

NET ZERO

Summary

Engagement sessions & survey

Round 2

Autumn 2023





Gathering stakeholder views

In autumn 2023 we gathered key stakeholders' views on our investments and net zero goals as part of a far-reaching climate review.

Engagement sessions - we spoke with 100s of stakeholders

Member survey – we surveyed 1,000s of our members

Stakeholder engagement sessions

In the engagement sessions led by pension fund staff the conversation covered the climate challenge and the trade-off choices we face regarding our net zero targets.

- 11 sessions
- 172 attendees
- 8 different stakeholder groups
 - ✓ councillors
 - ✓ APF staff
 - ✓ employers
 - ✓ B&NES Council staff
 - ✓ Committee
 - ✓ Local Pension Board
 - ✓ unions
 - ✓ Section 151 Officers

The engagement sessions covered:

- our approach to responsible investment
- our climate policy
- carbon reduction progress to date
- how our Paris-aligned investments work
- our fossil fuel exposure
- our approach to engagement and divestment

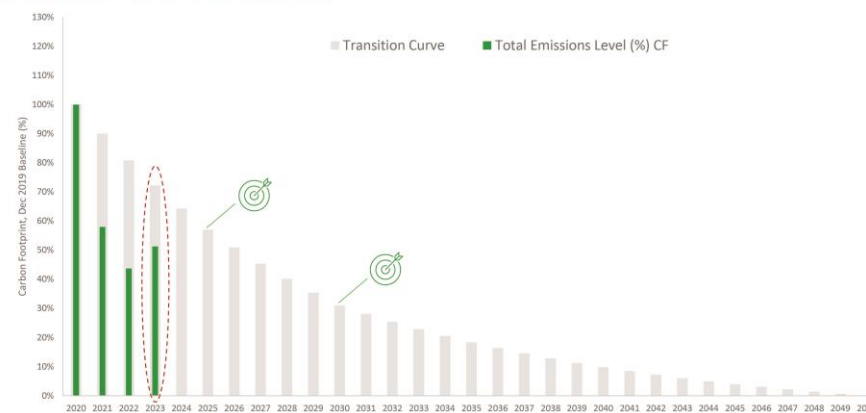
Our current Net Zero Approach

1 Portfolio Decarbonisation	2 Stewardship & Engagement	3 Transition Alignment	4 Climate Solutions
<ul style="list-style-type: none"> • Reduce carbon intensity by 43% by 2025 • Reduce carbon intensity 70% by 2030 • 30% less carbon intensive than benchmark 	<ul style="list-style-type: none"> • “Responsible allocation and oversight of capital to create long-term value leading to sustainable benefits for the economy, environment and society” • Collective engagement e.g. CA100+, LAPFF • Full transparency around engagement progress and escalation 	<ul style="list-style-type: none"> • 2030: companies in high impact sectors achieving Net Zero or ‘aligning’ • Aligning criteria: <ul style="list-style-type: none"> - credible targets - action plans - climate capex - management incentives • Alignment ≠ low carbon today 	<ul style="list-style-type: none"> • Climate solutions are critical to real world impact • 30% of assets in sustainable and transition aligned investments by 2025 

The Fund has a range of targets to prioritise real world impact
Priority is given to alignment

Decarbonisation: progress vs 2050 net zero pathway

Why have emissions increased this year?



n.b. 2023 emissions level based on data at Dec-22

Portfolio Decarbonisation

We shared the results of the climate investment review

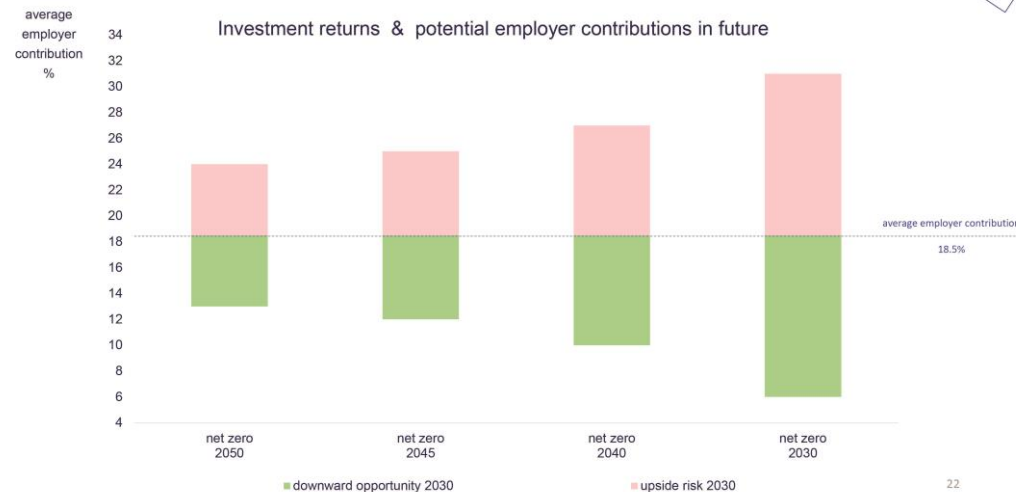
We set out four strategic choices regarding net zero



And how changing risk could affect employer contributions

Changing risk for employer contributions

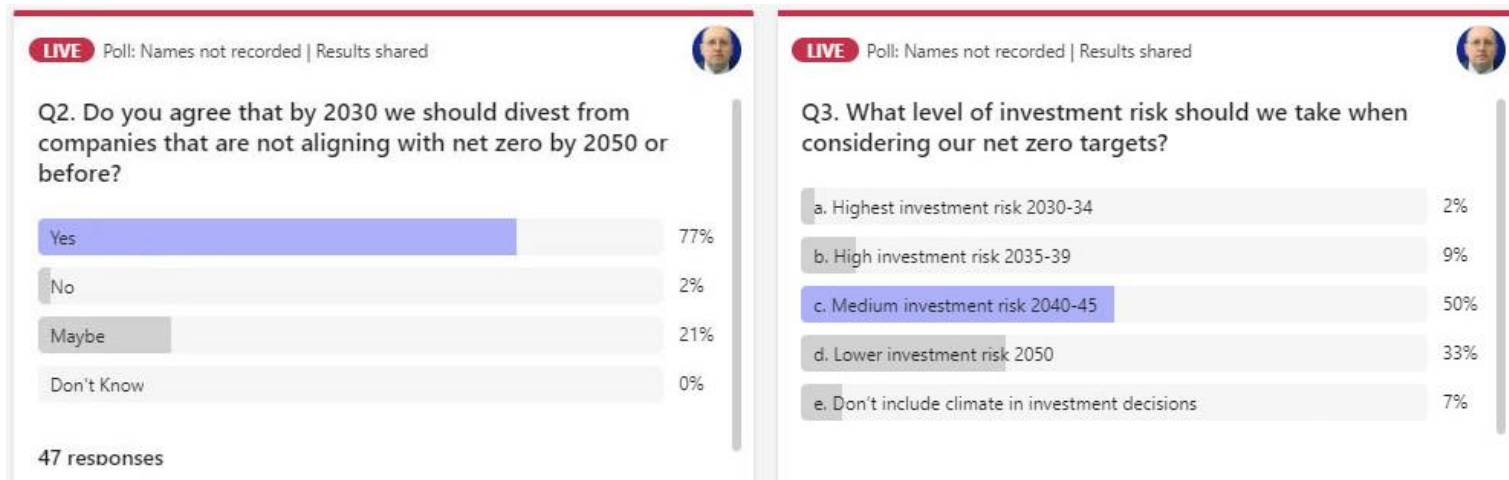
illustrative



We posed two key questions

- Should we set more ambitious net zero targets?
- What level of risk is acceptable to employers, members and other stakeholders when setting these new goals?

We live polled views at one event, the **Lunch & Learn** event for B&NES staff





The general consensus

1. There is broad support for us to divest by 2030 from companies not aligning with net zero 2050.
2. Many stakeholders favoured driving real-world impact and seek greater ambition on climate change.
3. Concern about protecting the fund and avoiding risk.

Broadly consensus in the engagement sessions converges on net zero 2040-2045.



Member survey

Inviting member views – two stages of communication

Spring/summer 2023

- Sent all members a newsletter by their preferred communication method including an invite to register for the survey

Help shape our carbon targets

You're invited to take part in a new survey about our net zero goals and climate investments.

The survey includes information about how we've reduced our carbon emissions to date, and asks your views on important investment choices.

Your feedback will help us set our net zero targets. Register now, or by 15 September at the latest, to receive your survey link:
www.avonpensionfund.org.uk/climate-emergency

Autumn 2023

- 48,000 members contacted
- 3 x emails – launch & 2 x reminders

NET ZERO
Have your say



Dear Scheme Member,

We'd love to hear your views on our net zero goals and responsible investments.

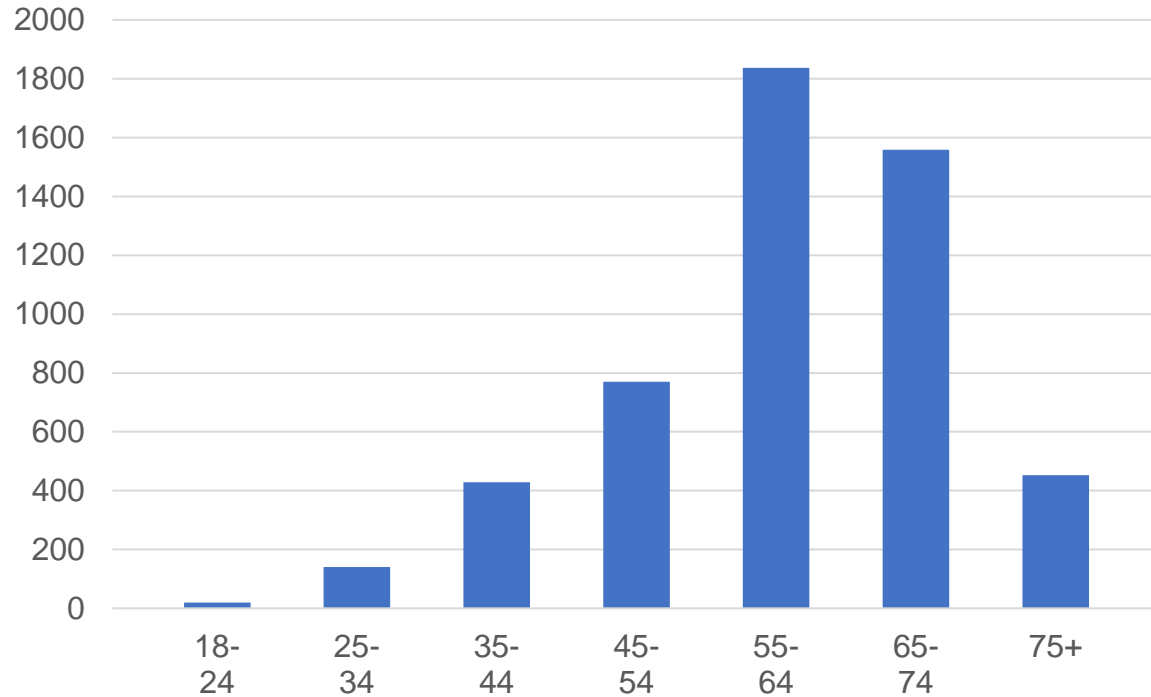
Your feedback will help us decide how we invest, and will help us set our new net zero and climate targets. As a valued member of Avon Pension Fund, your opinion counts.

[Take the survey](#)

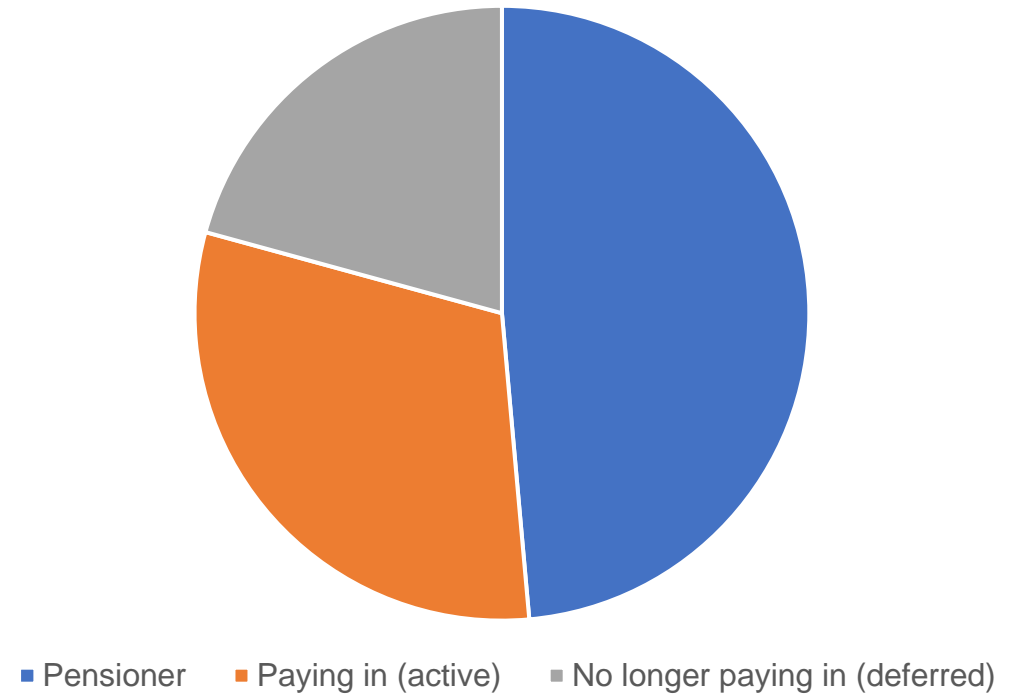
5,210
members complete
the survey

Survey results - demographics

1. Age of survey respondents

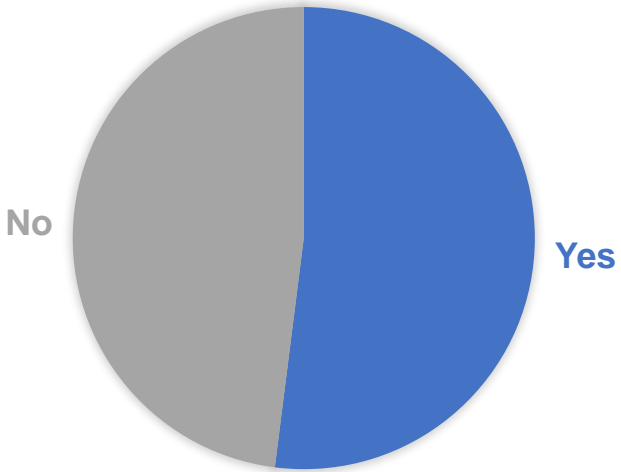


2. Membership status

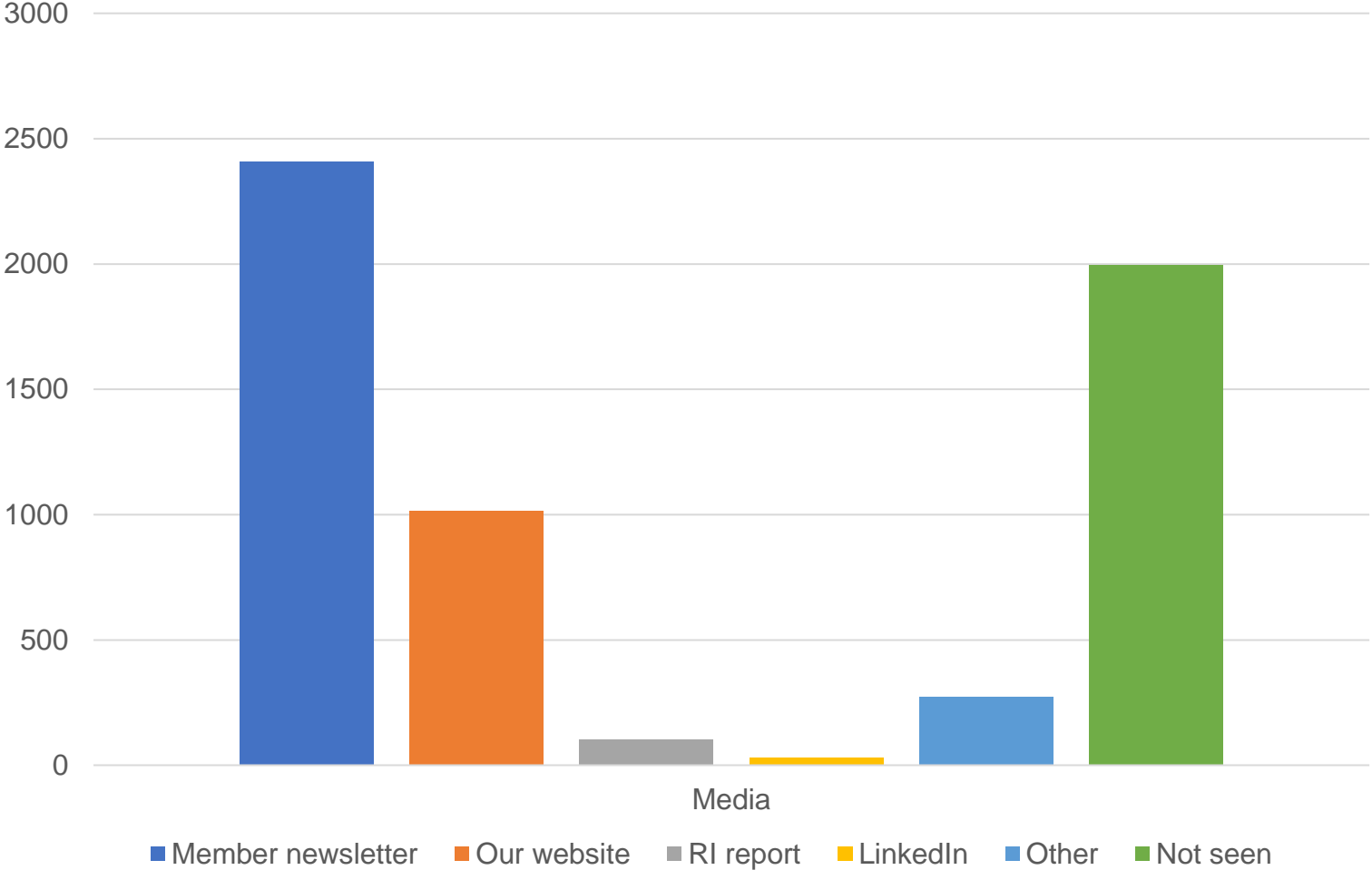


Survey results

3. Aware of our work tackling climate change and lowering carbon emissions of investments

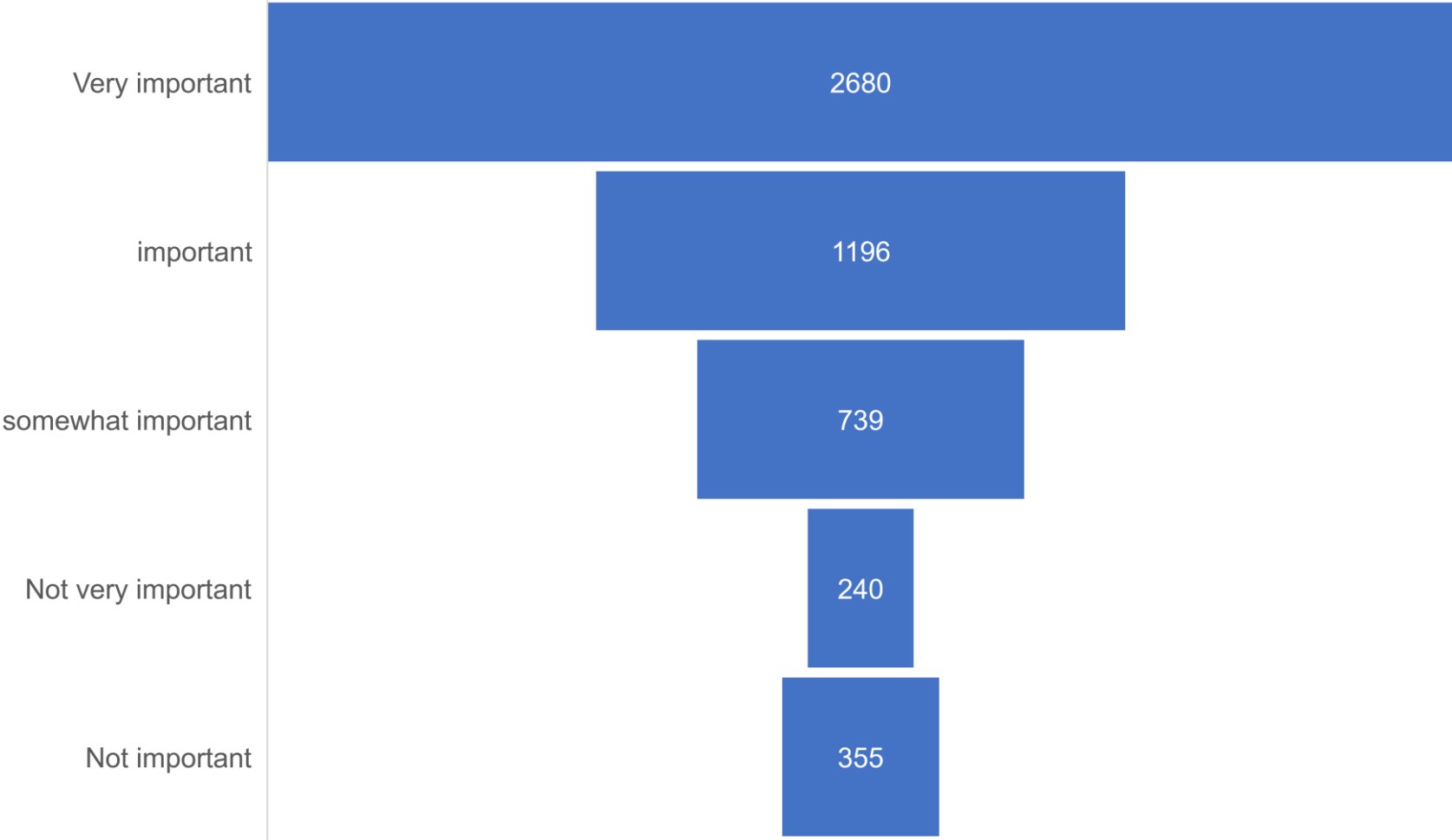


4. Where members see information about our work on climate and net zero investments

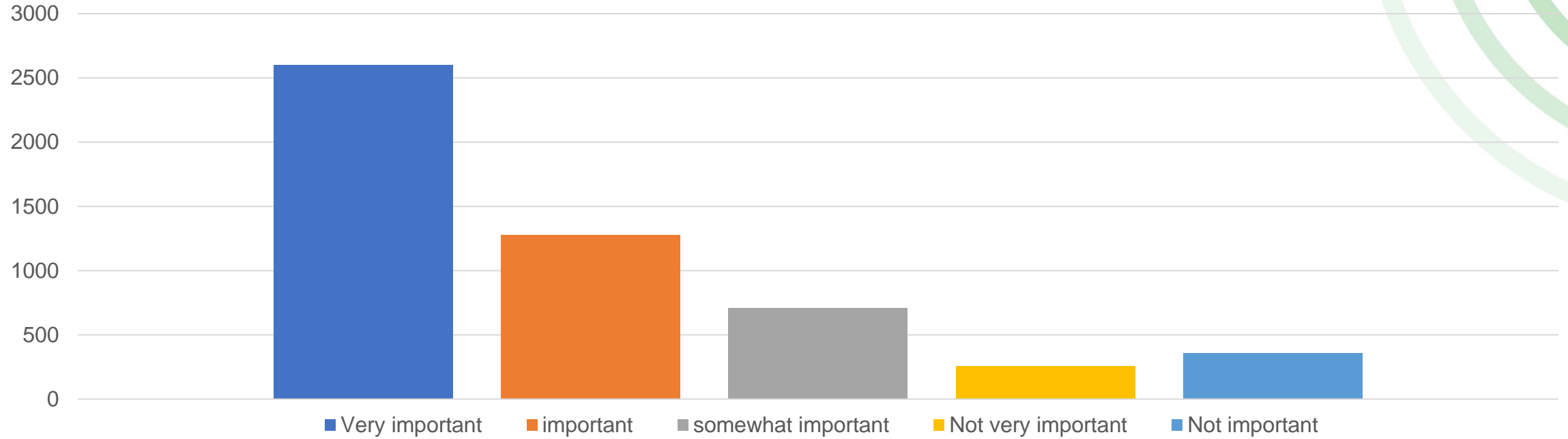


Survey results

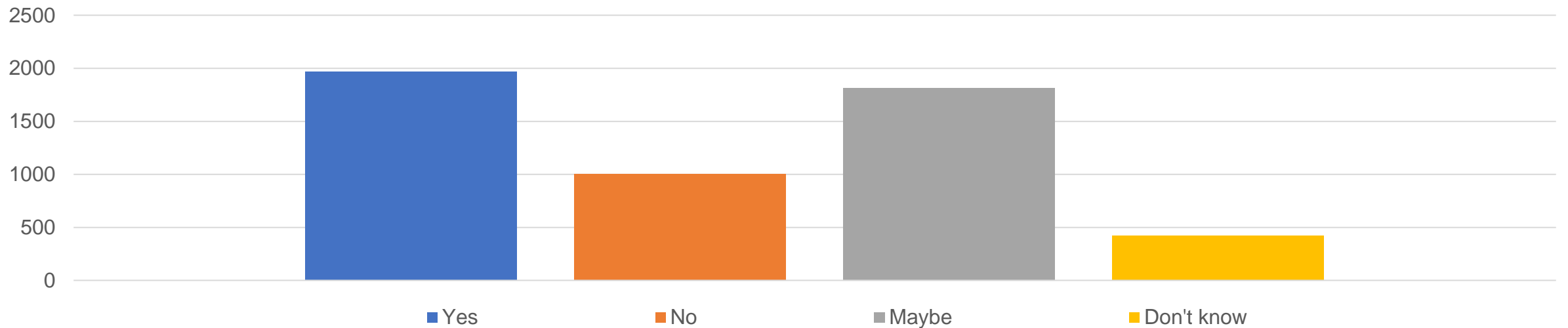
5. How important is it for Avon Pension Fund to take account of climate change when making investment decisions



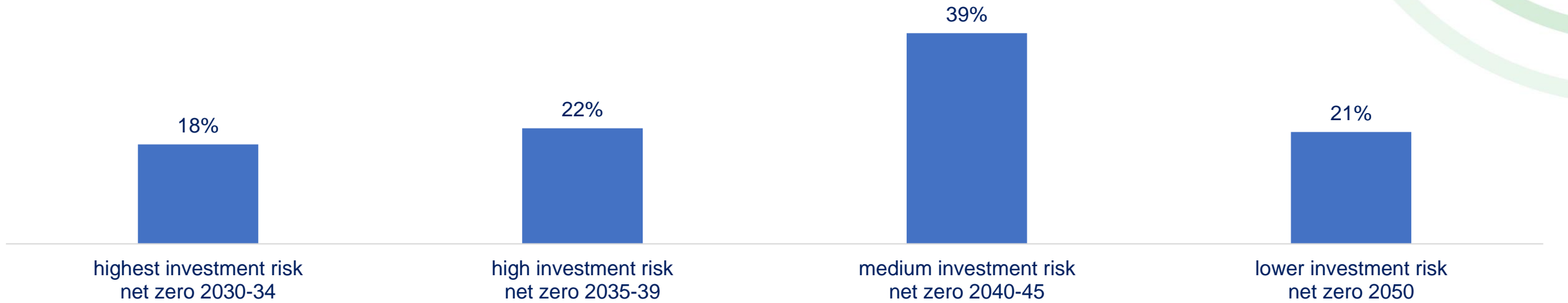
6a. How important is it that APF invests in low carbon assets such as wind farms & solar power



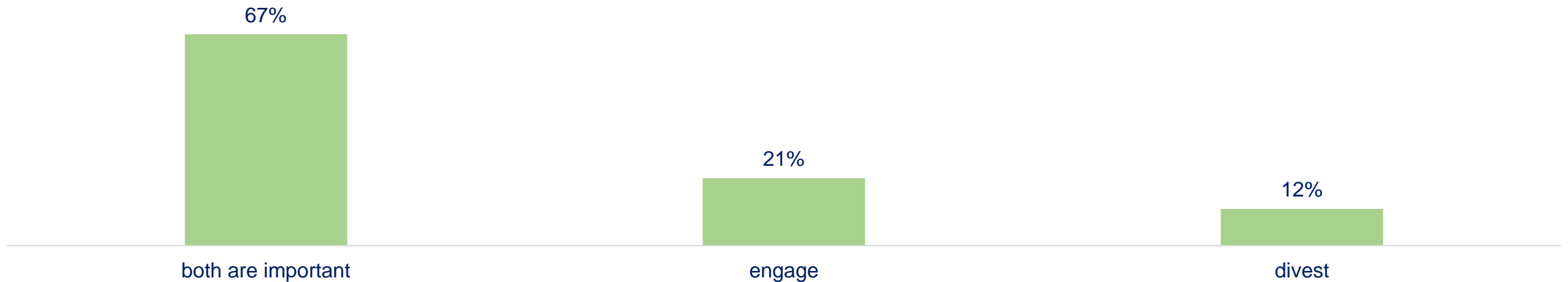
6b. Should we invest in low carbon assets, if this risks a wider range of investment returns



7. Level of investment risk we should take when considering net zero targets



8. Should we divest or engage ?



9. In our members' own words – free-text responses

A sample of over 1,100 comments found eight broad categories

A. Support focus on net zero/climate

“If action on climate change is not made then life won't be worth living by the time I reach retirement age.”

B. Consider we should go faster/ could do more/ more local

“It is absolutely crucial. Get on with it. Nothing is more important.”

C. Applauds our current responsible investment approach/ engaging members

“I appreciate this survey and the work to tackle climate change. Please keep it up.”

D. Favours divesting

“I want you to take every action you can to divest from fossil fuels and invest in a cleaner future. There is no time to waste.”

E. Doesn't support climate focus in investments

“Please will you focus on ensuring the best returns for our money and do not get involved in political & social movements.”

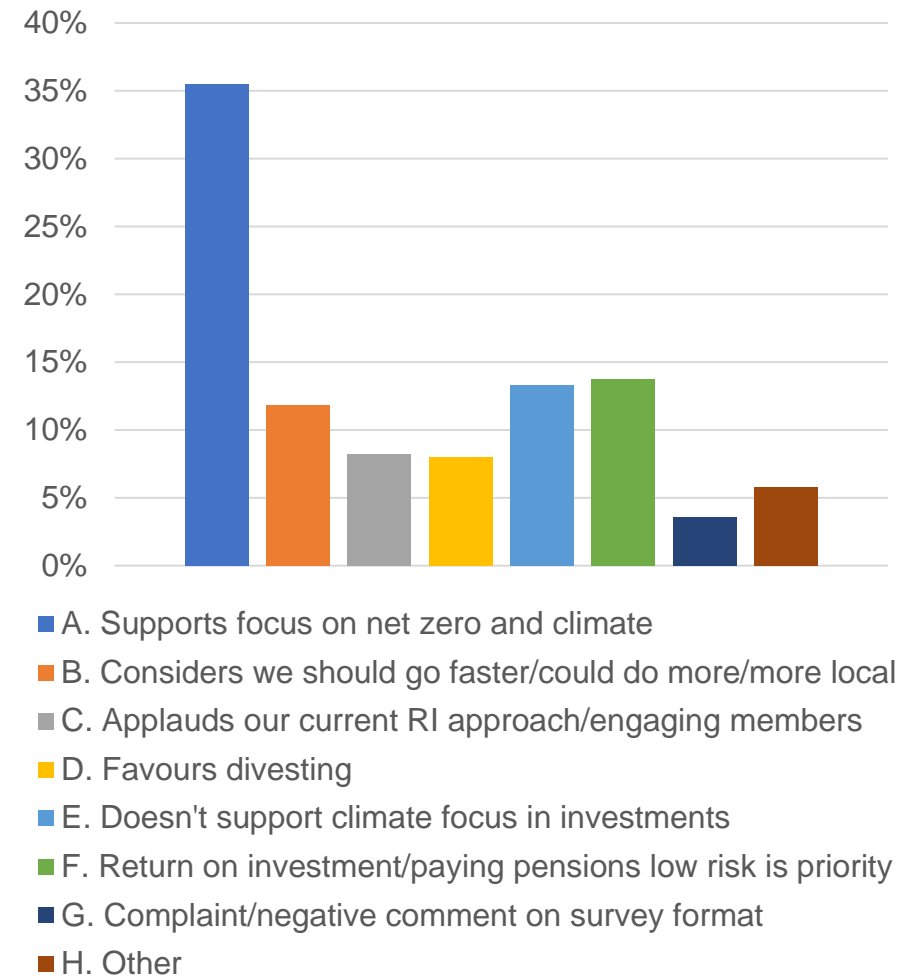
F. Return on investment/ paying pensions low risk is priority

“The scheme should be focused solely on gaining the highest return for the members any other distraction is failing to provide in your primary function.”

G. Complaint/negative comment on survey format (next slide)

H. Other (next slide)

Categorising member views in the free text



9. More of our members' own words

G. Complaint/negative comment on survey format

Respondents wanted a 'none of the above' option for questions 7 & 8 which led to comments such as:

“Current and future fashionable investment should be avoided including net zero. Question 8 does not have a "invest in high carbon companies" (option)”.

H. Other

Included concerns about greenwashing, over-focus on net zero targets, impact of electric cars & batteries, fear net zero will cost government and households, suggestions of where we should invest, and more

Free-text analysis

Lots of members support our focus on climate *AND* prioritising returns:

“Combatting climate change is important and should be done, but not at the expense of financial returns.”

“Maximum return on pension for members should be the primary focus. Work towards net zero as soon as possible as long as risk to members is minimal.”



Thank you

Avon Pension Fund

November 2023