



# Our approach to achieving net zero for investments

2024



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# Background and our journey so far

## About us

Smart Pension runs a master trust pension scheme for approximately 1.5 million members, the Smart Pension Master Trust. Our independent trustee board (“the Trustee”) makes sure our members’ savings are invested for growth responsibly and sustainably.

Currently, members who do not make an active choice are invested entirely in our main default investment strategy, which invests in the Smart Sustainable Growth Fund (referred to as our “portfolio”) up until eight years from retirement, and an allocation remains in this fund up to retirement. The majority of our assets, over 80%, are invested in this fund, and this report therefore focuses on this fund. Some of our other funds contain the same underlying funds (in different allocations) and therefore, this strategy and target captures those investments too. For example, our Smart Sustainable Growth Core Fund has 80% allocation to the same listed equity fund in our portfolio. Members may be invested in another one of our default arrangements or self-selected funds and can check this in their member accounts. Members can choose their own investments.

## Our journey so far



In 2019, we started a process to consider the sustainability of our investments and as a result we have gradually made changes to the Smart Sustainable Growth Fund (the “portfolio”) to incorporate investments with a specific focus on Environmental, Social and Governance (ESG) issues, increasing this to 71% of our portfolio by 2021.



At the start of 2021, we signed up to Make My Money Matter and pledged to continue to develop our investment approach in line with a commitment to be net zero ahead of 2050 and reduce our emissions by half before 2030. We began formulating the plans set out in this document. At the same time we also invested 10% of our portfolio into a private credit fund, which strongly considers ESG in its process, in particular health care, and provides rare access to this asset class in DC pension schemes.



During 2021, our Trustee agreed to allocate at least 6% to specific investments which have a positive impact on the environment and people. We also looked at funds with more of a climate focus, detailed later in this report. We had also signed up to the Institutional Investors Group on Climate Change (IIGCC) and committed to the Impact Investing Institute’s Impact Investing Principles, to support and progress our investment solutions in light of climate change.



By the end of 2022, we had allocated 10% of our portfolio to global green bonds and 3% to a biodiversity equity fund, resulting in 13% in impact investments. We allocated 20% of our equities to a specific climate transition fund. All three of these new funds are classified as Article 9 under Sustainable Finance Disclosure Regulation (SFDR). We also reached our 2025 reduction target early, reducing scope 1 and 2 emissions by 50% by the end of 2022.



Along with some other portfolio changes throughout the year, our portfolio was now 100% invested in funds which had a specific focus on Environmental, Social and Governance (ESG) issues, with the aim to improve member outcomes while helping society and our planet. In addition, within the rest of our fund range, 16 to 18 funds offered have ESG integration and/or tilts, the exceptions are our UK government bonds and shariah funds.



We continued our momentum into 2023, and in January we launched three new fully sustainable lifestyle strategies with different growth fund options: the Smart Sustainable Growth Core Fund, Smart Sustainable Growth Fund (our main default portfolio) and Smart Sustainable Growth Plus Fund. All three growth funds fully invest in funds that positively contribute to the planet and society, including investing in areas such as renewable energy projects, clean water and healthcare. Members now have the option to dial up (or down) their sustainable impact.

We continue to be excited about the role we can play in securing a more sustainable future and we want our members to feel they can and are making a real difference with their investments. We believe investing sustainably and impactfully can contribute positively to asset diversification, reducing financial risk arising from negative impacts and providing long-term sustainable growth with a positive impact for people and the planet.

## Introduction

This document sets out our plan for delivering our net zero target and reducing our emissions in a truly impactful way, with the aim to align our investments with a limit of 1.5°C rise in global temperature. We will update this document to reflect our journey, progress and lessons along the way. **We continue to target a net zero date of 2040 and have introduced a revised target of 75% reduction in scope 1 and 2 emissions by 2030. We met our initial 50% reduction by 2025 target early, reaching this milestone at the end of 2022.** We recognise that we have made substantial changes to our portfolio to align it with taking into account ESG issues, a carbon reduction strategy and impactful approach, and therefore it may be more difficult to make big changes to the emissions intensity of our portfolio as it has been previously. We now need time to carry out robust engagement and stewardship of our assets to make a real difference. We will also report on our scope 3 emissions where possible, and will look to reduce our scope 3 emissions in line with our overall 2040 target. Scope 3 emissions data remains limited and we are unaware of the full scale of these. As we gain a better understanding of these, we will look to include more detailed interim targets.

Following the Net Zero Investment Framework (NZIF) set out by the Paris Aligned Investment Initiative (PAII), we have captured as many asset classes as possible in our scope and considered various climate metrics and reference targets for our plan. We recognise that reaching net zero and reducing emissions is a journey and we will look to develop, update and evolve our plan over time, as methodologies develop, reporting is streamlined and monitoring of our investments and solutions gives us a better indication of our climate impact.

Our plan is in line with the goals of the Paris Agreement, the climate policy aims of the UK government, and the Intergovernmental Panel on Climate Change's Special Report on Global Warming of 1.5°C.

# 1

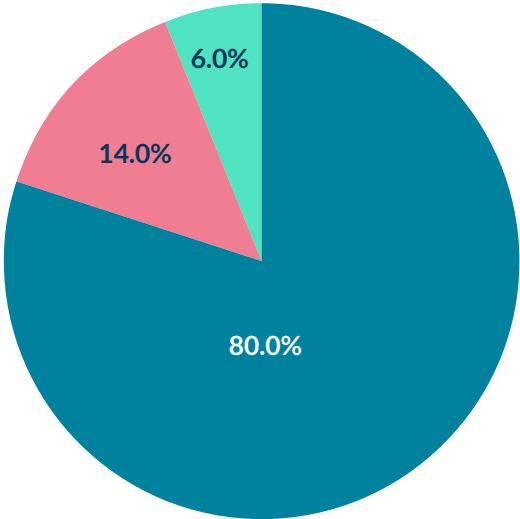
## Executive summary

Our plan covers the investments in our Smart Sustainable Growth Fund, which is the growth fund used in our main default investment strategy. It represents over 80% of our total assets and is therefore where the majority of our members are invested. Asset classes included in the scope of this plan are our listed equity and listed bond allocations. Our private credit fund is currently excluded due to the nature of the investments made. We will also look to update and expand our plan over time, to take into account additional asset classes and any improvements in methodologies and data.

We believe that environmental (and social and governance) issues pose a risk to our portfolio returns if they are not managed effectively, and this risk increases if the wider global transition to a lower-carbon world doesn't develop quickly enough. We recognise that reducing emissions, limiting global warming and protecting our climate and nature is complex and requires real changes to industries, business structures and from policymakers. To help reduce total greenhouse gas emissions and provide the highest chance of contributing to the Paris Agreement's preference for a 1.5°C global temperature alignment target, we aim to facilitate engagement as far as we can and reduce our emissions, without the use of direct offsets.



# Asset classes covered in our analysis



- Equities (included)
- Bonds (included)
- Private Credit (not included)

## Pillars of our net zero plan



### Overseeing change

A net zero investment framework, embedded into our policies.



### Setting goals

Four overarching reference targets.



### Taking action

Three approaches – ‘reduce negative impact’, ‘increase positive impact’ and ‘steward the inbetween’.



### Partners in change

Actively engage in policies and market initiatives to promote best practice in ESG.

## Key goals for our portfolio



Net zero<sup>1</sup> investments by 2040



75% reduction in scope 1 and 2 emissions<sup>2</sup> by 2030



Allocate a minimum of 10% to climate solutions<sup>3</sup>



Align investments in material sectors<sup>4</sup> to our net zero pathway by 2025

<sup>1</sup> Net zero refers to an equal amount of greenhouse gases being produced and removed from the atmosphere, through the investments we make. This relates to scope 1, 2 and 3 emissions.

<sup>2</sup> Measured in tonnes of CO<sub>2</sub> and equivalent greenhouse gas emissions, calculated by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming.

<sup>3</sup> Climate change mitigation and climate change adaptation categories of the EU taxonomy standards

<sup>4</sup> Material sectors are outlined in the European Commission’s Nomenclature of Economic Activities (“NACE”) under codes A-H and J-L.

# 2

## Overseeing change

### Our governance framework

#### Board of trustees ('Trustee')

##### Five Trustee Directors

Solely responsible for the investment of the assets of the master trust, including decisions regarding the design and selection of strategies.

#### Investment Sub-Committee ("ISC")

##### Two Trustee Directors

To assist the Trustee in making decisions about investments, implement and oversee the strategy and monitor compliance with their principles.





The Trustee recognises that financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the master trust's investment options.

Excerpt from the Trustee's investment beliefs



Our Net Zero Plan has been developed in line with the PAII's Net Zero Investment Framework, with input from the above committees and knowledge from wider industry groups. An ESG Working Group was formed in August 2021 for an interim period to June 2022, to focus on climate issues and new reporting requirements.

## Our strategy

Our strategy is aligned with the Paris Agreement and the Intergovernmental Panel on Climate Change (IPCC) Special Report which outlines the impacts of global warming of 1.5°C above pre-industrial levels, with no or limited overshoot. We recognise that overshooting global targets poses large risks for natural and human systems that may be long-lasting and irreversible, such as the loss of ecosystems. We also recognise the need for a balance between the risk and return of our investments. Therefore, our strategy focuses on a carbon-reduction transition and encouraging action to be taken through focused engagements, which aims to benefit from investment opportunities over time.

We are targeting a 2040 date, to give us a better chance of achieving a temperature rise target of 1.5°C, and to keep the climate change risk low in our portfolio. We have already started to see the direct financial impact of climate change as energy companies take losses in climate-related write-downs on stranded assets. Our main purpose is to provide sustainable outcomes for our members in retirement and we believe that this means investing in the transition to a low-carbon world.

# 3 Setting goals

Our **four goals** or “**reference targets**” are outlined below, showing our net zero date, emissions reductions, allocation to climate solutions and engagement target levels. We are targeting net zero well ahead of the 2050 Paris Agreement deadline, to ensure no or limited overshoot of that target and to stay ahead of the rising global temperature. We carry out robust engagement and stewardship of our investments to encourage improvements and make a real difference.

We will not make decisions against our investment principles simply to meet these specific targets. However, they are a good reference for implementing our investment strategy and we will continue to monitor our portfolio against them, as well as factoring in any developments over time.



## Our targets



### Net Zero investments by 2040

We will increase our investments aligned with a net zero pathway, with the intention of making our investments' scope 1, 2 and 3 emissions net zero by 2040.

We believe working towards this target will ensure we do not overshoot the 2050 deadline, and recognise that this will require a robust engagement and stewardship strategy. The path to net zero is a journey which is constantly changing and we realise we will need to continue to monitor and analyse our investment strategy to keep in line with our aims.



### 75% reduction in emissions<sup>5</sup> by 2030

When we started our net zero journey. We committed to reduce the CO<sub>2</sub>e scope 1 and 2 emissions in our portfolio by 50% by 2025 and we achieved this by the end of 2022, without paying for any offsets.

Our new 75% reduction target is set to be achieved by 2030, from our base year, 2019. Whilst this target is for our scope 1 and 2 emissions, we will continue to reduce our scope 3 emissions with the aim to be net zero by 2040. We recognise scope 3 emissions may lag scope 1 and 2, as further improvements are needed to be made to the availability of data and its quality. We will continue to report on all three scopes as shown by the emissions calculations in this paper expressed as an intensity of tCO<sub>2</sub>e/£m. Our passive listed equity allocation reduces emissions by 7% year-on-year and targets net zero by 2040.

We report on emissions annually in our Task Force on Climate-Related Financial Disclosures ("TCFD") report, available on our website.



### Allocate a minimum of 10% to climate solutions

The NZIF outlines a less than ten-year goal to allocate to climate solutions in our investment portfolio.

We aim to consistently allocate a minimum of 10% of our portfolio to climate solutions, using EU Taxonomy standards and where possible, increase this over time. We allocate to climate solutions within our green bonds and listed equity allocation, as well as interconnected issues such as biodiversity.



### Align investments in material sectors to our net zero pathway by 2025

We recognise that reducing our emissions and targeting net zero by 2040 will require active engagement with companies and investments in new opportunities.

In our portfolio, we are looking to invest in funds where we have more control over our voting where we can provide managers with the Trustee's direction on how to vote across a number of areas. We have a voting and engagement policy which focuses on aligning material sectors to a net zero pathway, including the sectors set out by the Paris Agreement Capital Transition Assessment (PACTA) tool and taking into account issues like deforestation. As of the end of July 2024, our listed passive equity allocation (which makes up 70% of our default portfolio) follows our own voting policy, as set out on our website, and is aligned with a net zero pathway of 2040.

We will report on our activities within our annual TCFD and stewardship reports and continue to monitor our 2040 goal as we gain a better idea of how effective our engagement is and how quickly industries and companies are decarbonising over time.

<sup>5</sup> Labelled 'financed emissions' in the PAII's Net Zero Investment Framework and refers to all greenhouse gas emissions that result from activities in the real economy financed by our investments.

<sup>6</sup> Climate change mitigation and climate change adaptation categories of the EU taxonomy standards.

<sup>7</sup> Material sectors are outlined in the European Commission's Nomenclature of Economic Activities ("NACE") under codes A-H and J-L.

# 4

## Taking action

To complement the PAI framework sections of strategic asset allocation and asset class alignment, we have framed portfolio decisions using three approaches – ‘reduce negative impact’, ‘increase positive impact’ and ‘steward the inbetween’. This section focuses on the strategic asset allocation and asset class alignment sections in the PAI framework.

In particular, we can reduce negative impact by removing the most risky companies, without excluding entire sectors, and increase positive impact by stewarding our assets which are ‘in-between’ on their way to better things and allocating towards climate solutions.



**Investments  
will be net  
zero by 2040**

The illustration features a large, spiral-bound notepad with a grey cover and four rings at the top. The notepad is the central focus, with the text 'Investments will be net zero by 2040' written in a bold, dark blue font. The background is a light blue sky with a few white clouds and a small black bird in flight. The foreground is a green landscape with rolling hills, a wind turbine, solar panels, and various trees in shades of green, blue, and orange. The overall style is clean and modern.

## Scope of our plan

Our portfolio invests 80% in listed equity, 10% in bonds and 10% in a dual credit fund which invests in corporate bonds and private credit (approximately 6% private credit and 4% corporate bonds at time of analysis).

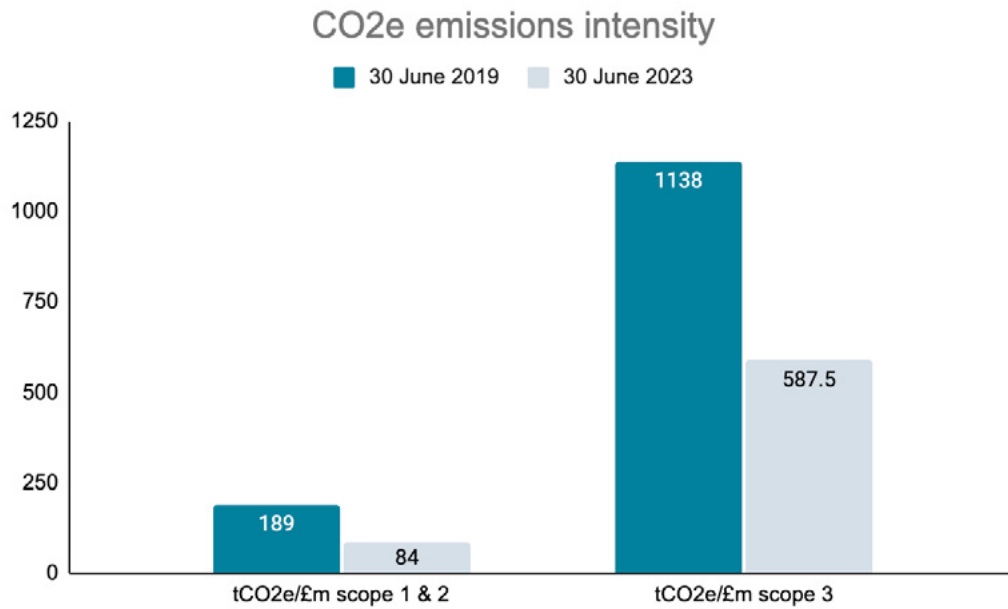
Our listed equity and corporate bond allocations are covered in the scope of this framework, as outlined in PAII's framework. We will look to include our private credit allocation as methodologies develop.

Scope 1, 2 and 3 emissions have been taken into account in our reporting, therefore all currently available direct and indirect emissions related to a company and its operations are covered.

## Our emissions journey

**Scope 1 and 2 emissions have reduced by 50%**

We have considered the scheme year end, 30 June 2019, as our base year for comparative purposes. The below table shows our progress so far in reducing our emissions, measured by carbon dioxide and equivalent greenhouse gas emissions (CO<sub>2</sub>e). Now we have our plan, set out in this paper, we will look to make changes to align ourselves with our goals and will report on our new portfolio when the changes are implemented. Combining scope 1, 2 and 3 would result in a level of double counting, so we have kept them separate for now.



	30 June 2019 (base year)	31 June 2023
Scope 1 + 2 emissions tCO <sub>2</sub> e / £m	189	84.0 (-56.6%)
Scope 3 emissions tCO <sub>2</sub> e / £m	1,138	587.5 (-48.4%)
Implied temperature rise (°C)	3.0 (30 June 2020*)	2.0

Scope 1 and 2 emissions calculations are based on 91.5% data coverage for 2022, and 77.5% data coverage for 2019. Implied temperature rise calculations are based on data coverage of 90.7% for 2022. Implied temperature rise for 30 June 2019 was not available, so the figure shown is at 30 June 2020 with data coverage of 76.3%. Source: Hymans Robertson, MSCI

## Systemic approach in our equities

### Our net zero and emissions reduction goals

In September 2021, we completed changes to our equity allocation to move them into funds with specific ESG tilts, with 71% of the portfolio in funds with a climate tilt. This greatly helped us to reduce our emissions. We made further changes to the portfolio in 2022 which meant the investments are now 100% ESG integrated, with specific ESG tilts in the equities and impactful allocations of biodiversity equities and green bonds.

In order to support our net zero goals, our equity allocation in the default growth fund has a focus on decarbonisation and climate transition. All our equity allocations have embedded targets to reduce carbon emissions by 50% vs their parent index and decrease the weighted average carbon intensity by 7% year-on-year, which is aligned with a 1.5 degree scenario. In addition, we focus on engaging with companies to directly influence climate issues. This takes into account scope 1, 2 and 3 emissions.

We aim to select, and set expectations for, fund managers which seek to minimise financially material risks to protect long-term returns by excluding companies that:

- are involved in the manufacturing of controversial weapons (chemical weapons, biological weapons, nuclear weapons, anti-personnel mines and cluster munitions);
- are involved in coal mining, oil sands or arctic drilling or derive the majority of their revenues from fossil fuels;
- violate the United Nations Global Compact standards on human rights, labour, the environment and corruption;
- refuse to engage or change behaviour; and
- fail to meet our managers' minimum standards for climate transition.

## Allocation to climate-aware investments

### Our goal to allocate to climate solutions

Changes to the portfolio have gone a long way to reduce CO<sub>2</sub>e emissions per £m invested. While we want to reduce our total emissions, this will be difficult as our assets grow in size, so we recognise the importance of reducing our tonnes of CO<sub>2</sub>e per £m invested. We also recognise that while reducing our emissions is crucial to reaching our net zero target, we also need to make sure our implied temperature rise aligns with a 1.5°C scenario.

Allocating towards climate solutions assists with the above, whilst also falling into our broader aim to allocate to impact investments, which cover the Principles for Responsible Investing's impact investing themes. These themes are aligned with the UN's Sustainable Development Goals ("SDGs") which pursue sustainable economic growth, provision of social needs, combating climate change and other environmental issues.

We allocated 13% to specific investment funds which have a positive impact on the environment and people, across biodiversity equities and green bonds. A 10% allocation to green bonds provides financing for companies' specific social and environmental objectives. The fund aims to cover all the Sustainable Development Goals (SDGs), with the exception of #17 (partnership of the goals) by investing in areas for climate stability, healthy ecosystems, resource security, basic needs, wellbeing and decent work. The 3% allocation invested in solutions to help biodiversity invests in clean water sanitation, responsible consumption and production, life below water and life on land, as set out by Sustainable Development Goals 6, 12, 14 and 15.

In line with our goal, our portfolio has at least a 10% allocation to climate solutions specific for mitigation and adaptation purposes, across a number of funds. Additional allocations to climate-aware investments will include investments which benefit biodiversity.

We will continue to work with our fund managers to report fully on the climate-aware investments, including specific mitigation and adaptation solutions, in our portfolio. In addition, we will look for new opportunities over time and keep a focus on new developments in the market.

## Stewardship and engagement in our equities

### Our goal to align our investments in material sectors to our net zero pathway

We strongly believe that engagement and encouraging behavioural change will lead to better long-term sustainability outcomes than simply exclusion, particularly in material sectors. Numerous automatic exclusions may lead organisations to move outside public asset markets where their actions are more easily monitored and assessed, in order to continue to pursue damaging environmental, social and governance policies. Companies which consistently refuse to engage or consider change in behaviour will be subject to exclusion.

Currently 90% of the fund managers in our portfolio have net zero targets of 2050 or earlier. The remaining allocation is to our private credit fund, which has a strong focus on ESG, and we are working with the manager to determine how net zero pathway objectives can be implemented into the strategy.

We recognise that there are currently limited tools and datasets to provide complete coverage of our portfolio. We assess the broad alignment of our portfolio using the Transition Pathway Initiative (TPI) tool. The TPI tool will help us monitor our progress and identify potential priorities such as top companies in material sectors with no carbon reduction targets.

Our portfolio is held in pooled investment funds, and the voting is carried out by the investment manager on behalf of the fund, usually through a proxy vote. We have a split voting policy attached to our listed passive equity allocation. This 'split voting' policy refers to an arrangement where the voting rights associated with investment assets are given directly to the Trustee, rather than being pooled together with other investors and therefore directed by the manager. Member feedback and surveys carried out will feed into the higher level Trustee's Voting and Engagement Policy and our accompanying split voting policy to ensure that the interests of the Scheme and our members are better aligned. Our policies are available on our website [here](#).

The Trustee recognises the importance of engaging with the Scheme's investment managers to ensure they are voting and engaging in line with the Trustee's beliefs and to express their views to influence the managers' votes where possible. For all investment managers, the Trustee will share their policies, including our Voting and Engagement Policy as an expression of wish, so that the investment managers can take the Trustee's views and priorities into consideration.

The Trustee meets with all its investment managers on a rolling basis, meeting each manager at least annually, to assess their stewardship. As part of these meetings, the Trustee, in conjunction with their investment adviser, undertakes an assessment of each investment manager's voting activity (for the listed equity managers), covering votes in the priority areas below:

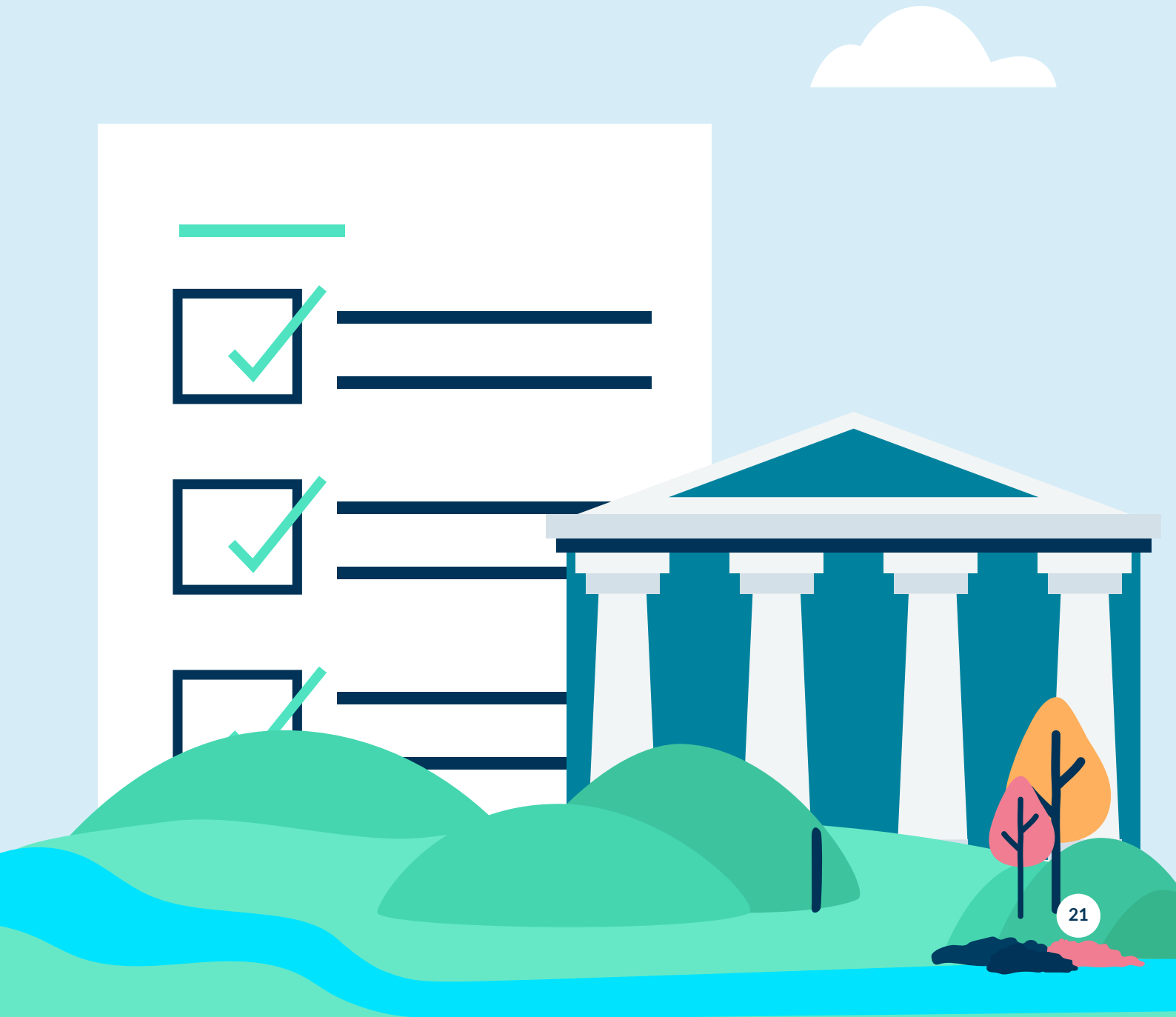
- The top holdings of each underlying fund;
- Material climate impacting sectors and companies, set out by PACTA (power, coal mining, oil and gas upstream sectors, car manufacturing, cement, steel and aviation);
- Ceasing financing on fossil fuel expansion;
- Taking action to remove commodity-driven deforestation from investments;
- Votes highlighted by industry groups that we are aligned to, such as ShareAction; and
- Where managers voted in different ways, or where a manager's vote could have influenced the overall outcome of the vote.

On an annual basis, we will publish a summary of these assessments, which are undertaken for all managers as at the scheme year end.

# 5

## Partners in change

We actively engage in policies and market initiatives to promote and advance the assessment, data and consistency of net zero targets. For each engagement opportunity, we consider whether it is an important issue relating to our investment strategy, Trustee policies and Net Zero Plan, and how likely we are to have an influence in the matter. This section shows our contribution to policy advocacy and market engagement, as set out in the PAII framework.



## Initiatives



### Member of the Institutional Investors Group on Climate Change (IIGCC)

The European membership body for institutional investor collaboration on climate change. Its work supports and helps to define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change. This Net Zero Plan is based on the Net Zero Investment Framework produced by the Paris Aligned Investment Initiative, which was formed by the IIGCC.



### Member of the Impact Investing Institute

Launched in 2019 with a simple mission, to accelerate the growth and improve the effectiveness of the impact investing market in the UK and internationally – as set out in the United Nations’ Sustainable Development Goals. Our impact framework has been developed based on the Impact Investing Institute and Pension for Purposes’ Impact Investing Principles for Pensions.



### Signatory to Principles for Responsible Investment (PRI)

A United Nations-supported international network of investors working together to use responsible investment to enhance returns and better manage risks. We are currently an investment manager signatory of the PRI.



### Signatory to the FRC UK Stewardship Code

The code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. We must submit an annual report to demonstrate applying the code’s Principles to remain a signatory.

### Member of the UK Asset Owner Council

This provides schemes with a forum for sharing experience, best practice and research, and providing practical support on stewardship activities such as shareholder resolutions, climate change, corporate governance and other topics. We participate in meetings, with the aim of collaborating and furthering stewardship activity by pension schemes.

## Market engagement

We engage with the following organisations to encourage active stewardship and positive change in the pensions industry.



### Climate Action 100+

An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.



### Nature Action 100

A global investor-led engagement initiative focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss.



### Share Action

A charity organisation that works with investors, policymakers and individuals to tackle the most pressing issues of today, including climate change, health and inequalities.



### Make My Money Matter

A people-powered campaign looking for transparency of pension investments and encouraging investments to be aimed at building a better future.



### TCFD recommendations and report

Our TCFD report for our scheme year-end is available on our website. We will continue to report annually on the climate profile of our default portfolio (set out in this paper) and its carbon footprint.



# Appendices



## Glossary

### Net zero

Net zero is when the amount of greenhouse gases produced and the amount removed from the atmosphere is equal. This will help limit global warming.

### Greenhouse gases

There are four greenhouse gases linked to global warming: carbon dioxide (the majority), methane, nitrous oxide and fluorinated gases. “Carbon dioxide equivalent” or “CO<sub>2</sub>e” is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO<sub>2</sub>e signifies the amount of CO<sub>2</sub> which would have the equivalent global warming impact.

### Climate solutions

Investments which look to help the conservation, restoration and improved land, water and waste management actions that increase carbon storage or avoid greenhouse gas emissions.

### Paris Agreement

A legally binding international treaty on climate change to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Countries communicate actions they will take to reduce their Greenhouse Gas emissions and they will take to build resilience to adapt to the impacts of rising temperatures.

### Intergovernmental Panel on Climate Change (IPCC)

The United Nations body for assessing the science of climate change and to report on its implications and potential future risks, as well as to put forward adaptation and mitigation options.

### Task Force on Climate-related Financial Disclosures (TCFD)

A Task Force which has developed consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information.

### Sustainable Development Goals (SDGs)

Adopted by all United Nations Member States in 2015, the 17 Sustainable Development Goals are an urgent call for action by all countries. More details on the goals can be found here: [sdgs.un.org/goals](https://sdgs.un.org/goals).

Find out more about our work on sustainability and our responsible and climate policies here [www.smartpension.co.uk/sustainability](https://www.smartpension.co.uk/sustainability).

## Sources

Paris Agreement, United Nations (2015)

Paris Aligned Investing Initiative (PAII) Net Zero Investment Framework (NZIF) (2021)

Partnership for Carbon Accounting Financials (PCAF) – The Global GHG Accounting and Reporting Standard for the Financial Industry (2020)

Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C (2018)

European Commission EU taxonomy standards classification system establishing a list of environmentally sustainable economic activities

Nomenclature of Economic Activities (“NACE”) material sector codes A-H and J-L

The Paris Agreement Capital Transition Assessment (PACTA) open-source tool which measures alignment with various climate scenarios consistent with the Paris Agreement

The Transition Pathway Initiative is a global, asset-owner led initiative and tool which assesses companies’ preparedness for the transition to a low carbon economy.



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