

Are pension funds reading impact reports? ‘Not often’ they say – new research explains why and points to better way forward

21 July 2025, LONDON: Most UK pension funds are receiving impact reports but few are reading them closely – let alone using them to guide investment decisions. That is one of the central findings of ‘Impact Integration: advancing reporting & management practices in pension funds’, a new report commissioned by Impact Frontiers and published today by Pensions for Purpose.

The research, based on interviews and surveys of 19 named pension funds, asset managers, advisers and consultants, reveals while the UK’s impact investing market is growing fast, expanding over 10% annually between 2021 and 2023, many institutional investors remain unsure how to use impact data meaningfully.

Bruna Bauer, Research Manager for Pensions for Purpose said: “Impact reports are too often treated as a box-ticking exercise. The reality is many pension funds aren’t reading the reports they receive and even fewer are challenging what’s in them. That’s a missed opportunity, for better investments and for protecting against greenwashing.”

The report finds while most pension funds assess whether their managers produce impact reports, few engage deeply with the content or use it to inform investment decisions. This limited use reflects a broader challenge: many asset owners describe their own impact literacy as ‘average’, with varying levels of understanding even among more advanced funds. Trustees, in particular, often lack the confidence to evaluate whether reports are relevant, accurate or decision-useful, making it difficult to distinguish between high-quality reporting and selective storytelling.

At the same time, asset managers continue to face challenges in producing high-quality reports. Data is often difficult to collect, inconsistent across investments and hard to compare – especially at the underlying investee level. While some managers are developing thoughtful approaches, others focus more on polished storytelling. As a result, reports risk becoming marketing tools, rather than serious inputs for decision-making. At the same time, there is insufficient scrutiny from asset owners, often due to low levels of impact expertise and limited feedback on the reports they receive.

The report also highlights tensions that need to be better managed for reporting to support real progress. These limitations include the need to balance standardisation with flexibility and the importance of combining quantitative metrics with qualitative insights, such as case studies and narratives. Pension funds want concise, financially

relevant reports, which focus on material outcomes, not long documents filled with generic claims.

To help bridge this gap, the report points to two frameworks. Firstly, the *Impact Performance Reporting Norms*, which offer clear guidance on how to assess the quality and usefulness of impact reports. Secondly, the *Operating Principles for Impact Management*, which outline how to embed impact throughout the investment lifecycle, from setting objectives to managing exits.

In light of the results, Pensions for Purpose and Impact Frontiers – an Ecosystem Partner in the Impact Integration theme – will launch a Community Interest Group for pension funds and advisers in August 2025. The group will provide a space to test practical tools and share approaches to environmental and social impacts investment decisions. As an Ecosystem Partner, Impact Frontiers plays a leadership role in co-creating solutions and advancing impact performance reporting as part of Pensions for Purpose’s wider work to drive meaningful change through strategic collaboration.

Finally, the report’s outcomes also align with policy efforts to ensure systemic risks, such as climate change, are recognised as financially material and appropriately reflected in fiduciary duty. Pensions for Purpose, alongside ShareAction, has been advocating for this shift. To meet long-term goals like net zero, pension funds need credible, effective impact reporting which help them align investment strategy with real-world outcomes.

- ENDS -

NOTES TO EDITORS:

Participants who gave permission for their name to be listed in the report:

Asset owners

- Cushon Master Trust
- Durham County Council Pension Fund
- Gloucestershire Pension Fund
- Guy’s & St Thomas’ Foundation
- Legal & General
- Merton Pension Fund
- PGGM
- Smart Pension
- South Yorkshire Pensions Authority
- Tyne and Wear Pension Fund
- Wiltshire Pension Fund

Asset manager and allocator

- UBS

Consultants and advisers

- Aon
- Apex Group
- Ario Advisory
- Barnett Waddingham
- ISIO
- XPS Investment

Development financial institution

- British International Investment

About Pensions for Purpose

Pensions for Purpose exists as a bridge between asset managers, pension funds and their professional advisers, to encourage the flow of capital towards impact investment. Our aim is to empower pension funds to seek positive impact opportunities and mitigate negative impact risks. We guide pension funds and other institutional investors on their journey through the spectrum of capital towards embracing impact investing as a philosophy. We have been growing our Community of over 465 organisational members and 1,550 individuals since 2017 bringing together stakeholders to promote understanding of ESG, sustainable and impact investment.

About Impact Frontiers

Impact Frontiers is a learning and market-building collaboration for investors seeking to manage their social and environmental impacts and incorporate impact into investment decision-making. Impact Frontiers is a successor organization of the IMP, stewards the impact management norms facilitated by the IMP, and facilitates consensus-building in areas in which standards and guidance do not yet exist, by aggregating, synthesizing, and sharing new practices that can help investors to increase their impact. Learn more at www.impactfrontiers.org.

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