



Fossil Fuel Free Plan Customer Survey Report 2024

In February 2024 PensionBee invited customers in its Fossil Fuel Free Plan to share their views on the plan's approach to screening. We wanted to know whether there was appetite to move to a Paris-aligned or climate transition benchmark in the future.

As debate on approaches to fossil fuel investment have evolved since we developed and launched the Fossil Fuel Free Plan in 2020, we wanted to make sure the plan continues to represent the views of those invested in it today.

We last surveyed our customers in this plan in 2021. On the basis of that customer feedback, we made a number of changes to the plan to further exclude companies whose primary business activity is connected to the fossil fuel industry, such as exploration, drilling, pipelines, production, refining, or the marketing and supply of oil and gas products.

We're now considering what action to take following the findings of our 2024 survey.

Key findings

1. Fossil fuel financing

53% of respondents want to remove the fossil fuel financiers from their pension

In 2024 a narrow majority of customers stated they would like to remove companies that provide funding to fossil fuel companies. This prioritisation was similar to the 2021 survey results when 69% of respondents told us they wanted to remove banks that finance fossil fuel exploration. However, in the area of fossil fuel financing, the views of our customers have continued to move more quickly than the data has.

We spent some time since the survey closed looking into this area. Unfortunately at this time a dataset of sufficient quality to screen out the financiers of fossil fuel projects still does not exist. The issue doesn't lie in a lack of effort to collect data. The issue lies in the poor quality of the disclosures by the fossil fuel financiers themselves. This is due to a current lack of legal framework for mandatory sustainability reporting, including but not limited to Scope 3 GHG emissions. Specifically, these companies haven't disclosed the level of granularity required to give a data (index) provider the ability to reconcile the data through time, which therefore wouldn't meet their quality requirements to be used within index construction.

Data providers have been trying for some time to collect data from various sources and for multiple use cases. One such example is the [Banking on Climate Chaos Report](#). Whilst there's nothing of scale and accuracy available now, over time we hope this will change as disclosures become available to build a credible data set, which an index provider can use. In time we hope these data sets will be fit for purpose to inform investment decision making, and we'll respond to the demands of the market, and our customers. In the meantime, we'll continue to use the insights from our customers to advocate for better data, where possible.

2. Climate transition and Paris-aligned investing

62% of respondents told us they want their pension to decrease exposure to carbon intensive industries over time, by investing more in green revenues

In recent years a new type of climate investing has evolved. Paris-aligned and climate transition benchmarks aim to help tackle the net zero challenges the world faces using decarbonisation pathways. This means if the global economy carbonises, these benchmarks will move in the opposite direction, in order to meet their minimum 7% year-on-year net zero decarbonisation pathway, relative to a base year. This approach aligns with the Paris Agreement of 2015, which is when world leaders pledged to try and prevent global temperatures from rising by more than 1.5C.

This type of investing is very different from the existing Fossil Fuel Free Plan, which invests in a standard FTSE global equity fund of major publicly traded companies but uses specific exclusions and tilting to allocate more capital towards companies who are demonstrating their preparation for climate transition. However, this does mean that heavy carbon emitters not involved in the fossil fuel industry (such as industrial manufacturing) can remain in the fund and there's no ability to remove them.

Customers shared many comments on the topic of green revenues and desire to move beyond the pure exclusionary approach of the current plan.

Green energy should be prioritised.

Would also be great if the plan was proactive at investing in what is GOOD for the future, not just avoiding what is bad, e.g. renewables.

As well as blocking investment in 'bad' industries you could also promote investment in 'good' industries such as solar, wind, batteries.

I'd like a higher percentage of the fund invested in fossil fuel alternatives such as solar panels or wind farms or hydroelectric products.

More in renewable energy, biodiversity and sustainable food companies.

We should be investing in the future of our planet. Renewable and sustainable should be the motto.

I love that you're seeking to evolve the plan and I'd love the idea of knowing the plan was Paris aligned to the two degrees target.

Whilst a majority of customers would like to see their plan align with the Paris Agreement, 25% of respondents weren't able to make a decision because they felt they either didn't possess the necessary investment knowledge or that the explanation on climate benchmark investing wasn't sufficient, or both.

I'm not well-enough informed to be able to assess. I want you to make these decisions for me, based on careful research.

We've taken this as an important learning opportunity, and will produce more content to increase levels of understanding around this type of investing. Climate benchmark investing can play an important role in our planet's transition to a more climate-resilient economy and will bring with it a number of financial opportunities for investing in renewable and green revenues.

The field of sustainable investing continues to move apace and we can continue to share more educational content over the coming months to build our customers' knowledge.

3. Further exclusionary screens

98% of respondents want to expand the plan's exclusionary screens with one or more new screens

Customers were clear that they want levels of screening to increase. Currently the Fossil Fuel Free Plan has additional screens to remove the tobacco sector, controversial weapons manufacturers and violators of the United Nations Global Compact, a set of international principles on human rights, labour, environment and anti-corruption.

The most prioritised new exclusionary screens were to remove civilian firearms, the unsustainable use of palm oil and nuclear weapons. Additionally, customers would like to see investment in for-profit prisons and environmental controversies restricted.

We also received a number of free text comments related to animal exploitation and investment in the meat industry.

Love that you offer these choices, it's important to me to be ethical. I'd like more choices to avoid animal exploitation and cruelty.

You're doing great work! For environmental reasons I'd love to see a plan which eliminates animal agriculture and animal products. Thank you.

Well done. Well written survey. Like the idea of extending to other very carbon intensive activities like meat.

I'd like to see options that exclude funding the meat industry.

4. Transition costs

66% of respondents were happy to pay small one-off transition costs to move to an improved plan, provided the overall cost of the plan didn't increase

If customers are clear they'd like to see changes to the Fossil Fuel Free Plan, this may mean moving to a new benchmark or manager. Transitioning assets, or moving to a new plan, would come with some small one-time costs associated with the move. Managers would of course seek to minimise all costs but estimates for a similar plan switch are around £20 for every £20,000 of pension savings.

We can see from the results that a majority of respondents are happy to pay small one-off costs for an improved plan, and provided that the overall cost of the plan didn't otherwise increase.



Next steps

Our objective is now to consider how to implement our customers' wishes, including by evaluating the plan and other potential plans that could best meet their needs.

We want to thank everyone who participated and shared their views. We rely on customer feedback to keep pushing the market forward and closing the gap between savers' views and investment plans on offer. Please do reach out to us on engagement@pensionbee.com if you have further views to share.