

PensionBee launches new UK fossil fuel-free fund

An influx of consumer support and demand for fossil fuel-free funds had led to a new launch by online pension provider PensionBee, created in partnership with Legal & General Investment Management (LGIM).

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The PensionBee Fossil Fuel Free Plan is designed to invest more of savers' money in companies that are aligned with the Paris Agreement, which addresses greenhouse gas emissions mitigation, adaptation and finance.

The plan's promise is achieved by tracking a new index called the FTSE All-World TPI Transition ex Fossil Fuel ex Tobacco ex Controversies Index. The index has been created especially for the fund, and is part of a new Paris-aligned index series designed in collaboration with the Transition Pathway Initiative, FTSE Russell and the Church of England.

The new plan is one of the first mainstream funds of its kind to completely exclude fossil fuel producers, tobacco companies, manufacturers of controversial weapons and persistent violators of the UN Global Compact.

"We're delighted to be launching our new Fossil Fuel Free Plan with the help and support of our customers. It's our customers who have made this possible every step of the way, first by telling us they wanted a product that completely excludes companies with oil, gas and coal reserves from their investments, and secondly, by pledging to invest in the fund ahead of its launch.

“We believe sustainable investing is the future of engagement with pensions and that everyone should have the option of using their investments for good. We hope this is just the start of all savers using their investment power to transform the world they live in – for the better of the planet, society and their retirement.” - Clare Reilly, Chief Engagement Officer at PensionBee.

The new plan is PensionBee’s third responsible investing option from a total of nine plans currently on offer to consumers. It joins the Future World Plan, which invests money into companies that pledge to move to an environmentally-friendly economy, and the Shariah Plan, which only invests in Shariah-compliant businesses.

In early 2020, PensionBee surveyed its Future World Plan customers and found that 34% thought that the time for engagement with oil companies was over. They asked to completely exclude oil from their pensions – even if that meant a potential reduction in the profitability of their pension – with many convinced that oil production is a dying and long-term unprofitable business.

Emma Douglas, Head of DC at LGIM, commented: “We believe that investing in companies who are positioned to capture the benefits from the transition to a low carbon economy will enhance investment returns for savers that will in turn help them reach their retirement goals. However, it’s not just investment returns that motivate savers, but the opportunity to make a difference.

“Our research has shown that savers want to understand how their

investments can align with their own principles with climate change being a key theme that engages members. At LGIM, we continue to hold companies to account on ESG issues, including their progress towards net zero, through our Climate Impact Pledge.”

PensionBee’s Fossil Fuel Free Plan will be available to customers from December 18.

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