

12 November 2020

Mr Guy Opperman MP
Minister for Pensions and Financial Inclusion
Department for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9DA

Dear Minister

Amendments to the Pension Schemes Bill

I am writing to express our deep concern about recently introduced opposition amendments to Clause 124 of the Pensions Schemes Bill, which would introduce a requirement upon pension schemes to develop, set and implement, review and if necessary revise a Paris-alignment strategy for ensuring that their investment policy, objectives and practices (including stewardship activities) are aligned with the Paris Agreement goal or other climate change goal.

Whilst many of our member pension schemes have been at the vanguard of thinking on responsible investment and have already committed to net zero strategies, with many others to follow, their actions have always also been aligned with their scheme's fiduciary duties. In our view these 'blanket' proposals break this principle and would interfere en masse with trustees' fiduciary duties, and their responsibility to invest in their members best interests.

We believe, based on our past conversations and statements by you in the House during earlier passages of the Bill that protecting this long-established principle is also the Government position. However, given the potential impact of a such a change, we are seeking urgent re-assurance that this remains the case, and the Government will reject proposals that seek to step into the shoes of trustees when setting an appropriate investment strategy for their scheme.

As you will be aware from our recent discussions, we strongly endorse and advocate Government proposals to ensure the appropriate governance frameworks are in place to support schemes investing in a climate aware way. We would therefore like to express our support for the TCFD roadmap, Green Sovereign Bond and common Green Taxonomy, set out by the Chancellor this week, which will help address several of the barriers, we and our members identified in our recent report *A Changing Climate: How Pension Funds can Invest for the Future*.

If it is helpful, I would welcome the opportunity to discuss our concerns further, with you or your officials.

Yours sincerely



Richard Butcher
Chair, PLSA