



# Tracking the Path to Net Zero: Spotlight on Pension Funds

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## Opening remarks

- **Dharshan Wignarajah**, CPI

## Insights from the NZFT

- **Valerio Micale**, CPI

## Insights from pension funds

- **Alexandra Westley**, L&G WorkSave Mastertrust & IGC
- **Mikkel Bahl**, AkademikerPension

## Panel discussion

- **David Fairs**, Partner, LCP
- **Mahesh Roy**, IIGCC
- **Fiona Stewart**, World Bank

## Q&A



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POLICY  
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# Tracking the Path to Net Zero: Spotlight on Pension Funds

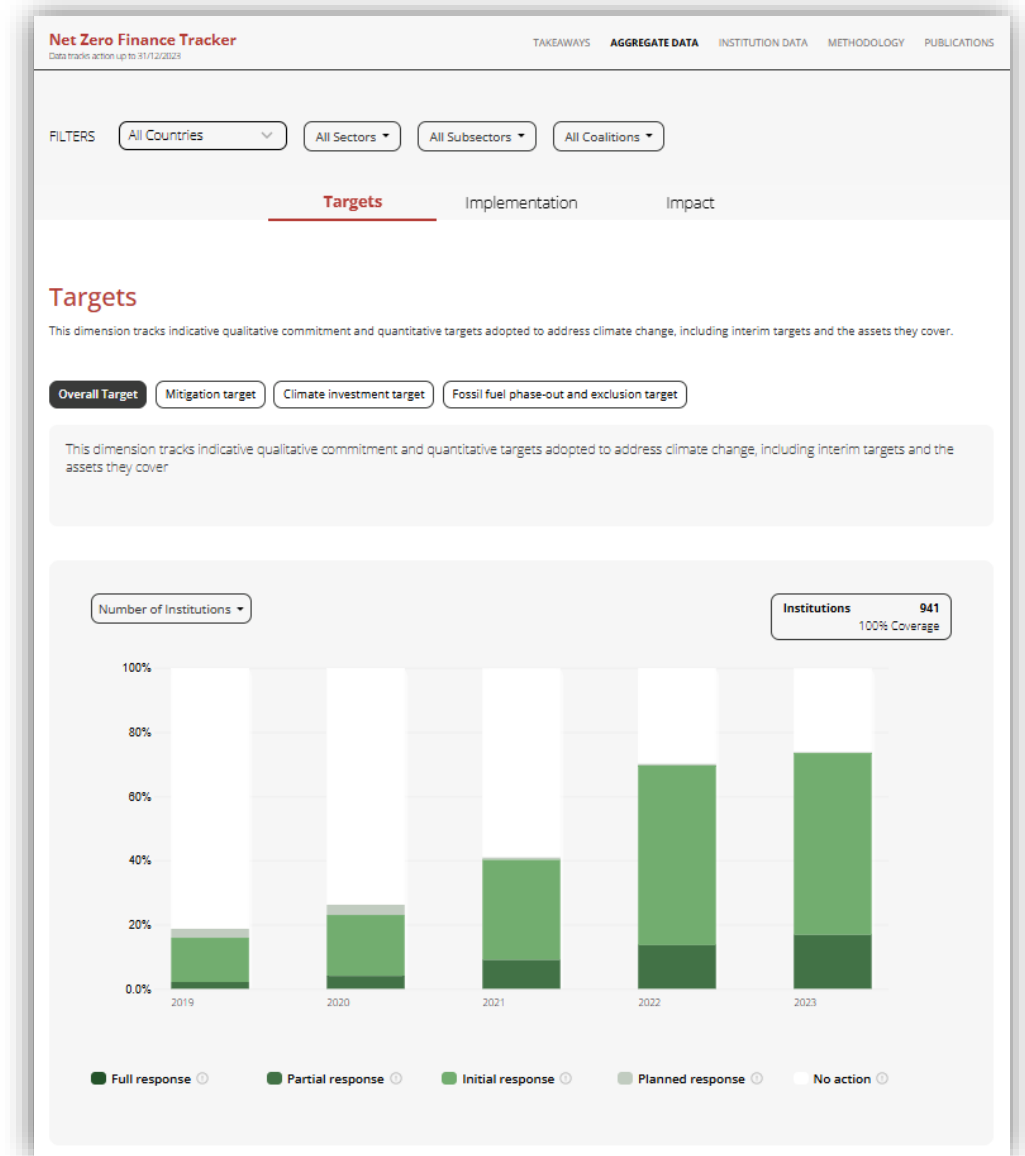
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**Insights from the NZFT: Valerio Micale, Associate Director, CPI**

# Net Zero Finance Tracker

**Comprehensively assesses** private FI progress on their net zero goals, **capturing and harmonizing existing data efforts.**

Provides the most robust and transparent data on the financial sector to better inform **policy, investment, and advocacy decisions.**



<https://netzerofinancetracker.climatepolicyinitiative.org/>

## Three dimensions relying on a set of underlying indicators

### TARGETS

Signaling **intent to respond**

#### INDICATORS:

- Adoption of a mitigation target
- Adoption of a climate investment target
- Adoption of fossil fuel phase-out and exclusion targets

### IMPLEMENTATION

Measuring whether climate considerations **are factored into decision-making processes**

#### INDICATORS:

- Internal accountability frameworks
- Shareholder and client engagement
- Policy engagement
- Climate risk strategy
- Climate risk management
- Disclosure of climate risk
- Disclosure of investment data
- Disclosure of emissions data

### IMPACT

Creating real economy impact by supporting **investment** in climate solutions and **divestment** in fossil fuels

#### INDICATORS:

##### Real Economy Investments

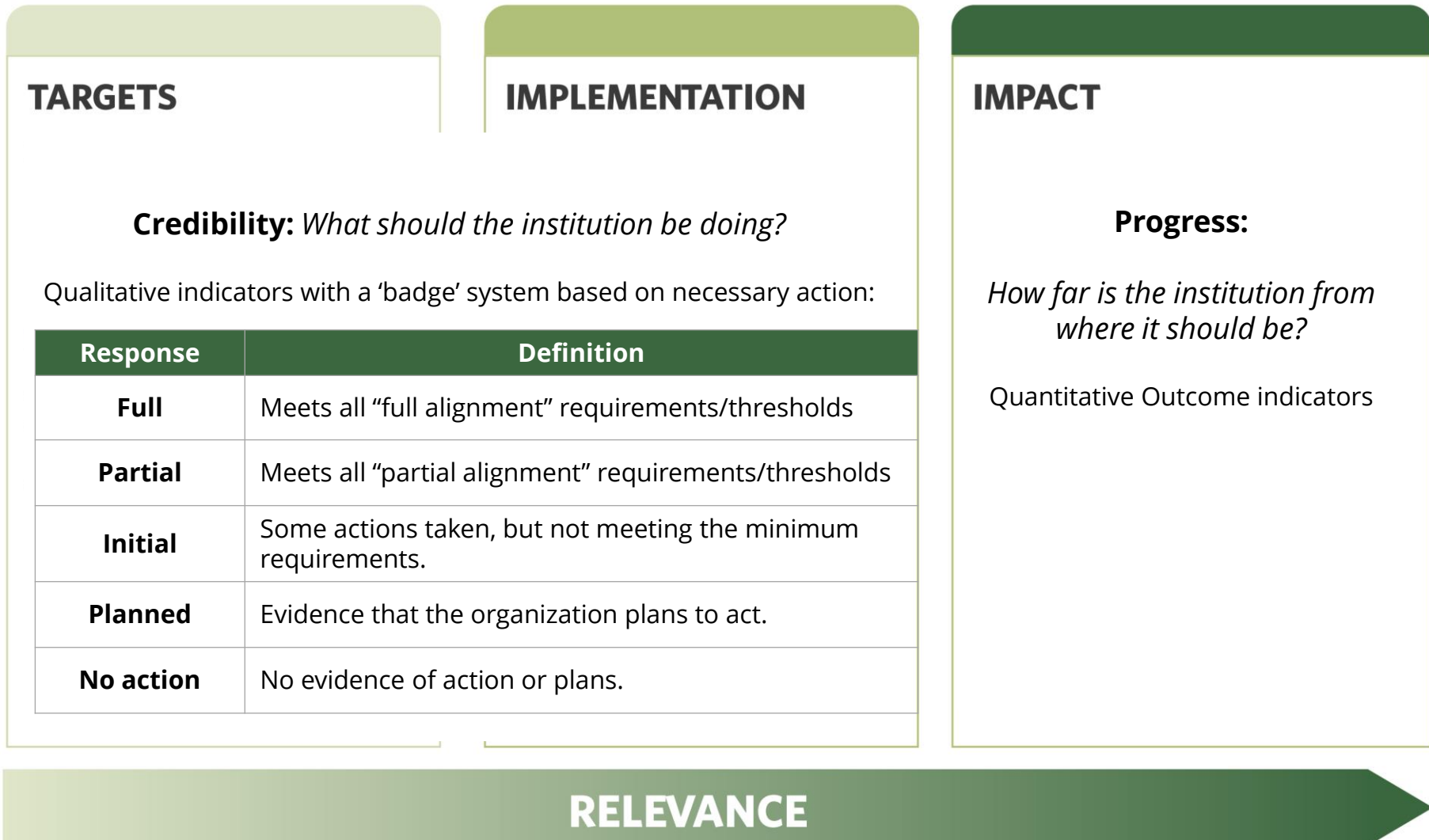
- Project-level Clean Energy Financing (direct/indirect)
- Project-level Fossil Fuel Financing (direct/indirect)
- Corporate-level Green Lending

##### Transition Risk

- Exposure to misaligned assets
- Exposure to fossil fuel
- Portfolio emissions

**RELEVANCE**

# Indicators assessed for credibility and demonstrated progress



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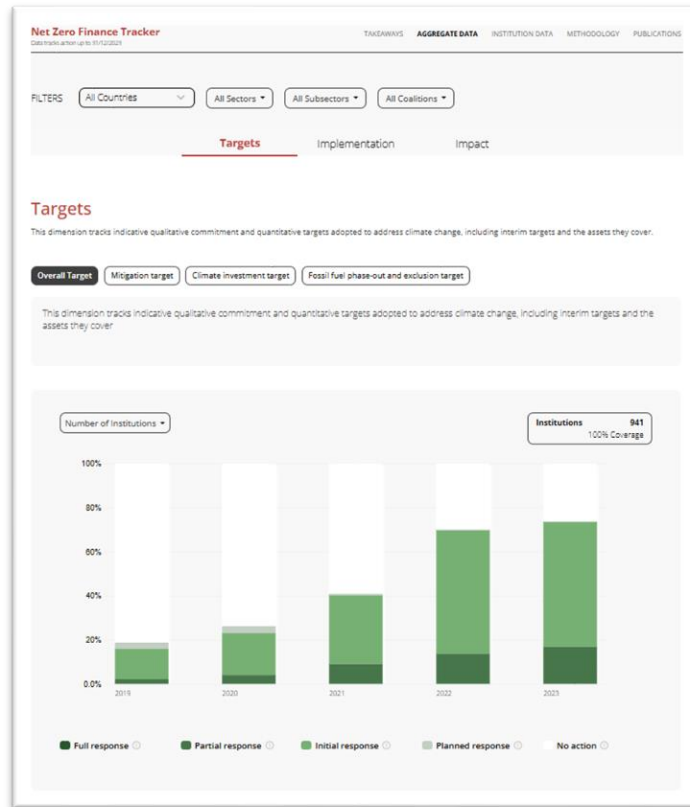
# The NZFT harmonizes data from over 50 sources

## Data sources

- Accounting 4 Sustainability (A4S)
- Asset Impact (AI)
- Banking Environment Initiative (BEI)
- BankTrack
- Bloomberg New Energy Finance (BNEF)
- CDP
- Carbon Pricing Leadership Coalition (CPLC)
- Climate Action 100+ (CA 100+)
- Climate Action in Financial Institutions (CAFI)
- Climate Bond Initiative (CBI)
- Climate Investment Coalition (CIC)
- Climate Policy Initiative (CPI)
- DivestInvest
- Energy & Climate Intelligence Unit (ECIU)
- ESG Book
- fDi Intelligence
- FinanceMap/InfluenceMap (FM)
- Fossil Free Divestment (FFD)
- Fossil Free Funds (FFF)
- Global Climate Action Portal (GCAP)
- Global Coal Project Tracker (GCPT)
- Global Oil and Gas Extraction Tracker (GOGET)
- IJ Global
- International Sustainability Standards Board (ISSB)
- Investing in Climate Chaos (ICC)
- Investor Agenda (IA)
- MSCI
- Net-Zero Asset Managers Initiative (NZAM)
- Net-Zero Asset Owner Alliance (NZAOA)
- Net-Zero Banking Alliance (NZBA)
- Net-Zero Data Public Utility (NZDPU)
- Net-Zero Donut/Observatoire de la finance durable
- Net Zero Insurance Alliance (NZIA)
- Paris Aligned Asset Owners (PAAO)
- Powering Past Coal Alliance (PPCA)
- Principles for Responsible Banking (PRB)
- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)
- Private Participation in Infrastructure (PPI)
- Race To Zero (RTZ)
- Rainforest Action Network (RAN)
- Science Based Targets (SBTi)
- ShareAction
- Task Force on Climate-Related Financial Disclosure (TCFD)
- United Nations Framework Convention on Climate Change (UNFCCC)
- UN Sustainable Funds Database
- We Mean Business Coalition (WMB)
- WRI's Green Targets

# What the data covers from 2019 to 2023

## Interactive NZFT platform



~1,000 financial entities  
of all types, globally



Data subset

## Deep dive report



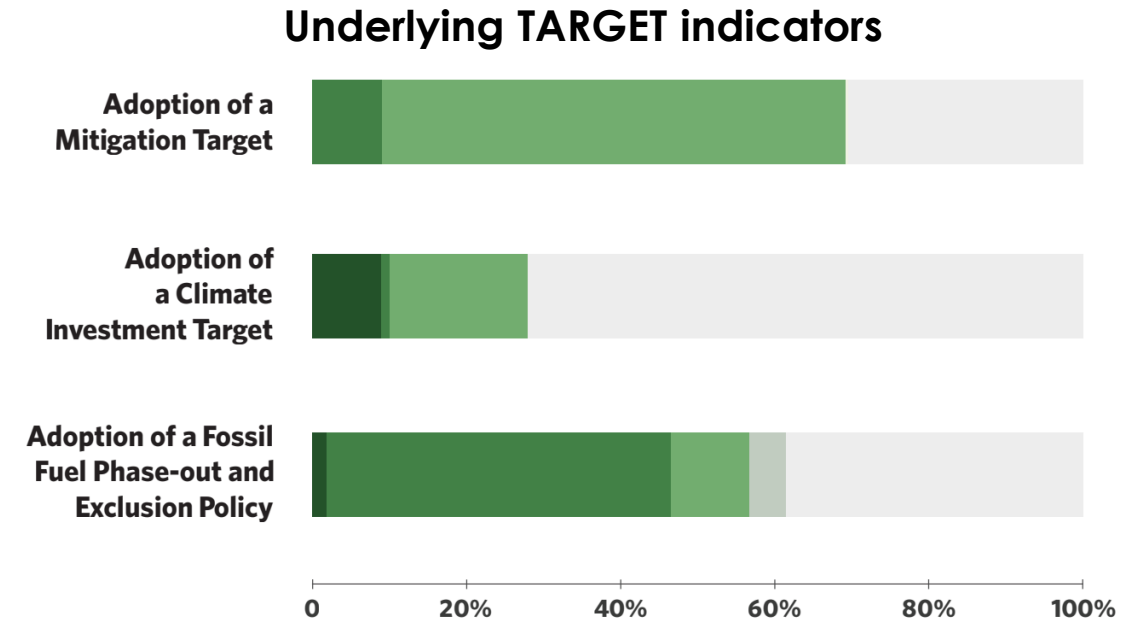
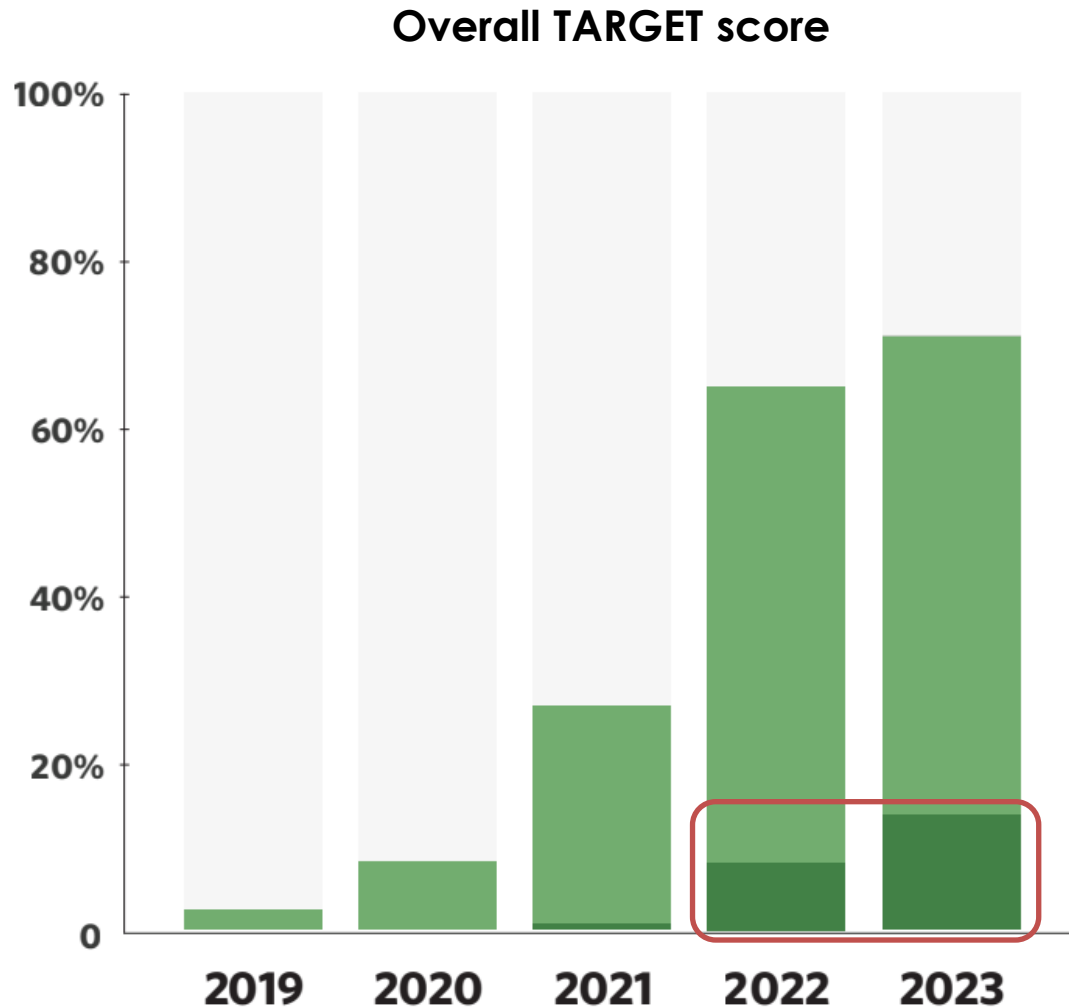
342 European  
pension funds

# European Pension Funds' NZ Trends

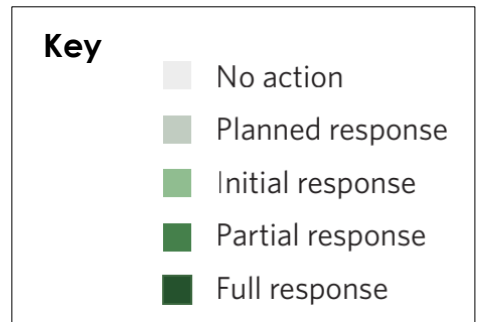
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# Targets are advancing, mostly focused on mitigation.

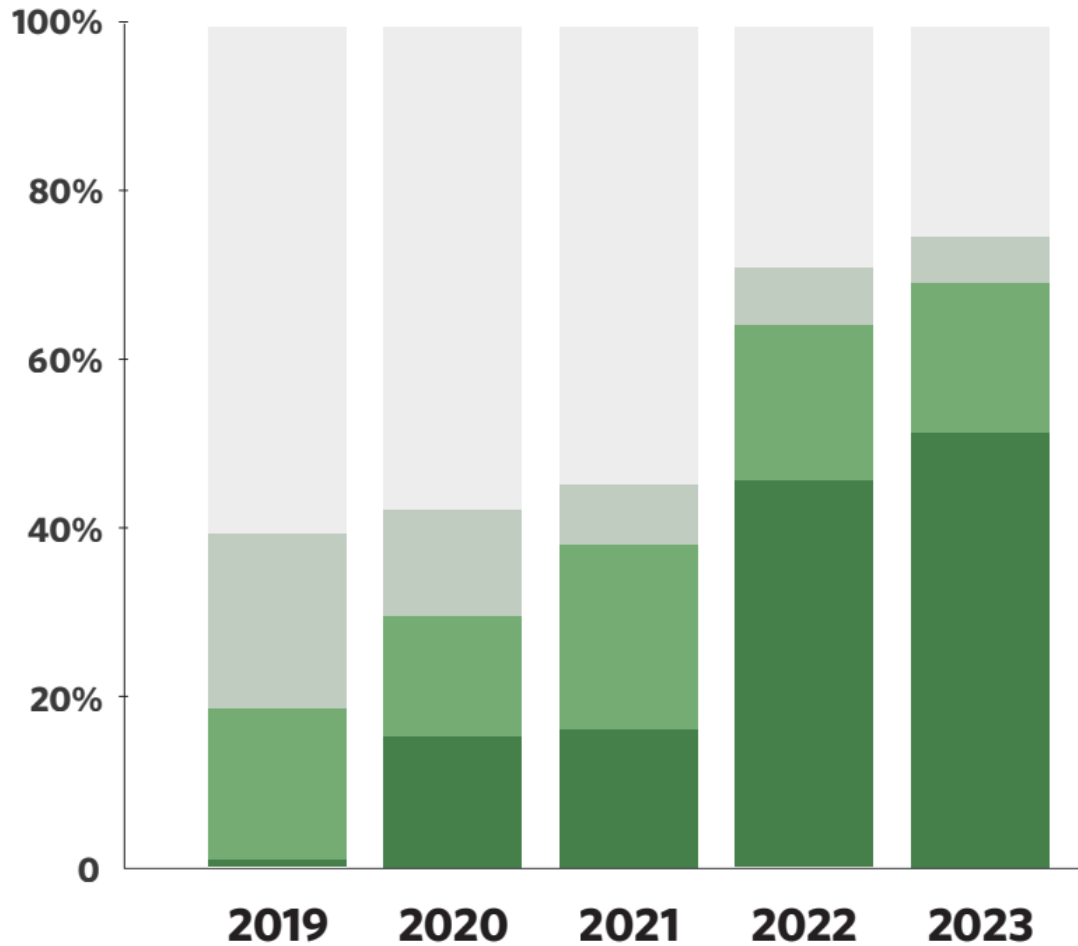


Graph displays distribution of scores by 2023 AUM/owned (USD 7.8tn)

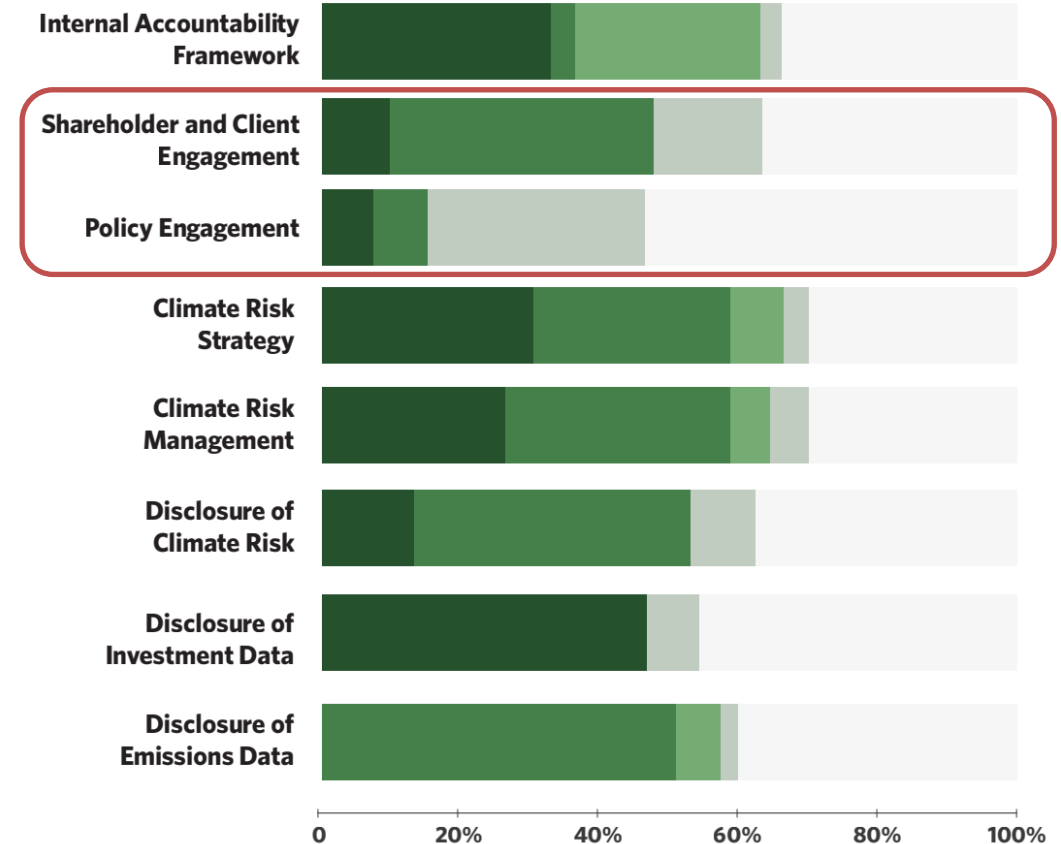


# Implementation is strong on disclosures and climate risk.

Overall IMPLEMENTATION score

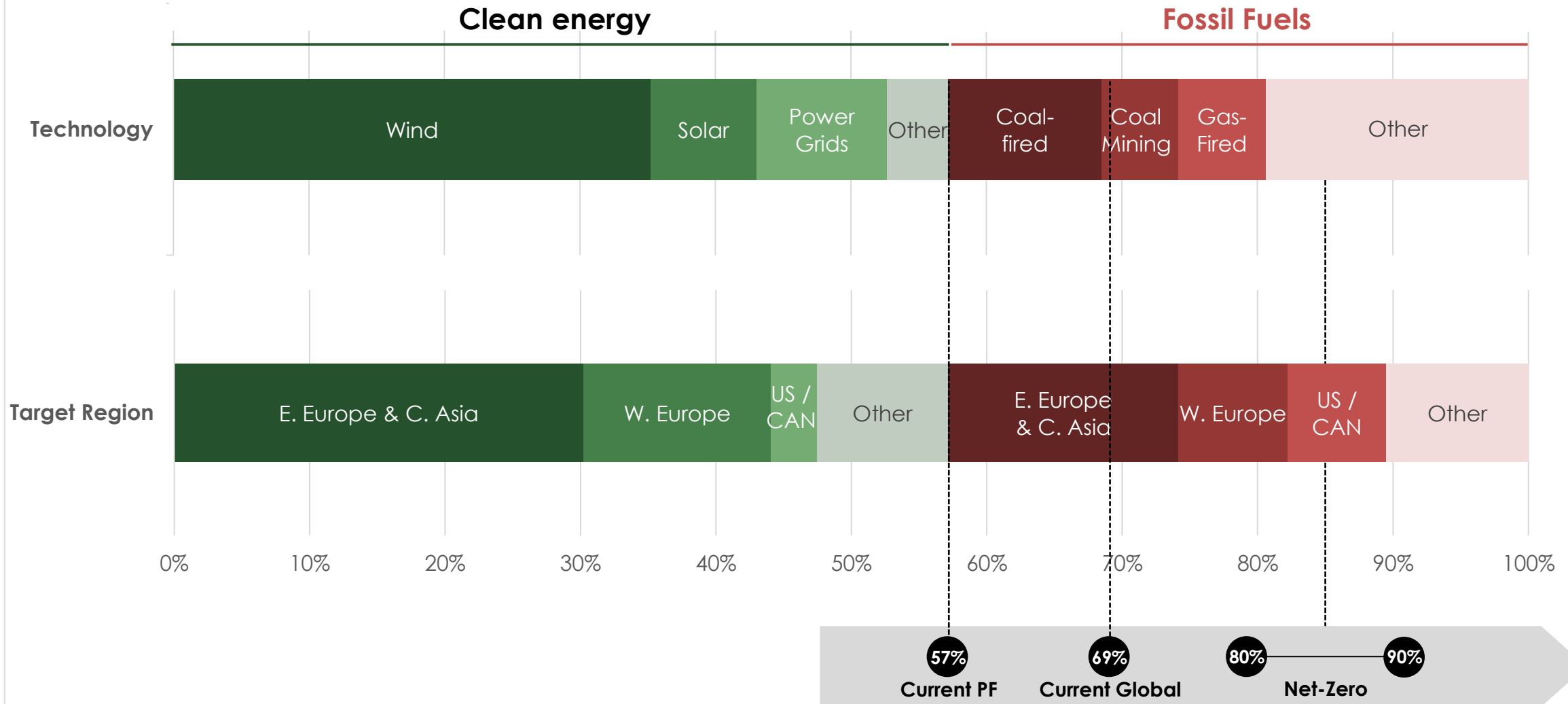


Underlying IMPLEMENTATION indicators



Graph displays distribution of scores by 2023 AUM/owned (USD 7.8tn)

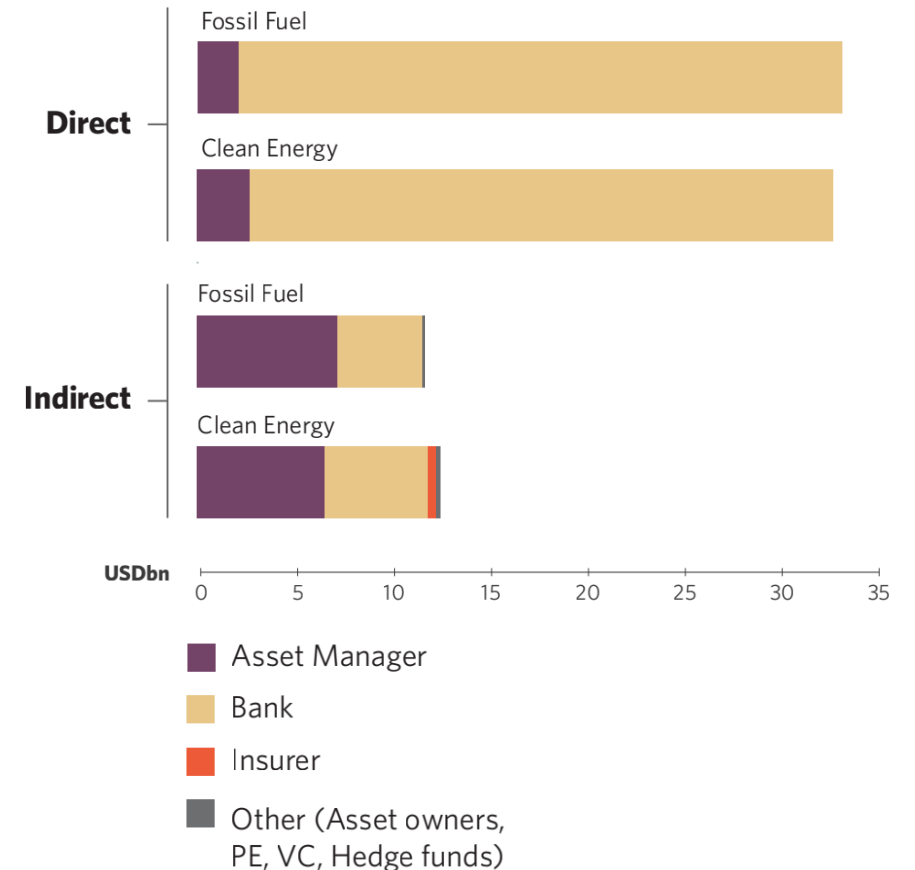
# Pension funds' indirect support for new energy investment points to a need for stronger engagement with investees.



## The big picture: Wider financial sector energy investment highlights the importance of engaging with asset managers.

**Banks** in the NZFT sample are by far the biggest providers of **direct finance** to new clean energy and fossil-fuel projects—mainly as commercial debt.

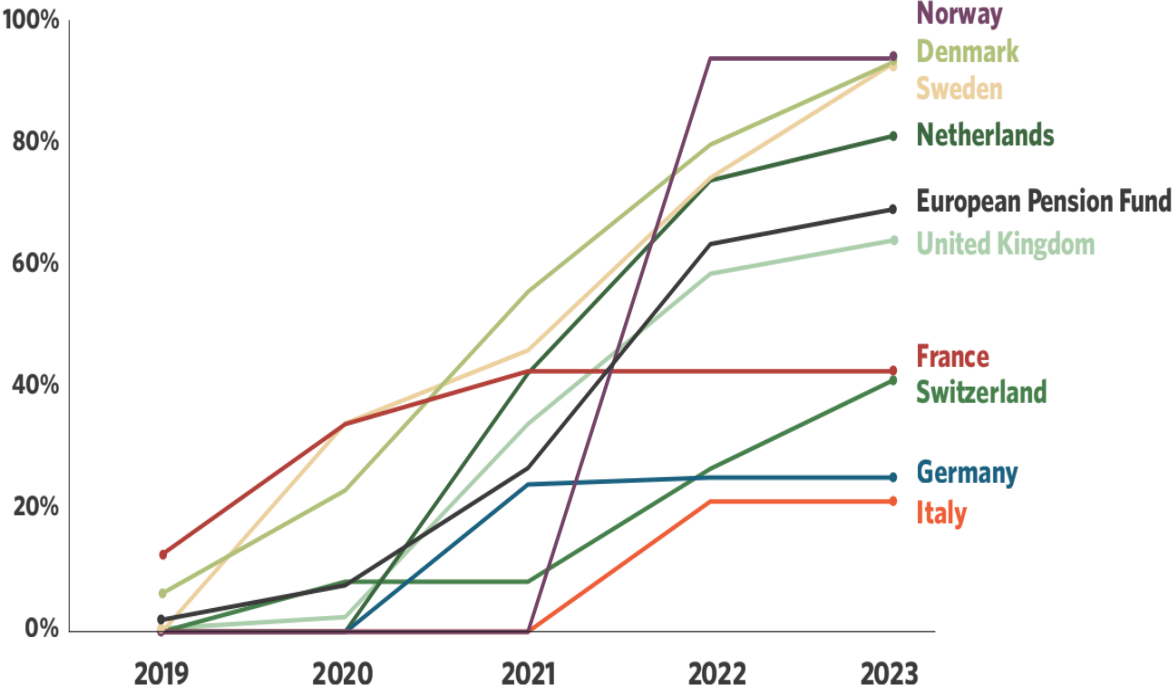
**Asset managers**, however, have a major role to play as they **indirectly enable** the vast majority of such financing.



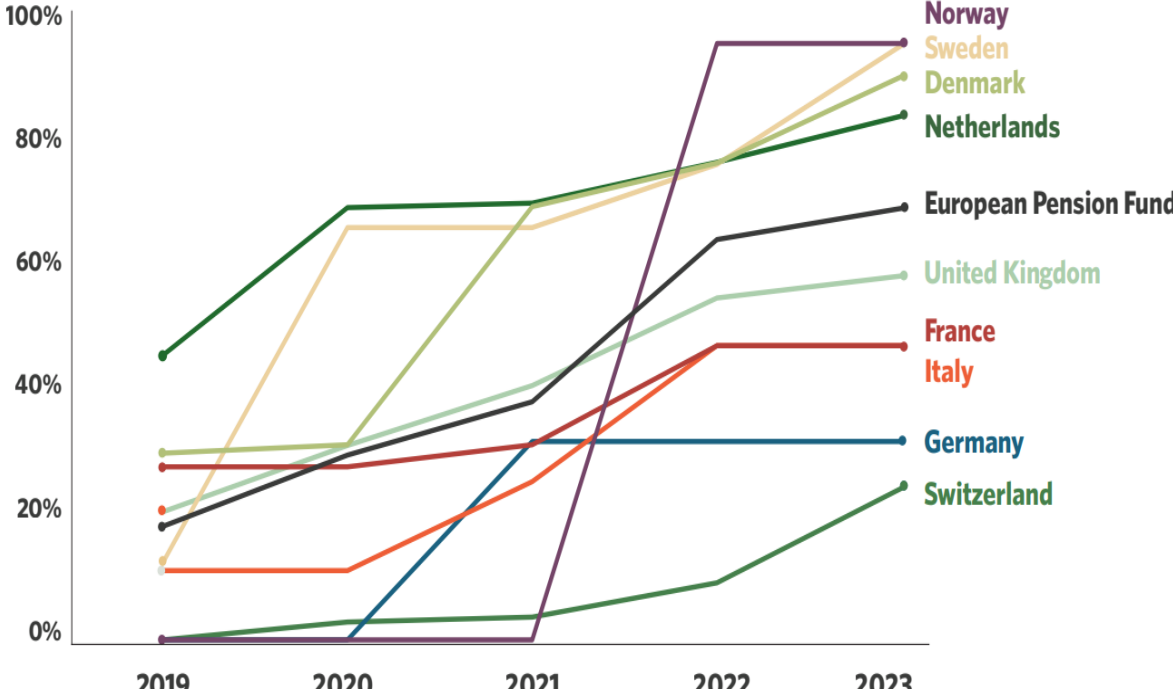
# Main drivers of progress

- Size, target setting, coalition membership, regulation.

Target scores



Implementation Scores



# Solutions to drive additional responses from pension funds

**Bridge the gap** between asset ownership and management.

**Influence on asset managers beyond assets owned**, including at the ecosystem level.

Transition **passively managed investment** to Paris alignment.

Support access to **financial structures** for clean energy investment.

**Improve assessment** of emissions data and alignment, climate finance taxonomies, and **third-party validation** of targets.

	Pension Funds	Govts / Regs	DFIs	Coalition	CSOs	Data
Bridge the gap between asset ownership and management.	■	■		■	■	
Influence on asset managers beyond assets owned, including at the ecosystem level.	■			■		
Transition passively managed investment to Paris alignment.	■					■
Support access to financial structures for clean energy investment.	■	■	■			■
Improve assessment of emissions data and alignment, climate finance taxonomies, and third-party validation of targets.		■		■		■

**Net Zero Finance Tracker:**

<https://netzerofinancetracker.org/>

**CPI:** [climatepolicyinitiative.org](https://climatepolicyinitiative.org)



@climatepolicy



@climatepolicyinitiative

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# Thank You

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## We will update the NZFT and pensions report annually

### Proposed next steps:

- **Key investor categories** beyond pension funds, targeting asset managers, insurance companies, or banks.
- **Impact of regulations and policy** on the specific responses of pension funds, the main regulatory gaps, and levers that further boost policy response.
- **System-based analysis** to understand the main channels through which pension funds can deploy capital in the real economy, and the specific investment and engagement levers that can deliver increased deployment of new clean energy projects, and decreased deployment of new fossil-fuel projects.
- **Existing catalytic financing instruments** and structures that are successfully attracting pension funds capital in clean energy, how they deliver impact, and how they can be scaled up and replicated to multiply climate investment opportunities.
- **Real economy impact** beyond the power sector, expanding our analysis to include other high impact sectors, like transport.