual pension providers, showcasing the results of the policy assessments of the selected pension providers across all seven themes. The pension providers are classified into four colour-marked categories based on their scores, namely those with:

- Poor climate polices: a score between 0.0 – 2.4, marked red;
- Inadequate climate policies: a score between 2.5 – 4.9, marked orange;
- Adequate climate policies: a score between 5.0 – 7.4, marked yellow; and
- Good climate policies: a score between 7.4 – 10.0, marked green.

Table 6 Mapping of pension providers across assessment themes

Pension provider	**Commitment to 1.5 °C**	**Measurement and Disclosure**	**Detailed Target Setting**	**Investments in Climate Solutions**	**Fossil Fuels Phase-out**	**Deforestation and land use**	**Stewardship Instruments**	**Overall Score**
Aegon	7.8	6.4	3.3	6.7	2.2	1.8	5.4	**4.6**
Aviva	4.4	10.0	5.8	6.7	2.2	2.7	6.2	**5.5**
Cushon	7.8	7.3	3.3	3.3	1.1	2.7	3.1	**3.9**
Fidelity International	4.4	5.5	0.8	0.0	3.3	3.6	7.7	**3.6**
Legal & General	4.4	4.5	2.5	3.3	3.3	5.5	10.0	**4.8**
Nest	6.7	6.4	4.2	6.7	5.6	2.7	8.5	**5.8**
Now: Pensions	6.7	6.4	5.0	3.3	6.7	4.5	6.2	**5.5**
Royal London	4.4	8.2	1.7	0.0	1.1	0.9	6.9	**3.3**
Scottish Widows	5.6	8.2	0.8	6.7	2.2	1.8	7.7	**4.7**
Smart Pension	8.9	7.3	2.5	6.7	4.4	2.7	6.2	**5.4**
Standard Life	5.6	4.5	0.8	3.3	2.2	0.9	7.7	**3.5**
The People's Pension	6.7	9.1	3.3	0.0	0.0	2.7	5.4	**3.7**
Average scores	**6.1**	**7.0**	**2.8**	**3.9**	**2.9**	**2.7**	**6.7**	**4.5**

The overall scores for the twelve pension providers range from 3.3, out of 10, to 5.8, with an average overall score of 4.5. Four pension providers have adequate climate action plans, while eight pension providers have inadequate climate action plans. None of the assessed UK pension providers have poor climate action plans, but neither can any of the climate action plans be marked as good.

Nest receives the best overall score of 5.8, followed by Aviva and Now:Pensions, both scoring 5.5. Royal London receives the lowest score of 3.3, followed by Standard Life with a score of 3.5 and Fidelity International with a score of 3.6.

Detailed overviews portraying how each pension provider scores on individual elements can be found in Appendix 2.

2.2 Findings per assessment theme

This section provides an analysis of the pension providers' climate action plans across the seven themes covered by the assessments, namely the commitment to a 1.5 °C pathway, measurement and disclosure of financed carbon emissions, the level of detail in setting emission reduction targets, investments allocated towards climate solutions, plans to phase out fossil fuel-producing companies, investment policies with respect to deforestation and relevant land use sectors, and policies and reporting on stewardship instruments.

2.2.1 Commitment to a 1.5 °C Pathway

The *Commitment to a 1.5 °C Pathway* theme assesses the pension provider's commitment to the 1.5 °C warming goal of the Paris Climate Agreement. Limiting the global average temperature increase to 1.5 °C, with no or limited overshoot, is crucial to avoid climatic catastrophes throughout the world.[72] In order to meet the criteria, pension providers should explicitly commit to aligning their investments with the Paris Climate Agreement and a 1.5 °C temperature increase scenario with no or limited overshoot. The policy should include both relative and absolute emission reduction targets set for the short (2025) and medium term (2030). Pension providers are also expected to set requirements for the use of third-party verified carbon offsets only for hard-to-abate carbon emissions.

Table 7 Scores on *Commitment to a 1.5 °C Pathway*

Commitment to a 1.5 °C Pathway	**Aegon**	**Aviva**	**Cushon**	**Fidelity International**	**L&G**	**Nest**	**Average**
This update	7.8	4.4	7.8	4.4	4.4	6.7	**6.1**
Previous update	5.6	6.7	7.8	4.4	5.6	4.4	**5.5**
Commitment to a 1.5 °C Pathway	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	6.7	4.4	5.6	8.9	5.6	6.7	**6.1**
Previous update	3.3	4.4	5.6	8.9	6.7	2.2	**5.5**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

As shown in Table 7, the pension providers' commitments to a 1.5 °C pathway have slightly improved over the past year. On average, the pension providers now score 6.1 out of 10, for their commitments to the goals of the Paris Climate Agreement, compared to 5.5 last year.

All UK pension providers commit to aligning their investment portfolios with the goals of the Paris Climate Agreement. However, the climate commitments vary in levels of ambition. The most ambitious commitments to the Paris Climate Agreement are formulated by Now:Pensions, Smart Pension, Standard Life, and The People's Pension (TPP). These four pension providers explicitly commit to aligning their investment portfolios with a 1.5°C temperature increase scenario with no or limited overshoot. By specifying "no or limited overshoot" in their climate commitments, these pension providers go beyond temperature increase pathways of 1.6°C to 2°C. Such temperature increase scenarios would still be aligned with the Paris Climate Agreement but would have significant adverse effects on global society. [73]

Seven pension providers (Aegon, Cushon, Fidelity International, Legal & General (L&G), Nest, Royal London and Scottish Widows) commit to aligning their investment portfolios with the goals of the Paris Climate Agreement and set emission reduction targets (including interim 2030 targets) that align with a 1.5°C trajectory.

Aviva commits to achieving a net zero investment portfolio ten years prior to most of its peers: the pension provider sets a target of achieving net zero financed emissions by 2040. However, Aviva's trustees also state that they are "prepared to depart from [their emission reduction targets] when the Trustees consider that alignment with Aviva's net zero ambitions, including interim ambitions, is no longer in members' best interests." [74] As such, Aviva's climate commitments cannot be seen as aligned with a 1.5°C pathway, as it is uncertain whether Aviva will stick to its climate commitments.

All pension providers complement their broad net zero commitments with emission reduction targets set for the medium term (2030). These interim, medium-term targets at least aim at reducing relative financed emissions by 50% by 2030 compared to a 2020 baseline. Some pension providers set more ambitious mid-term goals. Cushon, for example, aims at reducing its relative financed emissions by at least 80% in 2030 against a 2023 baseline.[75]

Eight pension providers also set relative emission reduction targets for the short term (2025) (Aegon, Aviva, Legal & General, Nest, Now:Pensions, Smart Pension, Standard Life, The People's Pension). Additionally, having already surpassed the common 2030 target of reducing portfolio emissions by 50%, Cushon and Fidelity International perceive a short-term target as redundant.[76] However, none of the assessed pension providers formulate absolute emission reduction targets for the short- or medium-term.

In achieving their climate goals, half of the pension providers commit to only using carbon offsets to reduce hard-to-abate emissions (Aviva, Now:Pensions, Royal London, The People's Pension, Scottish Widows, and Nest). Of these providers, Scottish Widows and Nest also commit to only using third-party verified carbon credits. In other words, of the pension providers assigning a (small) role to carbon offsets in reaching their climate ambitions, only one-third requires their carbon credits to be certified by a legitimate third party. Additionally, 25% of the pension providers (3) commit to not using carbon offsetting at all in reaching their emission reduction targets (Smart Pension, Cushon, and Aegon).

2.2.2 Measurement and Disclosure

The *Measurement and Disclosure* theme assesses the pension providers' measurements and disclosures of financed carbon emissions. Pension providers are expected to measure and disclose their financed emissions both by asset class and by economic sector. An internationally recognised methodology should be used to measure and report the carbon footprint of the overall portfolio, including scope 1, scope 2, and scope 3 financed emissions.

Table 8 Scores on *Measurement and Disclosure*

Measurement and Disclosure	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	6.4	10.0	7.3	5.5	4.5	6.4	**7.0**
Previous update	4.5	7.3	9.1	5.5	6.4	6.4	**5.8**

Measurement and Disclosure	Now: Pensions	Royal London	Scottish Widows	Smart Pension	Standard Life	TPP	Average
This update	6.4	8.2	8.2	7.3	4.5	9.1	**7.0**
Previous update	4.5	5.5	7.3	4.5	5.5	3.6	**5.8**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

The outcomes of the policy assessment for the theme *Measurement and Disclosure* are summarised in Table 8. Overall, the pension providers have improved their measurement and disclosure of climate-related information, with the average increasing from 5.8 last year to 7.0 this year. This improvement is primarily driven by the fact that all pension providers now disclose scope 1, 2, and 3 emissions of investee companies for at least three economic sectors. Here, we see a significant improvement compared to last year, when only five pension providers disclosed Scope 3 portfolio emissions. Additionally, all pension providers use robust methodologies, such as PCAF or PACTA, to measure and disclose the carbon emissions of their investments.

Similar to last year's assessment, reporting of carbon footprints by the economic sectors in which their investee companies are active remains a gap in the climate action plans of UK pension providers: 75% of the pension providers (8) do not report any carbon emissions by economic sector. These providers include Aegon, Cushon, Fidelity International, Legal & General (L&G), Nest, Now:Pensions, Smart Pension, and Standard Life. Four pension providers do disclose the carbon footprints of their portfolios by economic sector. However, two of these providers (Royal London and The People's Pension (TPP)) only do so for part of their portfolio, whereas Scottish Widows and Aviva measure and disclose the carbon footprints of at least 90% of the economic sectors represented in the portfolio, measured either by portfolio exposure or by share of financed emissions.

Ten pension providers report on their carbon footprints by asset class. Out of these ten providers, four pension providers measure an disclose carbon footprints for at least 90% of all asset classes, measured either by portfolio exposure to these asset classes or by share of financed emissions. These providers include Aviva, Cushon, Smart Pension, and The People's Pension.

Somewhat less detailed are the disclosures reported by Aegon, Nest, Now:Pensions, and Royal London. These four pension providers measure and disclose the carbon footprints for at least listed equity and corporate bonds as separate metrics.

Two pension providers (Scottish Widows and Fidelity International) report the carbon footprints of their listed equity and corporate bond portfolios as one carbon metric. As such, their carbon footprint disclosures do not differentiate between these two asset classes.

Two pension providers do not disclose any carbon footprint metrics by asset class for their default scheme portfolios. Legal & General only discloses carbon footprints by asset class for certain sustainable funds members can choose to invest in. For the default scheme portfolio, however, Legal & General does not disclose any separate carbon metrics for specific asset classes. Additionally, Standard Life does not report any carbon footprints by asset class.

2.2.3 Detailed Target Setting

The *Detailed Target Setting* theme assesses what level of detail pension providers apply in setting their climate goals. Pension providers are expected to set emission reduction targets for the full value chain of investees, including scope 1, 2, and 3 financed emissions. In doing so, pension providers should set specific emission reduction targets for economic sectors, based on credible sectoral emission reduction pathways, to ensure real-world decarbonisation trajectories rather than simply divesting from high-emitting sectors. Moreover, pension providers should set specific emission reduction targets for different asset classes to account for the differences between asset classes in terms of carbon intensity and influencing opportunities for investors.

Table 9 Scores on *Detailed Target Setting*

Detailed Target Setting	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	3.3	5.8	3.3	0.8	2.5	4.2	**2.8**
Previous update	3.3	3.3	2.5	0.8	1.7	2.5	**1.9**
Detailed Target Setting	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	5.0	1.7	0.8	2.5	0.8	3.3	**2.8**
Previous update	2.5	1.7	0.8	2.5	1.7	0.0	**1.9**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

The outcomes of the policy assessment for the theme *Detailed Target Setting* are summarised in Table 9. Overall, the pension providers have improved the level of detail of their emission reduction targets, with the average score increasing from 1.9 last year to 2.8 this year. Even so, the results illustrate that detailed target setting by pension providers in the UK is still subpar. Only two pension providers have set adequately detailed targets to reduce portfolio emissions, namely Aviva (score 5.8) and Now:Pensions (score 5.0). Their relatively higher score is mainly caused by the fact that these providers are the only two to set specific emission reduction targets for various economic sectors. As such, the results of the policy assessments reveal that sectoral emission reduction targets remain a gap in the climate action plans of pension providers in the UK.

Emission reduction targets set for specific asset classes are more common among pension providers, although most (9) only specify emission reduction targets for their corporate bonds and listed equity portfolios combined. Of these providers, Nest and Aviva report on the carbon emissions of their corporate bonds and listed equity portfolios separately, so it is possible to track progress on the emission reduction targets for each of these asset classes. Cushon is the only pension provider to report specific emission reduction targets for all asset classes held in the default scheme. Two pension providers (Scottish Widows and Fidelity International) do not set any specific emission reduction targets by asset class.

Furthermore, the policy assessments indicate that one-third of the pension providers (4) now set emission reduction targets that cover scope 1, 2, and 3 emissions in all sectors. These pension providers include The People's Pension (TPP), Nest, Aviva, and Aegon. Accordingly, the results signal a slight improvement in the scope coverage of the climate action plans, as last year, Aegon was the only pension provider to set emission reduction targets covering scope 3 emissions across its portfolio.

Nevertheless, the improvement is too meagre. Considering the magnitude of scope 3 emissions, it is critical that other pension providers follow this example in the coming year. Importantly, section 2.2.2 illustrates how all UK pension providers now report on the scope 3 emissions of their portfolios, signalling a recent improvement in scope 3 data availability. Subsequently, covering scope 3 by emission reduction targets is both necessary and feasible. Yet, half of the pension providers (6) only set specific emission reduction targets for scope 1 and 2 emissions, or they do not specify which scopes are covered by their targets, while two pension providers set reduction targets for scope 3 emissions only for a share of their investment portfolios.

2.2.4 Investments in Climate Solutions

The *Investments in Climate Solutions* theme assesses the pension providers' investment commitment towards climate solutions such as renewable energy, sustainable agriculture and forestry, and energy efficiency. In order to meet the emission reduction objectives and drive real-world change, pension providers should shift their investment allocation and increase investments in climate mitigation and adaptation. The pension providers must be ambitious in their investment strategy and should target at least 2% of total assets under management and administration (AuMA) within the next three years.

Table 10 Scores on *Investments in Climate Solutions*

Investments in Climate Solutions	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	6.7	6.7	3.3	0.0	3.3	6.7	**3.9**
Previous update	6.7	6.7	6.7	6.7	6.7	6.7	**5.3**
Investments in Climate Solutions	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	3.3	0.0	6.7	6.7	3.3	0.0	**3.9**
Previous update	3.3	3.3	6.7	6.7	3.3	0.0	**5.3**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score.

The outcomes of the policy assessment for the theme *Investments in Climate Solutions* are summarised in Table 10. Compared to the previous policy assessment, the average score on climate solutions investments decreased from 5.3 to 3.9 out of 10. The decrease in score is mainly due to the stricter focus on pension providers' default schemes this year. As a result, no points are awarded for investments in climate solutions by the pension providers' parent companies.

The policy assessments indicate that 25% of the pension providers (3) do not allocate any default scheme assets towards climate solutions, or at least do not report on this. These pension providers include The People's Pension (TPP), Royal London and Fidelity International.

While 33% of the pension providers (4) mention investment in climate solutions, they do not provide any specific details in terms of the amount allocated towards climate solutions or the kinds of climate solutions they invest in. These pension providers include Cushon, Legal & General (L&G), Now:Pensions and Standard Life.

Furthermore, 42% of the pension providers (4) provide some details on their investments in climate solutions. For example, Nest reports having "invested almost GBP 1.3 billion in renewable energy infrastructure equity and debt and is well on track to meet [the] target of GBP 1.4 billion by 2030." [77] However, more specific details in terms of the kind of climate solutions Nest (is planning to) invest in are not reported.

A pension provider that does report such details is Scottish Widows. In its Task Force on Climate-related Financial Disclosures Report, the pension provider specifies its plan to invest "at least GBP 1 billion into climate solutions investments by 2025. To define climate solution investments, [Scottish Widows looks] at the proportion of company revenue associated with activities such as alternative energy, energy efficiency, green building, sustainable agriculture, sustainable water and pollution prevention, using MSCI Environmental Impact Revenue data." [78] However, Scottish Widows does not set an ambitious target of allocating at least 2% AuMA towards climate solutions within the next three years.

2.2.5 Fossil Fuel Phase-outs

The Fossil Fuel Phase-outs theme assesses the pension providers' commitments to phase out investments in the fossil fuel industry, and to ensure that fossil fuel-producing investee companies are aligned with the Paris goal by setting credible 1.5°C scenario plans. In order to meet the criteria, pension providers should exclude companies that engage in new oil or gas exploration or development activities from their investment portfolio. The pension provider should also set clear targets to phase out investments in companies involved in coal production or coal-fired power plants.

Table 11 Scores on *Fossil Fuel Phase-outs*

Fossil Fuel Phase-outs	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	2.2	2.2	1.1	3.3	3.3	5.6	**2.9**
Previous update	0.0	3.3	1.1	1.1	3.3	5.6	**2.0**
Fossil Fuel Phase-outs	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	6.7	1.1	2.2	4.4	2.2	0.0	**2.9**
Previous update	3.3	1.1	2.2	1.1	2.2	0.0	**2.0**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. Pension providers not included in the current study were not taken into account when calculating the previous average score. Additionally, please note that the 2024 report inadvertently listed a score of 3.3 for Nest. This has been promptly addressed and updated accordingly.

As shown in Table 11, the results of the policy assessments reveal that pension providers' policies to phase out fossil fuel investments remain subpar. On average, the pension providers score 2.9 out of 10 on the theme *Fossil Fuel Phase-Out*. Only two pension providers have made significant improvements since the last policy assessment: Now:Pensions now scores 6.7, compared to 3.3 last year, for its policies to phase out fossil fuel investments, while Smart Pension now scores 4.4, compared to 1.1 last year. Despite this improvement, however, Smart Pension's policies to phase out fossil fuels remain inadequate.

The policy assessments indicate that two of the pension providers (Cushon and The People's Pension) do not require fossil fuel-producing companies to commit to the Paris Climate Agreement. Half of the pension providers (6) require fossil fuel-producing companies they invest in to commit to the Paris Climate Agreement, but without an explicit mention of alignment with a 1.5°C scenario. Among these pension providers are Aegon, Aviva, Nest, Royal London, Scottish Widows and Smart Pension. Three pension providers do require fossil fuel-producing companies to explicitly commit to aligning with a 1.5°C trajectory, namely Fidelity International, Legal & General, and Standard Life. Notably, Now:Pensions is the only UK pension provider to already have divested from fossil fuel-producing companies not aligning with a 1.5°C scenario.

With respect to policies for the coal sector, seven pension providers make no new investments in companies planning to develop new coal mines or coal-fired power plants, or in companies involved in coal production or coal-fired power plants for more than 5% of their activities. These pension providers include Smart Pension, Scottish Widows, Legal & General, Fidelity International, Cushon, Aviva, and Aegon. Two pension providers (Nest and Now:Pensions) have a credible phase-out strategy for coal companies, with Now:Pensions already excluding thermal coal companies, except in cases where the exposure is minimal and there are plans to phase out thermal coal activities by 2030. A quarter of the assessed pension providers (3) do not have any policies concerning investments in coal mining companies or coal-fired power plants. These pension providers include Standard Life, The People's Pension, and Royal London; they would do well to take an example from the coal policies set by Now:Pensions.

Looking more closely at policies concerning oil and gas-producing companies, the policy assessments reveal that a majority of the pension providers (10) have no policy concerning companies that are engaged in new oil or gas exploration or development. Among these pension providers are Aegon, Aviva, Cushon, Fidelity International, Legal & General, Now:Pensions, Royal London, Scottish Widows, Standard Life, and The People's Pension. Nest and Smart Pension are the only two pension providers to set a policy against new investments in companies involved in new oil and gas exploration or production.

2.2.6 Deforestation and Land Use

The elimination of deforestation, and management of emissions from AFOLU sectors is an important contributor to reducing global greenhouse gas (GHG) emissions. Pension providers are expected to clearly set a comprehensive no-deforestation policy, which should include a commitment by investee companies to zero-deforestation and no-conversion of natural forests and ecosystems. The policy should set requirements for ecologically sensitive areas such as High Conservation Value (HCV) areas, wetlands, peatlands, and High Carbon Stock (HCS) areas.

The theme also assesses the pension providers' investments and emissions disclosures and transition plans for the deforestation-risk sectors on their portfolio. Pension providers should disclose the investments made in the Agriculture, Forestry, and Other Land Use (AFOLU) sectors, along with the financed GHG emissions associated with the sector. The providers should also develop emission reduction targets aligned with a 1.5 °C pathway.

Table 12 Scores on *Deforestation and Land Use*

Deforestation and Land Use	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	1.8	2.7	2.7	3.6	5.5	2.7	**2.7**
Previous update	0.9	2.7	3.6	4.5	3.6	1.8	**1.8**
Deforestation and Land Use	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	4.5	0.9	1.8	2.7	0.9	2.7	**2.7**
Previous update	0.0	0.0	1.8	1.8	0.9	0.0	**1.8**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. . Pension providers not included in the current study were not taken into account when calculating the previous average score.

The outcomes of the policy assessment for the theme *Deforestation and Land Use* are summarised in Table 12. Overall, the pension providers' policies on deforestation and land use issues have slightly improved, with average scores increasing from 1.8 out of 10 last year to 2.7 this year. Legal & General (L&G) is the only pension provider with adequate policies on deforestation and land use. Among the poorest-scoring pension providers are Standard Life and Royal London (score 0.9) and Aegon and Scottish Widows (score 1.8).

The policy assessments indicate that all pension providers now formulate a public commitment to tackle deforestation, for example by joining the Nature 100+, a financial sector engagement initiative "focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss".[79] However, for half of the providers (6), the "no-deforestation" commitment lacks details such as target dates and key commodities or sectors to focus their "no-deforestation" efforts on. These pension providers include Aegon, Nest, Royal London, Scottish Widows, Smart Pension and Standard Life. Pension providers that do mention such details include Aviva, Cushon, Fidelity International, Legal & General, Now:Pensions and The People's Pension (TPP).

Three-quarters of the pension providers (9) have already translated their broad "no-deforestation" commitments into investment policies. However, seven of these pension providers do not mention in their policies critical areas that require conservation and preservation, such as wetlands, peatlands, High Carbon Stock (HCS) forest areas, or High Conservation Value (HCV) areas. Only Smart Pension and Legal & General have integrated these important components into their nature-related investment policies, with Legal & General being the only pension provider to also pay attention to investee companies' supply chains.

Fundamental to any "no-deforestation" policy is the measuring and disclosing of investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use (AFOLU) sectors. Only 25% of the pension providers disclose a sectoral breakdown of investments in the AFOLU sectors. These pension providers include Fidelity International, Legal & General, Nest, and Scottish Widows. However, none of the pension providers also report on the associated GHG emissions of the investments in these deforestation-risk sectors. As such, measurements and disclosures of investments and associated GHG emissions in the AFOLU sectors comprise a transparency gap in the public reports of UK pension providers.

Not surprisingly, then, emission reduction targets set for the AFOLU sectors are also largely missing from the policies of pension providers in the UK: 92% of the assessed pension providers (11) do not transparently report on their investments and associated emissions in the AFOLU sector is therefore alarming. Only Now:Pensions has set emission reduction targets for the food, beverages and agriculture sectors, but emission reduction targets for the forestry sector are missing in the policy.

2.2.7 Stewardship Instruments

The *Stewardship Instruments* theme assesses the pension providers' stewardship and engagement policies to meet global climate goals. Pension providers are expected to use stewardship and engagement in a targeted way with companies and asset managers, to meet global temperature goals and emissions reduction targets. In doing so, pension providers should use and report on shareholder voting to achieve climate objectives and set clear divestment and exclusion policies for companies and asset managers. Pension providers can also receive scores for their active participation in sectoral climate initiatives and public advocacy on climate-related topics.

Table 13 Scores on *Stewardship Instruments*

Stewardship Instruments	Aegon	Aviva	Cushon	Fidelity International	L&G	Nest	Average
This update	5.4	6.2	3.1	7.7	10.0	8.5	**6.7**
Previous update	3.1	8.5	3.1	8.5	10.0	9.2	**5.8**
Stewardship Instruments	**Now: Pensions**	**Royal London**	**Scottish Widows**	**Smart Pension**	**Standard Life**	**TPP**	**Average**
This update	6.2	6.9	7.7	6.2	7.7	5.4	**6.7**
Previous update	1.5	6.2	8.5	3.1	6.9	0.8	**5.8**

Note: The average score for the previous policy assessment is calculated based on the scores of pension providers in scope of the current research. . Pension providers not included in the current study were not taken into account when calculating the previous average score.

The outcomes of the policy assessment for the theme *Stewardship Instruments* are summarised in Table 13. Overall, the pension providers' policies and reporting on stewardship instruments have slightly improved compared to last year, with the average score increasing from 5.8 to 6.7 out of 10. Similar to last year, Legal & General (L&G) receives the highest possible score of 10.0. Other well-performing pension providers for this theme include Nest (score 8.5) and Fidelity International, Scottish Widows, and Standard Life (all three scoring 7.7).

All pension providers have a stewardship and engagement policy related to climate change, but it is not always clear how the process of engaging with investee companies works. For example, Aviva and Cushon do not clearly explain their expectations for investee companies with respect to climate goals, or what measures they take when companies fail to meet their climate-related expectations.

The majority of the pension providers (10) do have a stewardship and engagement policy on climate change, which explains how the instrument is used and contributes to achieving global temperature goals and emission reduction targets, including a description of the process. The policies of these providers also describe what measures are taken when engagement fails, such as exclusion or divestment.

However, not all pension providers report well on the results of their climate-related engagements with investee companies. Most pension providers only report the total number of engagements held with companies, accompanied by a few case studies to highlight (good) examples. Considering that pension providers' asset managers engage with hundreds of companies each year, such limited reporting does not tell the general public much about the results achieved through engagement. Structural reporting on climate-related engagements was only found for three pension providers, namely Standard Life, Legal & General, and Fidelity International. Particularly, the structural reporting by Legal & General stands out: Legal & General Investment Managers (LGIM) – the asset management branch responsible for managing Legal & General (default scheme) assets – periodically reports on the results of its engagements with company in quarterly reports. LGIM also reports online on the results of its company engagements: on its website, LGIM publishes the ESG-scores it assigns to companies during and after engagement using a traffic light system, including changes in a company's rating since the previous reporting period, to signal progress throughout the engagement period.[80]

Additionally, all pension providers have a voting policy on climate-related topics. In most cases (11), the voting policy clearly explains how it contributes to achieving climate-related targets, and when the instrument is used. As such, these pension providers formulate clear expectations of asset managers as well as investee companies. Cushon is the only pension provider that does not clearly explain its expectations for asset managers with respect to voting on climate-related matters.

With respect to reporting on climate-related shareholder votes, the outcomes of the policy assessment reveal a more scattered picture:

- One pension provider does not transparently report on their climate-related votes at all, namely Aegon;
- Three pension providers only disclose the number of votes on climate-related topics, but not the names of companies (Cushon, Now:Pensions and The People's Pension);
- Five pension providers disclose the number and topics of climate-related votes, as well as the names of companies. These pension providers include Aviva, Fidelity International, Royal London, Smart Pension, and Standard Life; and
- Three pension providers also disclose at least one filed shareholder resolution in support of emission reduction targets, as well as disclosing the number and topics of climate-related votes and the names of companies. These pension providers include Legal & General, Nest, and Scottish Widows.

Although most pension providers state to prefer engagement over divestment, all pension providers have some divestment and exclusion policy on climate-related topics. However, in many cases (9), it is not clear how the process works, or the divestment and exclusion policy is not strong enough to be considered aligned with global temperature goals. Examples of such policies include exclusion policies in which only the most controversial oil and gas companies are excluded from investment, such as oil and gas derived from tar sands or the Arctic.

Three pension providers have an exclusion and divestment policy aligned with global temperature goals and explain how and when the instruments are used. These pension providers include Nest, Now:Pensions, and Legal & General, the latter being the only pension provider to also report transparently on the results of its divestment policy.

Most pension providers (11) also report on other instruments to achieve global temperature goals, such as active participation in financial sector initiatives, or by participating in public policymaking processes through advocacy. Cushon is the only exception, as the pension provider does not transparently report on the use of such additional instruments in support of global climate objectives.

3

Call to action

This chapter presents the conclusions drawn from the policy assessments and identifies what areas UK DC pension providers should prioritise in 2024 and beyond, to drive positive change for a more sustainable future.

3.1 Conclusions

In this research, the climate action plans of UK DC pension providers are assessed and scored on a 0 – 10 range and classified into four categories based on their scores, namely:

- 7.5 – 10: the pension provider has good climate policies
- 5.0 – 7.4: the pension provider has adequate climate policies
- 2.5 – 4.9: the pension provider has inadequate climate policies
- 0.0 – 2.4: the pension provider has poor climate policies

The results of this analysis are summarised in Table 14.

Table 14 Overview of pension providers' climate action plans by category

Category	Score range	Provider	Score
Good climate policies	7.5 – 10	-	-
Adequate climate policies	5.0 – 7.5	Nest	5.8
		Aviva	5.5
		Now: Pensions	5.5
		Smart Pension	5.4
Inadequate climate policies	2.5 – 5.0	Legal & General	4.8
		Scottish Widows	4.7
		Aegon	4.6
		Average score	***4.5***
		Cushon	3.9
		The People's Pension	3.7
		Fidelity International	3.6
		Standard Life	3.5
		Royal London	3.3
Poor climate policies	0.0 – 2.5	-	-

We have seen that 33% of pension providers (4) now have climate policies that can be categorised as adequate, namely Nest (score 5.8), Aviva (score 5.5), Now:Pensions (score 5.5), Smart Pension (score 5.4). Nevertheless, it should be noted that, with these scores, even these pension providers fall into the lower ranges of this category, stipulating significant room for improvement. A majority

(67%) of pension providers have inadequate climate policies. None of the providers have poor climate policies, but neither does any pension provider have a good climate action plan. On average, pension providers attain an overall score of 4.5. This means that UK DC pension providers need to promptly improve their climate policies in order to align their investment portfolios with the objective of the Paris Climate Agreement of limiting the global temperature increase to 1.5°C and drive real-world change.

The themes on which UK DC pension providers score best include their commitments to the goals of the Paris Climate Agreement (score 6.1), measurements and disclosures of the carbon footprints of their investments (score 7.0), and the use of stewardship instruments (score 6.7). Compared to last year, more pension providers now set short- and medium-term relative emission reduction targets. Yet, none of the pension providers have formulated absolute emission reduction targets for the short- or medium-term. Notably, measurements and disclosures of scope 3 financed emissions have significantly improved compared to last year. However, more granular reporting on carbon footprints is still missing: emission disclosures by sector remain a gap in the climate action plans of UK pension providers.

Themes on which the pension providers perform inadequately include investments allocated towards climate solutions (score 3.9), the phasing-out of fossil fuels from the investment portfolio (score 2.9), the level of detail in setting emission reduction targets (score 2.8), policies to eliminate deforestation by investee companies (score 2.7). In spite of improved reporting on scope 3 financed emissions, reduction targets often do not cover scope 3 emissions. Although the quality of scope 3 data may remain an issue, we urge UK pension providers to opt for progress over perfection: moving forward on climate action plans with imperfect data is better than not progressing at all, especially bearing in mind the magnitude of scope 3 emissions compared to scope 1 and 2.

Furthermore, setting emission reduction targets by economic sector may help pension providers to drive real-world change. After all, economic sectors vary extensively in terms of their challenges and opportunities for decarbonisation. This is particularly true for the Agriculture, Forestry, and Other Land Use (AFOLU) sector and the fossil fuel industry. In the case of the former, high risks of deforestation and conversion of natural ecosystems persist. The finding that 92% of the assessed pension providers do not transparently report on their investments and associated emissions in the AFOLU sector is therefore alarming.

In relation to fossil fuels, pension providers should set stricter policies to phase out coal, oil, and gas from their investment portfolios. The policy assessments have revealed that only two of the assessed pension providers have a clear public policy on excluding companies engaged in new oil or gas expansion. Equally, only two of the assessed pension providers have a credible transition plan to phase out coal investments in line with a 1.5°C pathway.

In their climate policies, pension providers still emphasise their preference for engagement over divestment and exclusion in strategising their climate action plans. Where pension providers choose engagement-oriented stewardship policies, it is important that both their engagement and voting policies, as well as their procedures for engaging with their investment managers (where relevant), are robust. In this respect, the assessment results signal improvements compared to last year, with more pension providers now setting clear, coherent, and specific strategies and policies on shareholder engagement and voting.

Yet, structural reporting on the results of engagement activities is generally lacking. Far too often, pension providers simply highlight a few case studies to showcase good examples. Set against the hundreds of engagements asset managers conduct with investee companies each year, a few case studies do not tell the general public much about the actual progress being made, or not made. Especially with respect to investments in the fossil fuel-producing industry, more transparent reporting on the outcomes of engagements with companies is crucial. Some pension funds in other countries, such as the Netherlands, have declared that they have no more faith that further engagement with a majority of fossil fuel-producing companies will result in their alignment with a 1.5°C trajectory, and consequently now divest from these companies instead. [81] Bearing this in mind, and considering how UK pension providers prefer engagement over divestment and exclusion – illustrated by their low score on the theme Fossil Fuel Phase-outs – it is vital that UK pension providers improve their reporting on engagement activities and outcomes. The reporting done by Legal & General can serve as an example or best practice here.

3.2 Next steps

This study highlights that UK pension providers are making incremental progress in their climate commitments and becoming more transparent about the overall climate impact of their portfolios. However, when it comes to more tangible actions - such as setting specific emission reduction targets, investing in climate solutions, phasing out fossil fuels, eliminating deforestation, and ensuring transparent reporting on stewardship practices - there are still significant gaps in the climate action plans of UK pension providers. To drive meaningful change, UK pension providers should focus on the following priority areas in 2025 and beyond:

- **Translate broad climate commitments into detailed emission reduction targets aligned with a 1.5°C pathway with minimal or no overshoot**

  In order to meet global temperature goals, pension providers must convert their general climate commitments into specific, detailed emission reduction targets that are consistent with a 1.5°C pathway. These targets should include absolute reductions for both the short (2025) and medium (2030) terms. Targets should be set by asset class to provide clear, actionable mandates for external asset managers and to facilitate tracking progress over time. Additionally, sector-specific emission reduction targets should be established, particularly for high-emitting sectors like fossil fuels and Agriculture, Forestry, and Other Land Use (AFOLU). Furthermore, pension providers should specify the role of carbon credits in meeting their emission reduction targets and commit only to using third-party verified carbon credits for offsetting hard-to-abate emissions.

- **Enhance measurements and disclosures, including sectoral emissions and AFOLU sectors**

  Pension providers should continue to build on the progress made on this theme by reporting sectoral greenhouse gas (GHG) emissions, including those linked to investments in AFOLU sectors. Ideally, pension providers should use at least the first two digits of NACE or ISIC codes to classify economic sectors.

- **Increase investments in climate solutions and address barriers to investment**

  To support the transition to a green economy, pension providers should scale up investments in climate solutions such as renewable energy, sustainable agriculture, forestry, and energy efficiency. This green investment strategy should include clear short-term goals, with at least 2% of total assets under management (AUM) allocated to climate solutions.

- **Strengthen responsible investment policies to protect critical biodiversity and achieve climate goals**

  UK pension providers should enhance their policies by requiring investee companies to refrain from converting wetlands, peatlands, High Carbon Stock (HCS) forest areas, and High Conservation Value (HCV) areas

- **Set up robust frameworks for shareholder voting and engagement with investee companies and report transparently and periodically on results**

  Pension providers should set up robust policy frameworks for shareholder voting and engagement with investee companies. A robust approach entails setting clear expectations for investee companies and external asset managers on specific, concrete issues. Merely listing broad priority themes is insufficient; expectations must be well-defined and actionable. Additionally, a robust strategy requires ensuring that engagement efforts are meaningful and have tangible consequences. The lack of clarity is particularly concerning in relation to fossil fuel-producing companies. It is essential that unsuccessful engagement on climate issues results in concrete action; high-emitting companies failing to make adequate progress towards alignment with a 1.5ºC pathway should be excluded from investments. Finally, pension providers must commit to transparent reporting on the outcomes of their policies regarding divestment, exclusions, voting, and engagement. Reporting on a few cases is not sufficient.

Making these improvements would help pension providers to align their portfolios with climate goals and to drive the necessary transition to a sustainable future, while aiding British pension savers in choosing a sustainable option for their retirement scheme.

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Appendix 1 Policy assessment framework

Table 15 lists the 24 elements used in the policy assessment framework and also provides details on the scoring criteria for each element.

Table 15 Policy assessment framework

#	Element	Score	Criteria
Theme: Commitment to a 1.5°C pathway			
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0	No commitment to the Paris Climate Agreement goal, or the statement is vague: it mentions the Paris Climate Agreement but does not make a commitment to align the investment portfolio
		2	Explicit commitment to align the investment portfolio with the Paris Climate Agreement but with no explicit mention of alignment with a 1.5ºC scenario
		4	Explicit commitment to align the investment portfolio with the Paris Climate Agreement, with explicit mention of alignment with a 1.5ºC scenario, or, a 'net zero by 2050' commitment, including interim (2030) targets for at least 50% reduction compared to a 2019 baseline.
		6	Explicit commitment to align the investment portfolio with the Paris Climate Agreement, with explicit mention of alignment with a 1.5ºC scenario with no or limited overshoot
2	Set short- and medium- term and absolute emission reduction targets (at pension provider level)	0	Targets are not specified, are not specified until after 2030, or do not reference a base year
		2	Relative emission reduction targets that reference a base yet are set for the medium term (2030)
		4	Relative emission reduction targets that reference a base year are set for the short term (2025) and medium term (2030), or absolute emission reduction targets are set for the medium term (2030) for around half or more of investments
		6	Absolute emission reduction targets are set, and reference a base year, for the short term (2025) and medium term (2030)
3	Reduction targets are independent from carbon offsetting	0	Carbon offsetting is assigned a significant role in reaching the emission reduction targets or the role of carbon offsetting in reaching emission reduction targets is not explained
		2	A small role ("residual emissions" or "hard-to-abate emissions") is assigned to carbon offsetting to reach emission reduction targets without a valid justification for the inclusion of carbon offsetting
		4	A small role is assigned to carbon offsetting to reach emission reduction targets with a valid justification for the inclusion of carbon offsetting, and the carbon offsetting claims are certified by a third party
		6	Commitment to not use carbon offsets to reach emission reduction targets

#	Element	Score	Criteria
Theme: Measurement and disclosure			
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	0	The carbon footprint of the overall portfolio is not measured or not disclosed
		2	The carbon footprint of the overall portfolio is measured and disclosed, but no internationally recognised and reliable methodologies are used or it is unclear which methodologies are used
		4	The carbon footprint of the overall portfolio is measured with internationally recognised and reliable methodologies e.g. the Partnership for Carbon Accounting Financials (PCAF), the Paris Agreement Capital Transition Assessment (PACTA), or similar, and the results are disclosed
5	Carbon footprints are measured and disclosed for the full value chain of investees	0	Carbon footprints are not measured or not disclosed
		2	Carbon footprints are measured and disclosed, but only for scope 1 and 2 emissions of investee companies
		4	Carbon footprint are measured and disclosed for scope 1 and 2 emissions of investee companies, and for the scope 3 emissions of at least one economic sector
		6	Carbon footprints are measured and disclosed for scope 1 and 2 emissions of investee companies, and for scope 3 emissions of at least three economic sectors
6	Carbon footprints are measured and disclosed by sector	0	Carbon footprints are not measured/disclosed for any specific sector
		2	Carbon footprints are measured and disclosed for several sectors under a solid methodology. There is no explanation why other relevant sectors are not included (e.g. no or minimal exposure in the portfolio)
		4	Carbon footprints are measured and disclosed for half of the sectors, or a list of the most relevant sectors the pension provider has identified, under a solid methodology
		6	Carbon footprints are measured and disclosed under a solid methodology for at least 90% of the economic sectors represented in the portfolio (measured by exposure or emissions)
7	Carbon footprints are measured and disclosed by asset class	0	Carbon footprints are not measured/disclosed for any asset class
		2	Carbon footprints are measured and disclosed for at least equities or corporate bonds under a solid methodology. Score for disclosures that do not differentiate between equities and corporate bonds
		4	Carbon footprints are measured and disclosed for at least equities and corporate bonds under a solid methodology
		6	Carbon footprints are measured and disclosed under a solid methodology for at least 90% of all asset classes (measured by exposure or emissions)

#	Element	Score	Criteria
Theme: Detailed target setting			
8	Emissions reduction targets are set for the full value chains of investees	0	Targets do not consider the scope of emissions of investees, or the pension provider is not transparent about this
		2	Targets apply to scopes 1 and 2 of investees' emissions across all sectors
		4	Targets apply to scopes 1, 2 and 3 of investees' emissions in some sectors. Where data is missing for scope 3 emissions, the pension provider should explain how they are working on getting the data or what estimates they are using
		6	Targets apply to scopes 1, 2 & 3 of investees' emissions in all sectors
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0	No emissions reduction targets are set for any specific sector
		2	Emissions reduction are set for several economic sectors. There is no explanation why other relevant sectors are not included (e.g. no or minimal exposure in the portfolio)
		4	Emissions reduction targets are set for half of the economic sectors represented in the portfolios, or a list of the most relevant sectors the pension provider has identified
		6	Emissions reduction targets are set for at least 90% of the economic sectors represented in the portfolio (measured by exposure or emissions)
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0	Sectoral targets are not yet based on credible sector pathways, or this is not disclosed
		2	Sectoral targets are based on a credible sector pathway for at least one economic sector.
		4	Sectoral targets are based on credible sector pathways for half of the sectors or a list of the most relevant sectors for the financial institution identified under a solid methodology. There is no explanation why other relevant sectors are not included (e.g., none or minimal exposure in the portfolio)
		6	Sectoral targets are based on credible sector pathways for at least 90% of the economic sectors represented in the portfolio (measured by exposure or emissions)
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	0	No emissions reduction targets are set for any asset class
		2	Emissions reduction targets are set for at least equities or corporate bonds under a solid methodology
		4	Emissions reduction targets are set for at least equities and corporate bonds under a solid methodology. Score for targets that cover both but don't differentiate between the two asset classes only score 4 if disclosures are presented individually for corporate bonds and equities (see element 7)
		6	Emissions reduction targets are set under a solid methodology for at least 90% of all asset classes (measured by exposure or emissions)

#	Element	Score	Criteria
Theme: Investments in climate solutions			
12	Investments in climate solutions are made	0	No investments in climate solutions are specifically mentioned
		2	Investments in climate solutions are mentioned, but without specific details
		4	Details on investments in climate solutions are reported, and a climate solution investment strategy described
		6	Details about investments in climate solutions are reported as well as a specific strategy or plan for new and increasing investments of at least 2% of total AUM within the next three years. Reported details should specify what kind of climate solutions the pension provider invests in and how much
Theme: Phase-out of fossil fuels			
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0	Does not require fossil-fuel producing companies it invests in to commit to the Paris Climate Agreement
		2	Requires fossil fuel-producing companies it invests in to commit to align with the Paris Climate Agreement, but with no explicit mention of alignment with a 1.5ºC scenario
		4	Requires fossil fuel-producing companies it invests in to commit to align with the Paris Climate Agreement, with explicit mention of alignment with a 1.5ºC scenario
		6	Does not invest in fossil fuel-producing companies or, if it does, it specifies that FF companies must align to 1.5 ºC and sets out key expectations as part of this (e.g. interim absolute scope 3 emission reductions), and the escalating stewardship measures taken, including divestment, if companies fail to meet these expectations
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0	Has no policies concerning investments in companies producing coal or in coal-fired power plants
		2	Makes no new investments in companies planning to develop new coal mines or coal-fired power plants, or in companies involved in coal production or coal-fired power plants for more than 5% of their activities
		4	Makes no new investments in companies involved in coal production or coal-fired power plants and has a credible transition plan, with short-term (2025) and mid-term targets (2030), to phase out investments in companies producing coal and in coal-fired power plants
		6	Has completely phased out investments in companies producing coal and in coal-fired power plants
15	Investments in companies engaged in new oil or gas exploration or development are excluded	0	Has no policy concerning new oil or gas exploration or development
		2	Has a stewardship policy related to companies that engage in new oil or gas exploration or development, but the policy is unclear on how the process works or what measures are taken when engagement fails
		4	Specifies the escalating stewardship measures taken, including divestment, if companies engage in new oil or gas exploration or development

#	Element	Score	Criteria
		6	Does not make new investments in companies involved in oil or gas exploration or development, and has divested existing holdings
Theme: Eliminate deforestation			
16	Public commitment to tackle deforestation is shown	0	The pension provider has not made a public commitment to tackle deforestation
		2	The pension provider has made a public commitment to tackle deforestation but without specific details (e.g. no date, and/or no specific commodities; inadequate detail/ambition/accountability)
		4	The pension provider has made a public commitment to tackle deforestation, provided dates, and included key commodities linked to deforestation
17	Commitment to a no-deforestation policy	0	The pension provider has no policy on eliminating deforestation
		2	The pension provider has a policy which sets some no-deforestation requirements
		4	The pension provider has a policy which sets clear requirements on zero-deforestation and no conversion of wetlands, peatlands, HCS forest areas and HCV areas for companies
		6	The pension provider has a policy which sets clear requirements on zero-deforestation and no conversion of wetlands, peatlands, HCS forest areas and HCV areas for companies and their suppliers
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0	The pension provider does not disclose a breakdown of its AFOLU sector investments and associated GHG emissions
		2	A sectoral breakdown is disclosed of investments in the AFOLU sectors but not of associated GHG emissions
		4	A sectoral breakdown is disclosed of investments in the AFOLU sectors as well as an estimate of total GHG emissions associated with these investments, based on a credible methodology
		6	A sectoral breakdown is disclosed of investments in the AFOLU sectors as well as estimates for GHG emissions associated with these investments broken down per commodity, based on a credible methodology
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0	The pension provider does not set emission reduction targets for the AFOLU sectors
		2	The pension provider sets some emission reduction targets for the AFOLU sectors, but they are long term or aspirational only
		4	The pension provider has set clear emission reduction targets for the AFOLU sectors, but these are not aligned with a 1.5°C pathway
		6	The pension provider has set clear emission reduction targets for the AFOLU sectors which are in line with a 1.5 °C pathway

#	Element	Score	Criteria
Theme: Stewardship instruments			
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	0	There is no stewardship/engagement policy, or it is vague and does not explain how the instrument serves to achieve global temperature goals and emissions reduction targets
		2	There is a stewardship/engagement policy related to global temperature goals and emissions reduction targets, but it is unclear how the process works or what measures are taken when engagement fails
		4	The stewardship/engagement policy explains how the instrument is used and contributes to achieving global temperature goals and emissions reduction targets, including a description of the process (e.g., selection process, setting clear objectives with investees, deadlines, and follow-ups). The policy describes what measures are taken when the engagement falls (e.g. exclusion and divestment)
		6	The stewardship/engagement policy explains how the instrument is used and contributes to achieving global temperature goals and emissions reduction targets, including a description of the process (e.g., selection process, setting clear objectives with investees, deadlines, and follow-ups). The policy describes what measures are taken when the engagement falls (e.g. exclusion and divestment)There is periodic reporting on the results of such engagements
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0	There is no pro-climate voting policy in support of global temperature goals and emissions reduction targets
		2	There is a voting policy in support of global temperature goals and emissions reduction targets , but it is unclear how the process works or how the instrument serves to achieve the emissions reduction targets
		4	There is a voting policy in support of global temperature goals and emissions reduction targets that explains how it contributes to achieving targets, and how and when the instrument is used. There are clear expectations of asset managers and investee companies
22	Shareholder voting related to global temperature goals and emissions reduction targets is publicly disclosed (including e.g.: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0	There is no voting in support of global temperature goals and emissions reduction targets, or voting is not publicly disclosed
		2	The number of votes in support of global temperature goals and emissions reduction targets is disclosed, and the topics of votes
		4	The number of votes in support of global temperature goals and emissions reduction targets is disclosed, the numbers against (if any), the topics of votes, and the names of the companies
		6	The number of votes in support of global temperature goals and emissions reduction targets is disclosed, the numbers against (if any), the topics of votes, and the names of the companies. At least one shareholder resolution is filed in support of emissions reduction targets, and disclosed
23	Divestment and exclusion is used with companies and with asset managers to meet	0	There is no policy of exclusions and divestment, or the pension provider does not explain how the policy contributes to meeting global temperature goals and emissions reduction targets

#	Element	Score	Criteria
	global temperature goals and emissions reduction targets	2	There is an exclusion and divestment policy related to global temperature goals and emissions reduction targets, but it is unclear how the process works, what the exclusion policy relates to, and/or or when divestment decisions are taken
		4	The exclusion and divestment policy explains how and when the instruments are used and contribute to achieving global temperature goals and emissions reduction targets
		6	The exclusion and divestment policy explains how and when the instruments are used and contribute to achieving global temperature goals and emissions reduction targets. There is periodic reporting on the results of a divestment policy
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g. exclusions; incentives; sectoral leadership and advocacy)	0	Other instruments to achieve global temperature goals and emissions reduction targets are not mentioned, they are vague, or it is unclear how they apply
		2	Other instruments are specified to help achieve global temperature goals and emissions reduction targets, and information on how they are used is provided. Award two points for being a signatory to sectoral initiatives when the PF illustrates how they actively contribute to these sectoral initiatives. When the PF only mentions being a signatory, it is not sufficient for a score.
		4	Other instruments are specified to help achieve global temperature goals and emissions reduction targets , and information on how they are used is provided. Periodic reporting occurs on results achieved with these instruments
	Total Score	**136**	

Appendix 2 Detailed scores per pension provider

The following tables provide the detailed scorecards for the 12 pension providers assessed in this research, with a selection of observations from the scoring.

Aegon

Table 16 compares the scores received by Aegon with the average scores across all elements.

Table 16 Pension Provider Scorecard: Aegon

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**5.6**	**7.8**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	2.0	6.0	2.8	6.0
Theme: Measurement and disclosure		**4.5**	**6.4**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	4.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	2.0	4.0	3.7	6.0
Theme: Detailed target setting		**3.3**	**3.3**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	6.0	6.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	2.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**6.7**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	4.0	3.9	6.0
Theme: Phase-out of fossil fuels		**0.0**	**2.2**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	2.0	2.0	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**0.9**	**1.8**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	2.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**3.1**	**5.4**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	0.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	2.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0.0	0.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**3.3**	**4.6**	**4.5**	**10.0**

Aviva

Table 17 compares the scores received by Aviva with the average scores across all elements.

Table 17 Pension Provider Scorecard: Aviva

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**6.7**	**4.4**	**6.1**	**10.0**

#	Element	Score 2024	Score 2025	Average score 2025	Max score
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	6.0	2.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	2.0	2.0	2.8	6.0
Theme: Measurement and disclosure		**7.3**	**10.0**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	2.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	6.0	6.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	4.0	6.0	3.7	6.0
Theme: Detailed target setting		**3.3**	**5.8**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	4.0	6.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	2.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	2.0	2.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	2.0	4.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**6.7**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	4.0	3.9	6.0
Theme: Phase-out of fossil fuels		**3.3**	**2.2**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	2.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	4.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**2.7**	**2.7**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	4.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	2.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Stewardship instruments		**8.5**	**6.2**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	2.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	4.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**5.4**	**5.5**	**4.5**	**10.0**

Cushon

Table 18 compares the scores received by Cushon with the average scores across all elements.

Table 18 Pension Provider Scorecard: Cushon

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**7.8**	**7.8**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	6.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	4.0	6.0	2.8	6.0
Theme: Measurement and disclosure		**9.1**	**7.3**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	6.0	6.0	6.0	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
6	Carbon footprints are measured and disclosed by sector	6.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	4.0	6.0	3.7	6.0
Theme: Detailed target setting		**2.5**	**3.3**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	2.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	4.0	6.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**3.3**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	2.0	3.9	6.0
Theme: Phase-out of fossil fuels		**1.1**	**1.1**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	0.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	2.0	0.0	0.7	6.0
Theme: Deforestation and land use		**3.6**	**2.7**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	2.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	2.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	4.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**3.1**	**3.1**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	4.0	2.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	2.0	2.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set	0.0	2.0	3.7	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
	2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)				
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	0.0	0.0	3.2	4.0
Overall score		**4.7**	**3.9**	**4.5**	**10.0**

Note: the 2024 report inadvertently listed an overall score of 4.6 for Cushon, instead of 4.7. This has been promptly addressed and updated accordingly.

Fidelity International

Table 19 compares the scores received by Fidelity International with the average scores across all elements.

Table 19 Pension Provider Scorecard: Fidelity International

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**4.4**	**4.4**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	0.0	0.0	2.8	6.0
Theme: Measurement and disclosure		**5.5**	**5.5**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	2.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	6.0	2.0	3.7	6.0
Theme: Detailed target setting		**0.8**	**0.8**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	2.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	0.0	0.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**0.0**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	0.0	3.9	6.0
Theme: Phase-out of fossil fuels		**1.1**	**3.3**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	4.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	2.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**4.5**	**3.6**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	4.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	4.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	2.0	2.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**8.5**	**7.7**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	6.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	4.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**4.5**	**3.6**	**4.5**	**10.0**

Legal & General

Table 20 compares the scores received by Legal & General with the average scores across all elements.

Table 20 Pension Provider Scorecard: Legal & General

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**5.6**	**4.4**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	2.0	0.0	2.8	6.0
Theme: Measurement and disclosure		**6.4**	**4.5**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	6.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	4.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	0.0	0.0	3.7	6.0
Theme: Detailed target setting		**1.7**	**2.5**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	4.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	2.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**3.3**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	2.0	3.9	6.0
Theme: Phase-out of fossil fuels		**3.3**	**3.3**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	4.0	4.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	2.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Deforestation and land use		**3.6**	**5.5**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	4.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	4.0	6.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	2.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**10.0**	**10.0**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	6.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	6.0	6.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	6.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**5.3**	**4.8**	**4.5**	**10.0**

Nest

Table 21 compares the scores received by Nest with the average scores across all elements.

Table 21 Pension Provider Scorecard: Nest

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**4.4**	**6.7**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	0.0	4.0	2.8	6.0
Theme: Measurement and disclosure		**6.4**	**6.4**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	4.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	6.0	4.0	3.7	6.0
Theme: Detailed target setting		**2.5**	**4.2**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	6.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	4.0	4.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**6.7**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	4.0	3.9	6.0
Theme: Phase-out of fossil fuels		**5.6**	**5.6**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	4.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	4.0	4.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	2.0	4.0	0.7	6.0
Theme: Deforestation and land use		**1.8**	**2.7**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	2.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	2.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	2.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**9.2**	**8.5**	**6.7**	**10.0**

#	Element	Score 2024	Score 2025	Average score 2025	Max score
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	6.0	6.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	4.0	4.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**5.3**	**5.8**	**4.5**	**10.0**

Note: The 2024 report inadvertently listed an overall score of 5.1 for Nest, instead of 5.3. This has been promptly addressed and updated accordingly.

Now: Pensions

Table 22 compares the scores received by Now: Pensions with the average scores across all elements.

Table 22 Pension Provider Scorecard: Now: Pensions

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**3.3**	**6.7**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	6.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	2.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	0.0	2.0	2.8	6.0
Theme: Measurement and disclosure		**4.5**	**6.4**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
5	Carbon footprints are measured and disclosed for the full value chain of investees	4.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	2.0	4.0	3.7	6.0
Theme: Detailed target setting		**2.5**	**5.0**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	2.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	4.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	4.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	4.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**3.3**	**3.3**	**3.9**	**10.0**
12	Investments in climate solutions are made	2.0	2.0	3.9	6.0
Theme: Phase-out of fossil fuels		**3.3**	**6.7**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	6.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	6.0	6.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**0.0**	**4.5**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	0.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	4.0	0.3	6.0
Theme: Stewardship instruments		**1.5**	**6.2**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0.0	4.0	3.8	4.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	2.0	2.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	0.0	4.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	0.0	2.0	3.2	4.0
Overall score		**2.6**	**5.5**	**4.5**	**10.0**

Royal London

Table 23 compares the scores received by Royal London with the average scores across all elements.

Table 23 Pension Provider Scorecard: Royal London

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**4.4**	**4.4**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	2.0	2.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	2.0	2.0	2.8	6.0
Theme: Measurement and disclosure		**5.5**	**8.2**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	6.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	4.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	2.0	4.0	3.7	6.0
Theme: Detailed target setting		**1.7**	**1.7**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	4.0	2.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	0.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**3.3**	**0.0**	**3.9**	**10.0**
12	Investments in climate solutions are made	2.0	0.0	3.9	6.0
Theme: Phase-out of fossil fuels		**1.1**	**1.1**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	0.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	2.0	0.0	0.7	6.0
Theme: Deforestation and land use		**0.0**	**0.9**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	0.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	0.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**6.2**	**6.9**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**3.1**	**3.3**	**4.5**	**10.0**

Scottish Widows

Table 24 compares the scores received by Scottish Widows with the average scores across all elements.

Table 24 Pension Provider Scorecard: Scottish Widows

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**5.6**	**5.6**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	4.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	2.0	2.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	4.0	4.0	2.8	6.0
Theme: Measurement and disclosure		**7.3**	**8.2**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	4.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	6.0	6.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	2.0	2.0	3.7	6.0
Theme: Detailed target setting		**0.8**	**0.8**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	2.0	2.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	0.0	0.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**6.7**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	4.0	3.9	6.0
Theme: Phase-out of fossil fuels		**2.2**	**2.2**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	4.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**1.8**	**1.8**	**2.7**	**10.0**

#	Element	Score 2024	Score 2025	Average score 2025	Max score
16	Public commitment to tackle deforestation is shown	2.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	0.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	2.0	2.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**8.5**	**7.7**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	6.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	4.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**4.6**	**4.7**	**4.5**	**10.0**

Smart Pension

Table 25 compares the scores received by Smart Pension with the average scores across all elements.

Table 25 Pension Provider Scorecard: Smart Pension

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**8.9**	**8.9**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	6.0	6.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
3	Reduction targets are independent from carbon offsetting	6.0	6.0	2.8	6.0
Theme: Measurement and disclosure		**4.5**	**7.3**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	6.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	0.0	6.0	3.7	6.0
Theme: Detailed target setting		**2.5**	**2.5**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	4.0	4.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	2.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**6.7**	**6.7**	**3.9**	**10.0**
12	Investments in climate solutions are made	4.0	4.0	3.9	6.0
Theme: Phase-out of fossil fuels		**1.1**	**4.4**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	2.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	2.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	2.0	4.0	0.7	6.0
Theme: Deforestation and land use		**1.8**	**2.7**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	2.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	2.0	4.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**3.1**	**6.2**	**6.7**	**10.0**

#	Element	Score 2024	Score 2025	Average score 2025	Max score
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	2.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0.0	4.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	2.0	2.0	3.2	4.0
Overall score		**3.8**	**5.4**	**4.5**	**10.0**

Standard Life

Table 26 compares the scores received by Standard Life with the average scores across all elements.

Table 26 Pension Provider Scorecard: Standard Life

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**6.7**	**5.6**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	6.0	6.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	4.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	2.0	0.0	2.8	6.0
Theme: Measurement and disclosure		**5.5**	**4.5**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	6.0	6.0	6.0	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
6	Carbon footprints are measured and disclosed by sector	0.0	0.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	2.0	0.0	3.7	6.0
Theme: Detailed target setting		**1.7**	**0.8**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	0.0	0.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	4.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**3.3**	**3.3**	**3.9**	**10.0**
12	Investments in climate solutions are made	2.0	2.0	3.9	6.0
Theme: Phase-out of fossil fuels		**2.2**	**2.2**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	4.0	4.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	0.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**0.9**	**0.9**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	2.0	2.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	0.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**6.9**	**7.7**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	6.0	6.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	4.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set	2.0	4.0	3.7	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
	2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)				
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	4.0	4.0	3.2	4.0
Overall score		**3.7**	**3.5**	**4.5**	**10.0**

The People's Pension

Table 27 compares the scores received by The People's Pension with the average scores across all elements.

Table 27 Pension Provider Scorecard: The People's Pension

#	Element	Score 2024	Score 2025	Average score 2025	Max score
Theme: Commitment to a 1.5°C pathway		**2.2**	**6.7**	**6.1**	**10.0**
1	Commitment to align with a 1.5°C scenario, as per the Paris Climate Agreement	4.0	6.0	4.5	6.0
2	Set short and medium term and absolute emissions reduction targets	0.0	4.0	3.7	6.0
3	Reduction targets are independent from carbon offsetting	0.0	2.0	2.8	6.0
Theme: Measurement and disclosure		**3.6**	**9.1**	**7.0**	**10.0**
4	Robust methodologies are used to measure and report the carbon footprint of the overall portfolio	4.0	4.0	4.0	4.0
5	Carbon footprints are measured and disclosed for the full value chain of investees	4.0	6.0	6.0	6.0
6	Carbon footprints are measured and disclosed by sector	0.0	4.0	1.7	6.0
7	Carbon footprints are measured and disclosed by asset class	0.0	6.0	3.7	6.0
Theme: Detailed target setting		**0.0**	**3.3**	**2.8**	**10.0**
8	Emissions reduction targets are set for the full value chain of investees	0.0	6.0	3.5	6.0
9	Specific emission reduction targets are formulated for all economic sectors relevant to climate change mitigation	0.0	0.0	0.5	6.0

#	Element	Score 2024	Score 2025	Average score 2025	Max score
10	Sectoral targets are based on credible sector pathways consistent with limiting global warming to 1.5°C with no or limited overshoot	0.0	0.0	0.5	6.0
11	Specific emission reduction targets are formulated for all asset classes in which the pension provider invests	0.0	2.0	2.3	6.0
Theme: Investments in climate solutions		**0.0**	**0.0**	**3.9**	**10.0**
12	Investments in climate solutions are made	0.0	0.0	3.9	6.0
Theme: Phase-out of fossil fuels		**0.0**	**0.0**	**2.9**	**10.0**
13	Fossil fuel-producing companies must commit to align with a 1.5°C scenario, as per the Paris Climate Agreement goal	0.0	0.0	2.5	6.0
14	Targets are set to phase out investments in companies involved in coal production or coal-fired power plants	0.0	0.0	2.0	6.0
15	Investments in companies that are engaged in new oil or gas exploration or development are excluded	0.0	0.0	0.7	6.0
Theme: Deforestation and land use		**0.0**	**2.7**	**2.7**	**10.0**
16	Public commitment to tackle deforestation is shown	0.0	4.0	3.0	4.0
17	Commitment to a no-deforestation policy is made	0.0	2.0	2.0	6.0
18	Investments and associated GHG emissions in the Agriculture, Forestry and Other Land Use sectors (AFOLU) are measured and disclosed	0.0	0.0	0.7	6.0
19	Emissions reduction targets are set for the Agriculture, Forestry and Other Land Use sectors (AFOLU)	0.0	0.0	0.3	6.0
Theme: Stewardship instruments		**0.8**	**5.4**	**6.7**	**10.0**
20	Stewardship/engagement is used in a targeted way with companies and with asset managers to meet global temperature goals and emissions reduction targets	2.0	4.0	4.2	6.0
21	Shareholder voting is used to meet global temperature goals and emissions reduction targets (e.g. investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0.0	4.0	3.8	4.0
22	Shareholder voting related to emissions reduction targets is publicly disclosed (including: investees must commit to the Paris Agreement; set 2025 targets; restrict fossil fuel expansion; eliminate deforestation; invest in climate solutions)	0.0	2.0	3.7	6.0
23	Divestment and exclusion is used with companies and with asset managers to meet global temperature goals and emissions reduction targets	0.0	2.0	2.7	6.0
24	Other instruments are used to meet global temperature goals and emissions reduction targets (e.g., active participation in sectoral initiatives on climate change, public advocacy).	0.0	2.0	3.2	4.0
Overall score		**0.9**	**3.7**	**4.5**	**10.0**

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