

## Summary results of PensionBee survey on Future World customer investment views

In February 2020 PensionBee invited all customers in its responsible plan, the Legal & General 'Future World' fund, to a survey about their investments in high carbon emitting and tobacco companies. Approximately 14% (546) of customers responded and many commented that they appreciated the engagement: *'Very grateful for all the engagement with customers on this', 'I am really surprised to be given a choice! It's brilliant!'*

Sustainable corporate behaviour is increasingly a moral and economic imperative. We are in a period of transition to a low carbon economy, an important process for the world to meet international carbon emissions reduction goals, such as the UK's [legally binding target](#) to bring carbon emissions to net zero by 2050.

PensionBee introduced the Future World fund to customers in 2017. Legal & General's strategy for the fund is to engage with the largest companies in the world and pressure them to transition to a low-carbon economy. Where companies refuse to engage, they are divested from the fund. Some notable achievements from this strategy are that Shell linked executive pay to carbon emissions and BP have publicly committed to reduce net emissions to zero by 2050. Meanwhile, eleven major carbon intensive companies, including oil major ExxonMobil, and the China Construction Bank, have been divested due to their lack of progress on climate change.

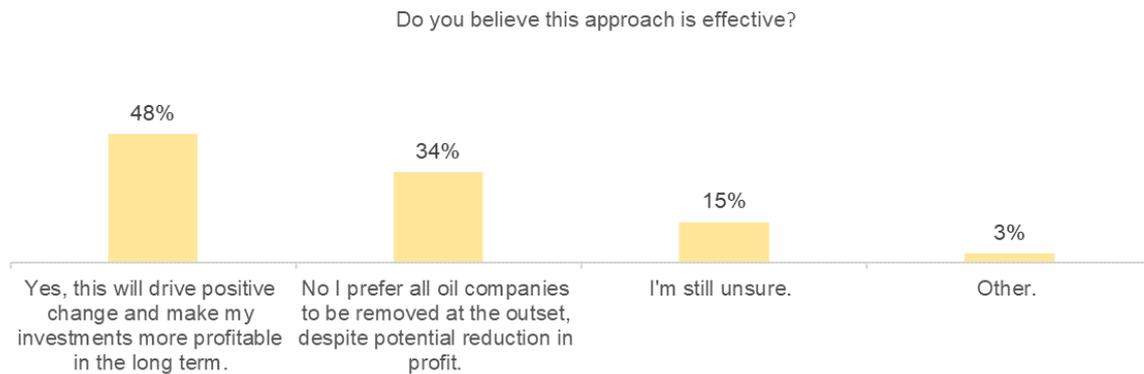
However, PensionBee customers in the Future World plan have increasingly expressed a desire to completely remove oil stocks, due to a belief that engagement is ineffective. [In November 2019 PensionBee's Chief Executive Officer wrote to Legal & General, querying the ongoing inclusion of Shell in the Future World fund.](#) Since then, there have been further requests to remove all fossil fuel companies from the plan and customers requested to put the exclusion of oil to a vote. In addition, whilst the plan does not explicitly exclude tobacco, some customers have said they want it removed.

PensionBee ran this survey to understand the views of everyone invested in Future World and to plan appropriate action.

### Key findings

- 1. 48% of respondents agree that Legal & General's engagement strategy is effective. 34% of respondents wanted to exclude oil, even if that meant a potential reduction in the profitability of their pension.**

Survey participants were informed that their Future World plan invests in c.2,000 companies, excluding controversial weapons and pure coal producers, and that it invests in some oil & gas majors, to use consumer shareholdings to engage and pressure them to reduce emissions.



Total question respondents: 544

Another 15% are still unsure of engagement as a strategy, reflecting the uncertainty of big corporate behaviour over a long time period.

One respondent commented, *'Whilst I am very conscious of the effects on the environment some companies have, I don't think just excluding them is a viable option. Behavioural changes are not achieved by what is effectively turning a blind eye.'*

Another indicates that divesting from the industry at the outset could be more effective, *'I think divesting from oil and gas is a good signal to the market.'*

A third respondent believes that both strategies are valid and consumers should be able to make a personal choice, *'I understand what the future world plan tries to do engaging with companies to make a positive impact on their actions, however, I think it might be good to have a really green plan for people that they disagree with this strategy. I just think that instead of changing this plan would be good to offer another option completely green so we could see the risk and decide if we want to switch plans.'*

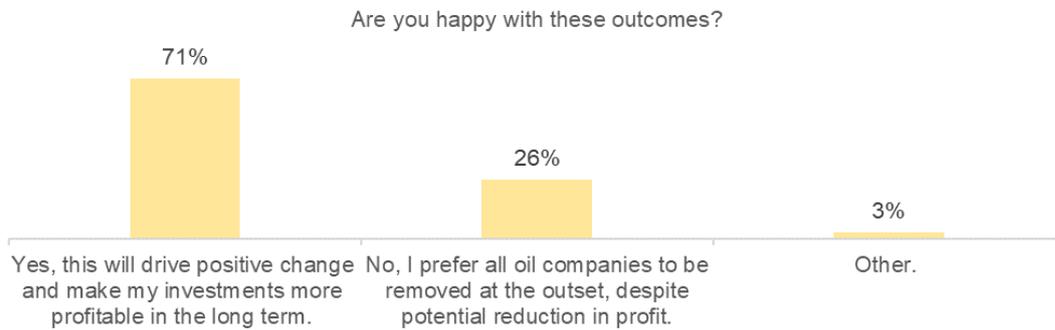
Of respondents who are still unsure, some indicated that they need to feel better informed about the design and outcomes of the engagement strategy, *'Would like transparency on the parameters for measuring successful engagement and disinvestment in some cases.'* Another commented, *'I agree with the sentiment of investing to impact change. But I'm not clear about how effective this strategy is in achieving its goal.'*

On the other hand, some don't believe in the commitments that have come from oil majors, *'I understand the case for investing in oil. But I am sceptical of the promises they make.'* Another commented, *'I believe the commitments the oil and gas companies make need to go further, e.g. 2050 is too late. Need to transition to electric now.'*

**2. After some of the achievements of “engagement with consequences” were explained, a majority of 71% expressed support for the approach, however more than a quarter still called for divestment.**

Survey participants were informed that Legal & General use an 'engagement with consequences' policy to drive better behaviour in companies that the fund invests in. They give companies clear goals and deadlines and divest when these are not met. PensionBee highlighted that this

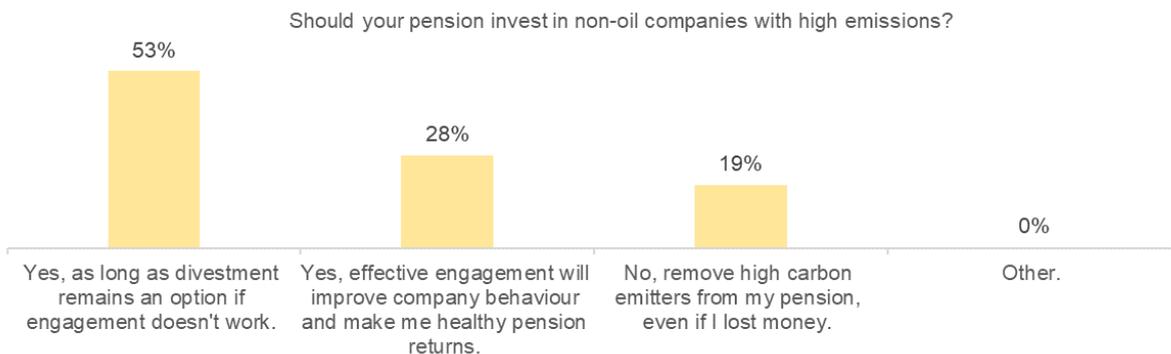
engagement approach has achieved significant commitments, such as Shell linking its executive compensation to carbon emission reductions.



Total question respondents: 542

**3. There was a clear view on non-oil and gas companies with significant carbon emissions. A majority of 81% believe that engagement and especially ‘engagement with consequences’ is the right approach.**

Survey participants were informed that their plan also invests in many non-oil & gas companies, to diversify investments for better long-term returns. Some of these companies may have high carbon emissions. More money is allocated to companies with a better climate record. It was also explained that the fund engages with these and has already achieved a 16% reduction in emissions compared to traditional investing.

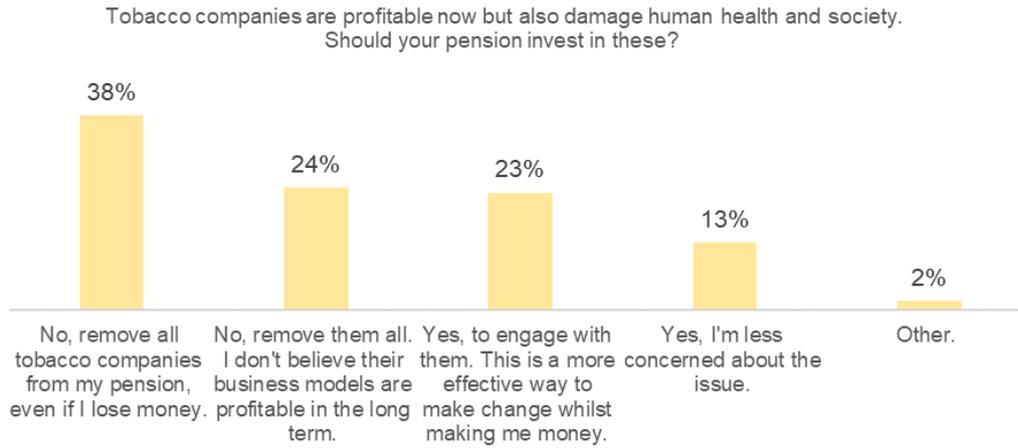


Total question respondents: 544

One consumer commented, *‘It’s a crisis - they should be given a deadline warning to change, or else divestment’.*

Another said, *‘Although oil/gas and tobacco have obvious impacts on the environment/health I am keen to take a wider view and ensure all high polluters are also restricted from the fund. I’m sure there are many companies doing terrible things in other ways!’*

**4. 62% of respondents want tobacco removed from the Future World plan. More than a third would accept a reduction in profitability, whilst almost a quarter believe that tobacco won’t make money in the long term anyway.**



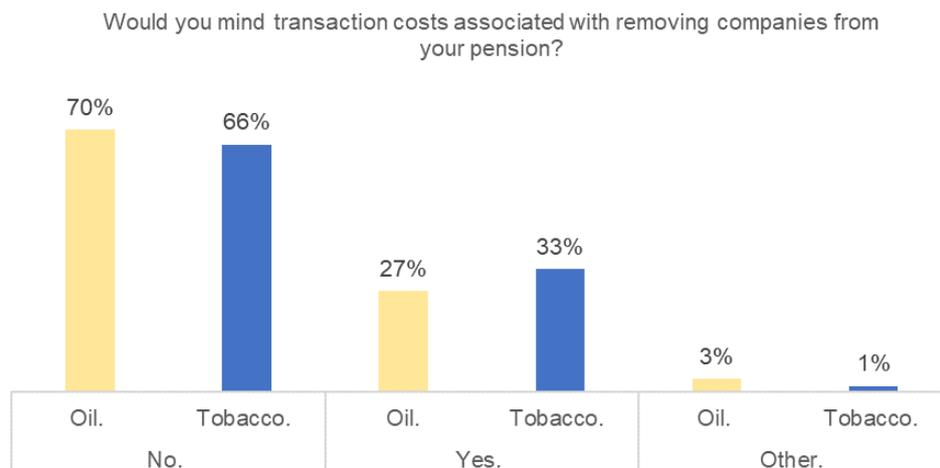
Total question respondents: 545

One customer commented, 'Tobacco is a major known health risk, yet people continue to use these products. I don't wish to see my money used to support companies which sell products which are known to cause fatal cancers.'

On the other hand, another customer commented, 'Tobacco is less important to me than carbon. And an active approach in trying to invest in as much green technology is something I'd be happy about. Ethically but also I feel financially.'

**5. Two thirds or more of respondents would not mind transaction costs involved in removing high carbon emitting companies and tobacco from their pension, but roughly a quarter to a third would.**

This falls when it comes to tobacco companies, as 66% of respondents wouldn't mind transaction costs involved in removing them from the fund.



Total oil question respondents: 542

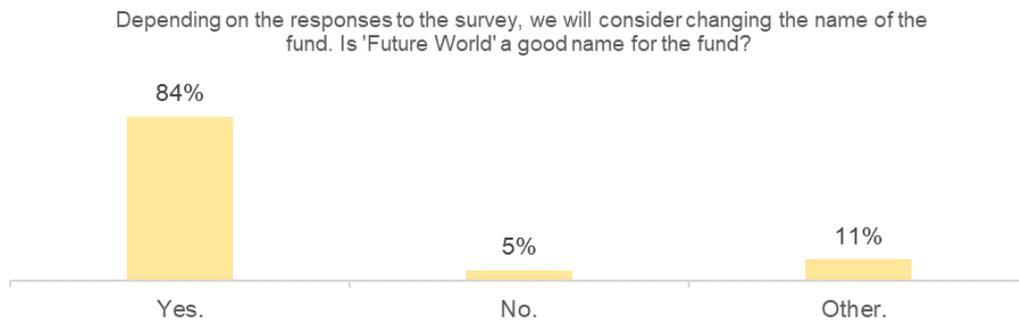
Total tobacco question respondents: 543

It was explained that one of the options available is to remove certain companies from the plan. This would incur transaction costs as current shares are sold and new ones are bought from different companies. Selling all oil/tobacco shares could incur transaction costs of roughly 0.1 - 0.2% of each PensionBee is authorised and regulated by the Financial Conduct Authority (Ref: 744931) and registered in England and Wales (9354862).

pot, which Legal & General would aim to minimise. Respondents were informed that could reduce their short-term investment returns.

One customer commented, *‘Let’s invest in a Future World - don’t leave one foot in the past for the sake of 0.1% of yield.’*

**6. On whether “Future World” was the right name for this plan, the vast majority of respondents, 84%, think it’s appropriate.**



Total question respondents: 537

For one customer, *‘Everything is fine with my Future (World) Plan.’* Whilst, for another, *‘Future world would be a fairer name if there was more divestment of fossil fuel extractors and tobacco.’*

**Next steps**

Following a review of the survey responses, PensionBee will not be making any changes to the investments or investment philosophy of the existing Future World plan at this time. In fact, *“engagement with consequences”* enjoys the support of c.70% of survey respondents once its achievements have been understood.

However, we recognise the strong views and calls for an entirely fossil-fuel free fund. We heard similar calls from a strong minority of respondents in our Tailored Plan when we surveyed them earlier this year. Having scoured the market, PensionBee have discovered a dearth of accessible existing options. This has also been well documented by [The Guardian](#).

Therefore, PensionBee will introduce a fossil-fuel free plan this year in partnership with Legal & General to give consumers the choice. Further exclusions, including tobacco, will be confirmed in due course.

PensionBee are introducing a waiting list for the fund. If you wish to put your name on the list and indicate your interest, please do so [here](#). We will keep you updated on developments as they happen and let you know when the fund is ready.