BORDER TO COAST
PENSIONS PARTNERSHIP

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Dear Sinead and Vicky

DWP: Consultation on Clarifying and strengthening trustees' investment duties

Although the consultation and revisions to the Occupational Pension Schemes (Investment and Disclosure) (amendment) Regulations 2018 are not applicable to the Local Government Pension Scheme (LGPS), we believe in order to achieve a sustainable step change in asset owner responsibility, it is important to have consistency across the pensions industry. We are therefore supportive of proposals that can create greater clarity on that responsibility.

Overall, we commend the proposed legislation, the quality of the consultation response which is both balanced and flexible, and the expected timeline for implementation. We welcome the clarity for trustees that they should consider financially material risks deriving from both financial and non-financial reporting. The change of wording to remove ethical considerations, which can lead to misconception of asset owner duties, and the inclusion of climate change as a financially material issue is also welcomed. We also support the requirement to publish the Statement of Investment Principles (SIP) annually reporting on its implementation.

In addition, we support the proposal that trustees should be required to include their policy in relation to stewardship and the widening of the scope to include engagement and monitoring. We would recommend that the statutory guidance also refer to the fact that pension schemes should consider becoming signatories to the UK Stewardship Code (or international equivalent). This would align occupational pension schemes with the best practice expected from LGPS.

Yours sincerely

Rachel Elwell

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