



THE GOOD GUIDE TO NET ZERO

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Introduction: Zeroing-in

From our life at home, to the way we travel, we're beginning to hear the term 'net zero' on an almost daily basis. And as world leaders meet in Glasgow this November at the 2021 United Nations Climate Change Conference - AKA COP26 - we're certain to hear it a lot more.

But what does net zero actually mean, and how does it affect you? Does net zero have anything to do with your finances? And, if so, are there really ways to 'net zero' your money?

In this Good Guide to Net Zero, we explore some answers to those key questions and, together with our partners, offer you a range of solutions to help you apply the net zero concept to your financial life.

Read on to discover how you can engage with net zero when it comes to your home, your energy, your bank account, your investments and your pension.

Check out our website for some of our other guides such as **The Good Guide to First Time Investing** and **The Good Guide to Financial Planning**

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By Lisa Stanley
Co-founder, Good With Money

How to net zero your life

Despite what Donald Trump would say, climate change has been big news since the 80s. But in case anyone was still in doubt, the extreme weather seen over recent years punctuates this debate rather neatly. The scientific evidence that we are facing a climate emergency is clear.

In 2008, the UK passed the Climate Change Act, committing us to an 80 per cent reduction of greenhouse gas emissions by 2050, compared to 1990 levels. The amended Act, passed in 2019, committed the UK - the first major economy to do so - to a 100 per cent reduction (net zero) by 2050.

Net zero literally means **achieving a balance between the amount of greenhouse gas - largely carbon - emitted into the atmosphere, and the amount removed from it.** This balance - or net zero - will happen when the amount of carbon we add to the atmosphere is no more than the amount removed.

In order for us to reach net zero, we desperately need to reduce carbon emissions from homes, transport, agriculture and industry more broadly. However, for other sectors, such as air travel, it is simply too complex and expensive a target. So as well as reducing emissions, the UK also needs to find ways to remove any residual emissions. This element has given rise to new ways of thinking about how the environment can absorb greater amounts of CO₂, as well as the development of new technologies to extract, capture and store carbon.

With net zero now a global target, it's no longer only government scientists and big business wondering whether and how we can meet it. Individuals, too, are questioning what role they have to play in meeting this aim.

So how are we doing so far? Well, you'll be pleased to know that according to government figures released in March 2021, our UK emissions in 2020 had reduced by almost 50 per cent from 1990 levels.¹ However, a large portion of this



reduction can be attributed to the impact on travel and business activity of the COVID-19 pandemic.

With those figures showing clearly the impact of lifestyle changes on the nation's ability to reach net zero, now is the time for each of us to ask ourselves what role we personally can play in helping to make it happen.

Much of the current net zero dialogue centres around national and global policy-driven changes. But it is possible for individuals to have an impact through changes across many areas of our lives, from our home life, to where and how we travel and, of course, how we spend and save our money.

Which is where this Guide comes in.

According to government climate advisers, The Committee on Climate Change², three-fifths of the measures required to achieve net zero in the UK will require at least some degree of consumer behavioural and social change, such as switching to electric cars, or home heat pumps. More broadly, the UK needs to shift its mindset to accept large-scale low-carbon infrastructure and start taking more political action which calls out the lack of action from business and government.

There are easy steps we can all take to help these changes happen more quickly. We speak to Ecology Building Society, Triodos Bank, Nest pensions and Ethex, among others, about the consumer path to net zero.

Ecology Building Society, which provides mortgages for sustainable buildings, explains how to net zero your home. According to the [CCC](#), a massive 40 per cent of the country's emissions come from our homes. It's not an easy time to switch at the moment, as many small, cheaper suppliers disappear, but there are still good, green energy tariffs on the market. You can also get a smart meter installed to reduce your energy use. But what else can you do?

Energy efficiency measures can be expensive, so what you do will depend on what you can afford. Over the coming years, we can expect a growing number of home heat pumps and indeed the government plans to install 5.5 million heat pumps in British homes by 2030. Heat pumps run constantly at a lower temperature, so work best when homes are energy efficient. To prepare your homes for the heat pump revolution, start by insulating your home as much as possible - check you have enough loft, wall and floor insulation, and go for double or even triple glazing if you are considering replacing your windows.

We speak to Triodos Bank about what 'net zero' actually means for banks.

We speak to Nest about the power of your pension to help fight climate change.

We speak to Ethex about how community power can drive the national agenda in helping meet the country's low carbon goals.

And when it comes to net zero and your money, the most powerful tool in your arsenal is actually your pension. According to campaigners Make My Money Matter, switching to a green pension is 21x more powerful than switching to a green energy supplier, giving up air travel and becoming a vegetarian combined! You can check to see whether your existing workplace or personal pension is



green with our new climate-friendly pensions comparison tool, Isitgreen. If you are not sure what your pension is invested in, you can check your workplace pension directly and what it is invested in by logging in to your account online, or your provider's app.

Read more about this below, including articles on net zero pensions from Nest and Make My Money Matter, net zero banking from Triodos Bank, how you can apply net zero principles in and around your home from Ecology Building Society, and how innovative community projects can help the UK meet its net zero targets from Ethex.

Of course, it's not only when we're trying to save money that we should aim for low carbon. If you don't have much spare cash, and are unable to do anything with your bank account or old workplace pensions, then choosing more sustainable products in the shops is powerful, too. For example:

- Going vegan for two-thirds of meals could cut food-related carbon emissions by 60 per cent
- Buying from zero waste stores is a one-stop way to avoid plastic
- If you have leftover food, use apps like Olio to share it locally
- Swap to bamboo and other organic and sustainable materials when you buy clothes, or simply don't buy new - there is a great clothing brand checker [here](#)
- Use the Ecosia search engine instead of Google

¹ www.theccc.org.uk/wp-content/uploads/2016/07/5CB-Infographic-FINAL-.pdf

² www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972583/2020_Provisional_emissions_statistics_report.pdf



Ian Rigarsford
*External Affairs Manager,
Ecology Building Society*

Changing mortgages and savings for good

As concern about the climate emergency grows, many people are looking to make more ethical choices in where they choose to save or borrow. Indeed, using a financial provider that enables you to use your money to help protect the environment is one of the most powerful things you can do to contribute to a greener society.

And now is the time to act. The world is getting hotter. Despite the landmark Paris Agreement on Climate Change six years ago, global emissions continue to increase, and we are perilously close to exceeding the agreed threshold of 1.5C of global heating. Human activity is changing the climate in unprecedented ways, bringing increasingly extreme heatwaves, droughts, and flooding. The 26th United Nations Climate Change Conference, otherwise known as COP26, taking place in Glasgow is an urgent opportunity for world leaders to commit to phasing out fossil fuels to achieve net zero by 2050. A major goal of COP26 is to mobilise finance, accelerating vital investment in low carbon technologies and nature-climate solutions.

Making a positive environmental and social impact

Tackling the climate emergency is a priority for Ecology Building Society, a mission-led organisation established in 1981 by founder members who were motivated by environmental concerns. As well as enabling our savers and borrowers to create mutual benefit from the flow of ethical finance, we ensure that money is used to create positive environmental and social impacts.

Our sustainable lending supports ecological new builds, renovation or conversion of buildings, and energy saving improvements to existing properties. All our lending is funded by our members' savings who can be confident that their money is making a difference. We also finance woodlands for conservation



purposes, community-owned businesses, affordable housing and community-led housing and have supported over 3,500 projects since we were established 40 years ago.

We believe in rewarding borrowers who play their part in reducing carbon emissions. We do this through our unique 'C-Change' mortgages which incentivise energy efficiency through mortgage pricing based on the property's energy performance or environmental impact.

We lead by example

We know that as well as helping others to live more sustainably, we must lead by example, and we're continually seeking to reduce our environmental footprint. As well as being based in dedicated eco-build offices incorporating an airtight structure, high levels of insulation and solar panels, we offset the emissions from our operations and supply chains through accredited planting schemes.



Straw bale construction meeting room at Ecology's eco-build offices

Ecology is the first building society to publish the carbon footprint of its residential mortgage lending and has committed to achieving net zero carbon emissions for our operations by 2030 and net zero for our lending by 2050, at the latest.

Going beyond our own operations, we are playing a leading role in fostering change in the financial services sector at national and international level. In 2019, we

became the first building society to sign the first global sustainability framework for the banking industry, the UN Finance Initiative 'Principles for Responsible Banking'. Signatories commit to align their business strategy and practice with the UN Sustainable Development Goals and the goals of the Paris Agreement.

Many countries, organisations and institutions around the world have committed to achieve net zero, most with a target date of 2050. We believe that financial institutions should play a leading role in helping to achieve this.

Ecology is the first building society to sign up to the 'Net Zero Banking Alliance' (NZBA) launched in April this year, joining the UN 'Race to Zero' initiative and forming the banking element of the Glasgow Financial Alliance for Net-Zero for COP26.

By working on a national and international basis to promote more sustainable finance and supporting our borrowers and lenders in making ethical finance choices, we can play our part to build the greener and fairer society that will benefit us all.



By Lisa Ashford
CEO, Ethex

Helping fund community net zero solutions

As Glasgow prepares to host the COP26 Climate Summit, the world is waiting to learn what policies will be adopted by governments to ensure a global reduction in greenhouse gases to meet our net-zero commitments by 2050. But while we wait for the policy-makers to hammer out any agreements for action, everyday people around the UK and beyond are taking climate action into their own hands. Both in terms of direct actions as well as investing to support some extraordinary organisations operating across the UK who are pioneering new approaches to accelerate the transition to a low carbon economy.

While COP26 is no doubt a pivotal moment for accelerating global climate action, 2021 has already seen an upsurge in support for grassroots, community-based projects and organisations that are taking direct and positive action to cut greenhouse gas emissions and people from all walks of life are using the power of their money to enable this to happen both in the UK and beyond.

Investing for net-zero - what does it mean?

The UK Government's net-zero target enshrines in law that the UK will lower greenhouse gas emissions by at least 100 per cent based on 1990 levels by 2050. The goal of net-zero emissions is to prevent global temperatures from rising above 1.5 degrees celsius by 2100. Currently, the temperature increase sits at 1.1 degrees of warming - so we need to act much faster if we are to limit the catastrophic effects of climate change which Europe saw in summer this year with extreme flooding and wildfires.

But what can we do as individuals? One of the most powerful ways of tackling climate change is to ensure your money is not supporting activities that are generating excess carbon emissions, and then channelling it to fund organisations that are actively working to cut them. Each and every one of us has the ability to



accelerate the UK's action on climate change, ideally delivering net zero well in advance of the 2050 deadline.

And the opportunities for low carbon impactful investments are plentiful. A recent report from IPPR on communities and climate action identified a range of activities already being undertaken by communities to tackle climate change. The report found that solutions to addressing climate change already exist at a community level and there is a big opportunity for us to invest in these to enable them to rapidly scale - improving the resilience of communities, creating fairer societies and protecting the planet, as well as targeting competitive financial returns.*

Community action for global challenges



At Ethex, we've been helping everyday people make ethical investments that fund extraordinary and pioneering community organisations for nearly ten years because we believe they are at the heart of delivering the low carbon economy we need.

And while the UK Government has pledged to level up, delivering opportunities and prosperity for all, in reality, it's community-owned organisations like Low Carbon Hub, Energise Barnsley, Solar for Schools and Kindling Farm that are making things happen, delivering a just transition to a sustainable economy.

Exploring climate action in action

The Ethex platform is proud to feature some groundbreaking community organisations that are innovating and working together with local councils and stakeholders to deliver the solutions we desperately need to make progress to our net zero goals.

Since 2016, community energy organisation, [Energise Barnsley](#) has installed solar panels on hundreds of council-owned properties in the Barnsley area, including over 320 council homes, working in partnership with the local authority to cut carbon emissions, tackle fuel poverty and improve the local community.

In this time, they have become the largest joint local authority and community energy project in the UK, generating over 5,513MWhs of clean energy, saving 2,922+ tonnes of CO2. This has created over £278,844 of collective savings for tenants on their electricity bills, and installed 150 smart batteries, generating an additional £300,000 in energy bill savings. In addition, they have generated over £79,000 surplus income that has been used to fund community initiatives, an excellent example of multiple impacts.



And in Oxfordshire [EZ-Charge](#) has partnered with Oxfordshire County Council and the University of Oxford to develop the Park and Charge project to install and operate 280 Electric Vehicle charge points in public car parks across Oxfordshire. By providing simple and accessible charging facilities to 2,800 EV owners each year, the project will help Oxfordshire reach its net-zero

goals and encourage more people to switch to electric transport.

Thousands of householders in Greater Manchester have benefitted from the retrofitting expertise provided by [People-Powered Retrofit](#) over the last two years, helping create more energy-efficient homes, saving on energy bills and carbon emissions. Formed as a partnership between Carbon Co-op and URBED, the service also trains tradespeople in the green skills of retrofitting homes that will continue to serve the communities they work in for many years to come.

These are just three fantastic examples of innovative organisations working collaboratively with local authorities and other partners to help us make real progress towards our net-zero goals, even before COP26 has started.

Be a part of it

Organisations like the ones above are in need of affordable finance in order to help them scale and grow and through platforms like Ethex, people like you can invest to help them targeting annual returns of around 5%*. It's an opportunity for us all to take a stand, using the power in our pockets to create a greener future, funding innovative solutions to deliver on the UK's net-zero commitments. Will you get on board?

*Please note that investing with Ethex puts your capital at risk and returns are not guaranteed.



By Huw Davies
*Senior Finance Adviser,
Make My Money Matter*

Don't retire into a world on fire

With climate now at the top of the global agenda, most of us will have heard the term 'net zero' used by politicians, business leaders, and activists alike. As countries and firms set their own emissions reduction goals, citizens are looking for ways to play their part in this global challenge, and many of us are making lifestyle changes to reduce our carbon footprint. This may be eating less meat, switching to renewable energy, using public transport, or making conscious choices to purchase more sustainable products.

But often the power of our money is overlooked in the climate actions we can take to help move to net zero. This applies to our savings, who we choose to bank with, and importantly what our pensions are invested in. Thanks to auto-enrolment, many of us now have a pension, and over a lifetime it can grow to be possibly the largest asset we own. The money in our pensions is ours, and it is invested for us during our working life, making much of the public unwitting investors.

There is currently £2.6 trillion circulating in the UK pension sector and a lot of it is invested in industries that are unravelling the health of our planet. In fact, we face a predicament whereby the most passionate climate activist may find that they have unknowingly invested into fossil fuels throughout their career, or a lifelong vegetarian into companies with links to factory farming and deforestation.

The Make My Money Matter campaign was set up to encourage individuals to harness the hidden superpower of their pensions to fight the climate crisis and move to net zero. Make My Money Matter/YouGov polling found that most savers (63%) have no idea where their money is invested, but almost two thirds (61%) of pension holders say that they want their retirement savings to help fight climate change.



What are we calling for?

We are calling on all UK pension schemes to make, and deliver on, robust commitments to achieve net zero by 2050 at the absolute latest, crucially including halving their emissions this decade in line with the Paris Climate Agreement and climate science.

Since we launched in June 2020, we have seen many schemes and providers rise to the challenge and join the 'race to zero' across the industry, with around £800 billion now in pension schemes that have made robust net zero commitments. However, there is still a long way to go; almost £2 trillion remains in schemes that have failed to make adequate commitments, and a shocking 70 percent of 100 major UK pension schemes have yet to do so.

We also recognise that amidst the growing awareness and pressure to act, there is a risk of 'greenwashing' - shallow commitments made to look good whilst not substantially changing - this risk applies everywhere, and includes pension schemes. To avoid this Make My Money Matter, in collaboration with others, has developed stringent criteria on what we believe makes for a 'good' net zero that delivers front loaded action on climate. Simply put, schemes and providers should adhere to the following:

- Align with Paris/IPCC: Portfolios should match the 1.5°C ambition of the Paris Climate Accord, including halving emissions before 2030 and reaching full net zero by 2050 at the absolute latest.
- Say no to Coal: Providers should ensure a rapid exit from all coal investments.
- Use your pension power: Trustees must actively engage with companies they own and use their voting power on shareholder resolutions at AGMs.
- Divest where necessary: Where engagement doesn't work, providers should divest from high emission companies who don't have credible net zero strategies or refuse to transition.
- Fund the future: Providers should proactively invest in climate solutions, such as renewable energy and green infrastructure, and support a just transition to consider the impact that climate transition may have on jobs and livelihoods.
- Match best practice: Providers should draw on international best practice frameworks, such as the Net Zero Asset Owner Alliance, when forming and delivering plans to reach net zero.
- Ambition to action: Finally, providers should start acting now, reporting annually on their progress to members and holding themselves to challenging five-year benchmarks.

Finally, we believe that, despite progress, voluntary commitments are insufficient. To address this, Make My Money Matter is calling on UK Government to make net zero mandatory for all schemes here in the UK – demonstrating climate leadership on the world stage, and taking bold action before it's too late.



What can I do?

And so back to us all as individuals - we have one of the most crucial roles in getting our powerful pension schemes to act. There are a range of easy steps that people can take to make sure that their money is committed to net zero and not fuelling the climate crisis:

1. First, find out where your pension is invested and whether it is in line with your values. If you're not happy, ask your pension provider to change and go green. If you are not satisfied with the reply, you may wish to investigate what options you have to move into a pension fund you can truly be proud of. Make My Money Matter has a handy template you can send your provider [here](#)
2. Check out your workplace pension: Many pensions are organised by employers. Ask your boss or HR where the company pension is invested and check if it aligns with their sustainability plans. After all, what's the point of companies making brilliant climate commitments, but then failing to consider our pensions? Again, [this template](#) may help
3. Shout about it: Money can be such a taboo topic and, to spark real change, this is something we need to stop. So, talk to your friends, family and colleagues, and see whether their pensions are working to protect our planet.

After all, what's the point retiring into a world on fire?



By Helen Dean
CEO, Nest

How your pension can play a part in the effort against climate change

It feels like the whole world is waking up to the threat climate change poses to our everyday lives.

And it's about time too.

We've known for years the catastrophic damage a rapidly heated world could cause, from flooding to drought and heatwaves. Earlier this year we saw the terrible and deadly flooding across Germany. The Head of the Environment Agency believes Britain will see similar events unless we become more resilient to the violent weather the climate emergency is bringing. That it's a case of "adapt or die".

Like I suspect many of you, I'm really concerned about what the world will look like when future generations come to retire.

So, what can we do? If this is a problem which has been ongoing for years, what changes can we make to our lives to make a difference?

Many of us have already made key lifestyle changes, like eating less meat or changing how we travel, to help reduce our carbon footprint. But have you thought about how your pension is invested?

As a pension scheme, Nest receives around £400 million in new contributions every month which we need to invest on behalf of our members. We put this money into various things, from buying shares to investing directly into real estate. How this money is invested matters. Investing the money responsibly, to achieve sustainable returns, should help our savers build up a great retirement pot.

The pension industry is beginning to recognise that climate change doesn't only pose a risk to our way of life, it also presents a real investment risk. All the research we've done shows well-run companies with sound environmental and social practices have a better chance of long-term success and profitability.



So last year, Nest committed to be a net-zero investor by 2050 at the latest, and to halve our carbon emissions by the end of this decade. This keeps us in line with efforts to keep global temperature rises within 1.5C above pre-industrial levels. This was one of the key targets set by countries through the Paris Agreement on climate change to help avoid the worst effects of it. We've made these commitments because we believe it will help our savers achieve a bigger pension pot in the long-term and help create a better world for them to live in and retire into.

We need to act now if we're to achieve our net zero targets, and we've already taken some immediate steps to help reduce the carbon footprint of our investments.

Firstly, we invest in a way that reduces the amount we put into companies that are the biggest carbon emitters. Instead, we take this money and increase how much we invest into companies involved in clean technology and renewable energy opportunities. Already more than half of our £20 billion portfolio is invested this way. This has helped redirect more than £1 billion into green industries and reduced the carbon footprint of our portfolio, equivalent to taking 339,000 cars off the road.

Secondly, we believe some activities are simply incompatible with our net zero target. We've therefore begun taking money out of (known in the investment world as divesting) companies involved in extracting certain fossil fuels: thermal coal, oil sands and Arctic drilling.

Thirdly, we've partnered with Octopus Renewables, who are trying to build the world's leading renewables energy business. They're helping us invest directly into green infrastructure projects like solar and offshore wind farms, across Europe as well as right here in the UK. We want to invest in the energy of the future, not the past, and expect to invest billions of pounds over the coming decades.

Because of how we invest their money, our members are shareholders in some of the largest companies in the world. Over the past few years, we've used this position of influence to both privately and publicly challenge businesses like Barclays and Total to adopt net zero targets. Our efforts, coordinated with other likeminded investors, has helped push companies into doing the right thing and taking their climate change responsibilities seriously.

Nest's net zero ambition is across all our investments, so you don't need to choose a 'green option'.

This approach means we can have an even greater impact by coordinating our £20billion+ investments towards reducing carbon emissions.

We're delighted to be working with Good With Money again, co-sponsoring this report. We want more savers to be asking questions about their pension and what their provider is doing to reduce global carbon emissions and create a better, more profitable future for everyone.

I'll give the final line to Nest's Chief Investment Officer, Mark Fawcett, who leads Nest's investment strategy. When we announced our net zero ambition, he insisted Nest must play our part in the efforts against climate change:

"Not only is this the right thing to do, it's also what our savers want and expect from us. How can we offer them the prospect of a better retirement if we ignore the world they'll be retiring into?"



By Bevis Watts
CEO, Triodos Bank UK

Hitting the target without missing the point

With some inconsistency around how net zero is defined, the targets and announcements from financial institutions can be somewhat confusing. Here, we explain our approach to target setting at Triodos and some important points to look out for.

It is hopefully clear now that in order to reach net zero, an organisation needs to tackle its impact across all three scopes of emission. It is often the 'scope 3' that is the largest area and the hardest to measure, but crucially for financial institutions like banks it must include the greenhouse gas (GHG) emissions of loans and investments. They must not shy away from this responsibility - it is a huge challenge.

The first step is measuring these emissions effectively and consistently. In 2016, in the wake of the Paris Agreement, the Partnership for Carbon Accounting Financials (PCAF) was established in the Netherlands and it has become the globally recognised standard for measuring the carbon footprint of loans and investments. Triodos implemented the PCAF methodology in our own reporting for the first time in 2018 and extended the scope of accounting to cover 100 per cent of loans and fund investments in 2019.

Of course, Triodos Bank does not invest in fossil fuels and so as you might expect our climate impact report shows that we have a relatively low climate intensity from our loans and funds. Even so, transparency around the challenges involved is key – be it in housing portfolios, food & agriculture or small businesses who might be struggling to measure their emissions. Triodos leads the way by publishing the confidence we have in our emissions data, and how we plan to improve this year on year.



Can 'offsets' be used by banks to reach net zero?

There must be transparency on the role of offsetting in a net zero strategy. In order to reach net zero, the Science Based Targets initiative (SBTi) framework states that an organisation should first reduce its emissions as much as possible, along its full value chain (so scope 1, 2 and 3) in order to be consistent with limiting global warming to 1.5 degrees. Then they must neutralise the impact of any emissions that cannot be eliminated by permanently removing an equivalent volume of carbon from the atmosphere.

The 'compensation' type of offsetting can complement a net zero strategy, but it is really important to note that avoided emissions can't be used to 'balance the books' as some banks are trying to do. At Triodos we have 'avoided emissions' from fossil-fuel power generation due to investing in, for example, renewable energy. But we present these avoided emissions in our reporting beneath actual emissions. This is because, while avoided emissions play a very positive role, they do not remove existing carbon from the atmosphere. Offsetting investments in high carbon projects against avoided emissions is not a reasonable definition of net zero.

In essence, in the quest for a science-based net zero target banks need to reduce emissions in their lending and investing as much as possible, and then neutralise any emissions that are left over by removing carbon from the atmosphere. Some others look to new technology to offer the solution, such as carbon capture and storage. But we are a long way from scaling these options and the economics around a price on carbon are not developing quick enough. We hope that offsets might take the form of large-scale investments in nature-based solutions that sequester emissions – such as restoring natural carbon sinks like forests, wetlands and peatlands.

What about a 'just transition'?

In order to set a robust net zero target, we are most conscious of the need to reflect critically on our portfolio – particularly as we want to support a sustainable and just transition. For Triodos, we don't want net zero targets to adversely affect our mission and the positive impact we strive for – or the holistic nature of our impact. The transition to a net zero economy must be a just one (you could call it 'Just Zero') as we continue to deliver on our mission to finance positive impact while supporting social inclusion.

Sustainable banking means using money consciously today without compromising the needs of future generations. A just transition is one that considers these needs, addresses wealth inequality, and delivers both social and environmental outcomes in tandem.

No one should be pretending net zero is easy

If they are not doing so already all banks need to reflect critically on their lending and investments portfolio. The setting of targets is useful to show intention - which is why Triodos has previously voiced its support to the Net-Zero Banking Alliance that agrees to align operational and attributable emissions from portfolios with pathways to net-zero by 2050 or sooner. But it is all our responsibility to ask those promoting their targets the important question – 'how'?



We must hit the target without missing the point. Setting net zero goals needs to be done carefully rather than announcing arbitrary targets too quickly and using them in marketing campaigns that give the impression that it can be 'carry on as usual' and delay meaningful action or system change.

We will continue to urge the financial sector to stop investing in fossil assets and any new upstream exploration activity, as recommended by this year's International Energy Agency (IEA) report. We will call for a 'reset of the economy'. Only if we recognise the urgency and act together can we combat climate change effectively.



By Lisa Stanley
Co-founder, Good With Money

Isitgreen: where is YOUR pension invested?

Have you ever wondered what companies your pension – assuming you have one – is invested in?

Are they health care, tech firms or banks? Are they oil firms, steel or minerals extraction firms, or are they arms manufacturers? Or, are they companies having a more positive impact on the planet and society, perhaps those firms more aligned with your own personal values?

Well, you're not alone. According to research by the Government, two thirds of UK savers want their money to account for its impact on the environment, as well as profit. Further research from Triodos Bank reveals seven in 10 people think financial providers need to be more transparent about how they invest their customers' money.

Until now, it's been pretty hard to find out how climate-friendly your pension is. However, the launch of our new green pensions platform called Isitgreen.org, developed with a team from leading UK think tank, Demos, will allow you to do just that.

All you need is the name of the fund your pension is invested in, and if you can't remember that, then just the provider name will do. Follow the prompts on the site, input the information where asked, and Isitgreen will assess your pension fund's climate credentials using both climate performance data (from a company called Climetrics) and financial performance data (from a company called Refinitive, part of the London Stock Exchange). You will then receive a rating for the 'greenness' of your pension fund, ranging from 1* (poor) to 5* (top).



Changing to a climate-friendly pension

And, if you decide you don't like what you see, you can read on for some suggestions on more climate-friendly pension fund ideas so you can then talk to your employer adviser or your IFA.

The problem is two-fold. Firstly, UK pension-holders are sitting on a goldmine of more than £2.6 trillion, and many of us won't be aware – nor will we like the fact – that those trillions of pounds are not invested in sectors that align with our values.

Fossil fuels, tobacco, arms and deforestation were once core sectors for UK pension funds, but as we all recognise our planet needs a greener future, we have the chance to direct our investments towards more sustainable areas.

Until now, even if we do take an active interest in where our pensions are invested, it has been pretty difficult to work out where that may be. Our workplace pension is probably invested in a default fund, and information on the potential sustainability of any personal pension funds is likely to be buried 20-odd pages deep in the fund marketing material, obscured by a barrage of different terminology, ranging from ESG to sustainable to responsible to green to ethical.

So even pension holders who want to take an interest in how climate friendly their pension is may find it confusing. That's where Isitgreen comes in.

Avoid the greenwash

Charles Seaford, Demos fellow and founder of the Isitgreen platform, added: *"As the climate crisis becomes ever more important, we're all looking for ways to make a positive difference. We may not realise it, but how we save and invest our money – as well as, naturally, how and where we spend it – can make a huge impact.*

"However, as increasing numbers of financial providers jump on the growing green investment bandwagon, it's important to cut through the greenwash and shine a light on those financial providers who walk the walk as well as talk the talk. So, Isitgreen has been developed to do just that – for the first time investors can find out easily whether their pensions and other investments are genuinely tackling climate change. And do something about it if they're not!"

Greening your pension is powerful

According to Make My Money Matter, in one of our partner articles above, greening your pension is 21 times more effective at reducing your carbon footprint than giving up flying, going veggie and switching energy provider combined.

Huw Davies, Senior Financial Adviser, at Make My Money Matter said:

"Pension funds have invested trillions on our behalf without asking the crucial question – do these investments create a world we actually want to live in? Isitgreen helps make it easy for ethical consumers to understand more about their investments and take action if they are not happy with the answer.

"Our pensions can be one of our biggest assets, with real power, but our money may often not be aligned with our values and the world we want to see. We are calling for all pension funds to commit to robust net zero targets and climate action – including a halving of emissions this decade. After all, what's the point in retiring into a world on fire?"



Conclusion

Unlike most races, the 'race to zero' emissions won't have one winner.

In this race we all win, or we all lose.

As global leaders meet at COP26 to thrash out their national commitments to tackling the climate crisis, collective change on an individual level will also play a key role in determining whether - and how fast - net zero can be achieved.

Hopefully this guide will help you with understanding and implementing those changes. But if you make only one, make it with the most powerful tool you have - your money.

About Good With Money

Good With Money is a money website with a difference: it is all about how your money can do more good for people and planet, as well as line your pocket.

It created the Good Egg mark, a licence for financial services companies which make a positive impact.

Sign up to the weekly newsletter for the latest reviews and deals [here](#).

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