House of Commons

Work and Pensions Committee

Pension stewardship and COP26

Fourth Report of Session 2021–22

Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed 22 September 2021

HC 238
Published on 30 September 2021
by authority of the House of Commons

Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

Current membership

Stephen Timms MP (*Labour, East Ham*) (Chair)

Debbie Abrahams MP (*Labour, Oldham East and Saddleworth*)

Shaun Bailey MP (*Conservative, West Bromwich West*)

Siobhan Baillie MP (*Conservative, Stroud*)

Neil Coyle MP (*Labour, Bermondsey and Old Southwark*)

Steve McCabe MP (*Labour, Birmingham, Selly Oak*)

Nigel Mills MP (*Conservative, Amber Valley*)

Selaine Saxby MP (*Conservative, North Devon*)

Dr Ben Spencer MP (*Conservative, Runnymede and Weybridge*)

Chris Stephens MP (*Scottish National Party, Glasgow South West*)

Sir Desmond Swayne MP (*Conservative, New Forest West*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

© Parliamentary Copyright House of Commons 2021. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/site-information/copyright-parliament.

Committee reports are published on the publications page of the Committee's website and in print by Order of the House.

Committee staff

The current staff of the Committee are Morenike Alamu (Committee Operations Officer), Henry Ayi-Hyde (Committee Operations Officer), David Betteley (Committee Specialist), Oliver Florence (Senior Media and Communications Officer), Chloe Freeman (Second Clerk), Anne-Marie Griffiths (Clerk), Ed Hamill (Committee Operations Manager), Dr Libby McEnhill and James Mirza Davies (Senior Committee Specialists), Owen Sheppard (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8976; the Committee's email address is workpencom@parliament.uk

You can follow the Committee on Twitter using @CommonsWorkPen

Contents

Summary 3

1 Background 6

2 Reporting standards 9

Task Force on Climate-related Financial Disclosures 9

Green taxonomy 13

3 Scheme governance 17

Consolidation 17

Net zero 18

Auto-enrolment 21

Local Government Pension Scheme–role of DWP 22

4 Investment and stewardship 23

Investment and assets 23

Direct investment and charge caps 26

Stewardship and UK stewardship code 27

Divestment 29

Conclusions and recommendations 31

Formal minutes 35

Witnesses 36

Published written evidence 37

List of Reports from the Committee during the current Parliament 38

Summary

Every year a Conference of the Parties (COP) takes place, under the United Nations Framework Convention on Climate Change. Parties include all United Nations member states. The Paris Agreement at COP21 in 2015 committed to "keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C". The UK will host the 26th UN Climate Council Conference of Parties (COP26) in Glasgow between 1 and 12 November. It may well be the largest summit ever hosted in the UK.

Climate change and pensions investments are both international issues. UK pension schemes invest globally in green assets, and green initiatives and infrastructure in the UK are often funded by investment from pension funds outside of the UK. We recommend that the UK Government should seize the opportunity of COP26 to make every endeavour to build an international consensus on the role of pension schemes in achieving the goals of the Paris Agreement.

Reporting standards

The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015 to develop internationally consistent climate-related financial risk disclosures for use by companies, banks and investors. As the first economy to mandate TCFD reporting, the UK should play an active role in encouraging and facilitating other economies to do the same. Global harmonisation of climate-related reporting standards would considerably reduce the burden and the associated costs to pension schemes of meeting different reporting requirements. It would also improve the comparability of different assets across international borders. COP26 provides a significant opportunity for the Government to secure international commitments to work towards the global harmonisation of climate-related financial disclosures. However, this must not be a barrier to the UK implementing its own high standards at pace domestically.

The Government is planning to introduce a green taxonomy—that is, a common framework for determining which activities can be defined as environmentally sustainable—to improve the understanding of the impact of firms' activities and investments on the environment. This green taxonomy will be vital to the success of measures introduced by the Government to tackle climate change. As far as possible the taxonomy should align with international standards, such as the EU's green taxonomy published in 2020, whilst also fully reflecting the UK context.

Scheme governance

Most pension pots are held by a relatively small number of large schemes. For a number of years, the "long tail" of smaller occupational pension schemes has been identified as not meeting the standards expected by the UK's Pensions Regulator. Making green investments, particularly in infrastructure, can be complex and costly. Larger schemes are usually better placed to meet those costs and to provide the high level of scheme governance required. We welcome the intent of the Department for Work and Pensions and the Pensions Regulator to encourage pension scheme consolidation.

Trustees of a pension scheme must act in the best interests of their scheme beneficiaries. This fiduciary duty is a core responsibility for trustees. It is clear that trustees have a fiduciary duty to manage the financial impact of climate change, but there is a debate about how they should consider the other impacts climate change may have on scheme members. Some trustees are concerned that acting on environmental, social and governance issues and climate change matters may be contrary to their fiduciary duty. While we do not believe the fiduciary duty should be changed, to address this uncertainty we recommend that the Pensions Regulator establish a working group to develop guidance for schemes looking to set net zero targets.

Defined contribution schemes used for automatic enrolment are required to have a default option into which the member is enrolled, unless they specify an alternative. We recommend that the Government consult on whether there is a case for mandating that these default options should align to UK Government climate goals.

As a large scheme Local Government Pension Scheme (LGPS) could be well placed to demonstrate and develop best practice in pension scheme governance, including on climate change. The LGPS is a statutory public service pension scheme. The Minister for Pensions and Financial Inclusion told us that he believes that the LGPS should be run by the Department for Work and Pensions. This is an interesting view. We are not convinced that DWP setting pension policy for the whole sector while running one of the largest pension schemes would be straightforward or desirable given the inherent conflicts of interest.

Investment and stewardship

There are a limited number of suitable green assets in which pension schemes can invest. That means that there is a risk of a "green asset bubble" in the short term, as the market for these products develops. It is important that the Government continues to support the development of products, such as green gilts, to mitigate this risk.

Pension schemes may already be exposed to brown asset bubbles. Investments, such as non-renewables, may be overvalued if investors have not yet adequately accounted for the cost of changes resulting from either climate change or policies to reduce the impact of climate change.

A clear UK—and where possible international—climate change strategy will provide greater certainty for pension schemes to make long-term investments for their members. We recommend that the Government sets out a UK climate roadmap—including sector specific pathways to meet the Paris Agreement goals—to provide greater certainty for pension schemes and other investors, particularly in long-term investments such as infrastructure.

The charge caps on default pension saving products used for auto-enrolment are an important part of ensuring good value for savers who have not made an active decision about where their pension should be invested. However, we support the Government's decision to review whether there are other charging structures which could better enable long-term and resource intensive investments, such as in infrastructure, while continuing to protect savers' interests.

Stewardship is the responsible allocation, management and oversight of the assets by an asset owner. The purpose of pension schemes setting net zero targets is not solely that the schemes themselves should be net zero aligned, but that they should make an impact in reducing the real economy's contribution to climate change. Good stewardship is a method for achieving that change. Last year the Department for Work and Pensions set up the Taskforce on Pension Scheme Voting Implementation to make recommendations that drive better voting policies and vote reporting. We will be looking closely at its recommendations.

Divestment is the process of selling assets already held by a pension scheme. Divestment remains a fallback strategy for pension schemes with investments in assets which are unable to reduce their contribution to climate change or where a good stewardship approach has failed. Nevertheless, widespread divestment by pension schemes is unlikely to have the required impact on the real economy's contribution to climate change. Encouraging behaviour change in companies through good stewardship is more likely to be an effective approach to help the real economy transition to net zero.

1 Background

1. Every year a Conference of the Parties (COP) takes place, under the United Nations Framework Convention on Climate Change. Parties include all United Nations member states. The Paris Agreement at COP21 in 2015 committed to keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.[1] The UK will host the 26th UN Climate Council Conference of Parties (COP26) in Glasgow between 1 and 12 November. According to the UK Government, COP26 will be the largest summit the UK has ever hosted, with over 30,000 delegates.[2]

2. The UK Government has set into law a target of cutting emissions by 78% by 2035 compared to 1990.[3] In 2019, the then Prime Minister announced that the UK would eradicate its net contribution to greenhouse gas emissions by 2050.[4] In March 2021, the Minister for Pensions and Financial Inclusion, Guy Opperman MP, announced that "world leading regulations" would come into force ahead of COP26, following the Government's consultation, *Taking action on climate risk: improving governance and reporting by occupational pension schemes—response and consultation on regulations*, which ran from January to March 2021.[5] The COP26 goals are set out as:

> 1. Secure global net zero by mid-century and keep 1.5 degrees within reach
>
> 2. Adapt to protect communities and natural habitats
>
> 3. Mobilise finance
>
> 4. Work together to deliver[6]

The goals on mobilising finance are split between public finance[7] and private finance. The COP26 website says that:

> Companies need to be transparent about the risks and opportunities that climate change, and the shift to a net zero economy pose to their business.
>
> Central banks and regulators need to make sure that our financial systems can withstand the impacts of climate change and support the transition to net zero.
>
> Banks, insurers, investors and other financial firms need to commit to ensuring their investments and lending is aligned with net zero.[8]

1 United Nations, Paris Agreement, Article 2, 1(a), 12 December 2015
2 Cabinet Office, UK government confirms Glasgow to host its largest ever summit, 9 August 2019
3 Department for Business, Energy & Industrial Strategy and Prime Minister's Office, 10 Downing Street, UK enshrines new target in law to slash emissions by 78% by 2035, 20 April 2021
4 Prime Minister's Office, 10 Downing Street, PM Theresa May: we will end UK contribution to climate change by 2050, 12 June 2019
5 HC Deb, 2 March 2021, HCWS816 [Commons written ministerial statement]
6 UN Climate Change Conference UK 2021, COP26 Goals, accessed 9 September 2021
7 Raising at least $100bn every year in climate finance to support developing countries
8 UN Climate Change Conference UK 2021, Finance, accessed 9 September 2021

3. Climate change and pensions investments are both international issues. UK pension schemes invest globally in green assets; green initiatives and infrastructure in the UK are often funded by investment from pension funds outside the UK. The Minister for Pensions and Financial Inclusion told us that:

> A lot of what UK pension members are investing in is not necessarily UK-based. It works both ways. We want to know that that is invested in an appropriate way abroad, but we also want overseas pension schemes to invest in the UK and to invest in UK companies and UK infrastructure, so it is a work in progress.[9]

Andrew Ninian, Director of Stewardship and Corporate Governance at the UK trade body the Investment Association, told us that UK pension funds only have a third of their equity holdings in the UK.[10]

4. COP26 provides an opportunity for the UK Government to show global leadership on pensions and climate change. The Principles for Responsible Investment, a United Nations supported sustainable investment network, told us that "Pension schemes can make a significant contribution to achieving COP26 targets and can be influential in shaping future targets and policies through engagement in key investor initiatives".[11] Sam White, Group Sustainability Director at Aviva, an insurance and asset management company, also said that COP26 is a "wonderful opportunity" to look at the international architecture put in place following the second world war and to repurpose it "specifically to rebuild the world, or at least parts of it, on a net zero basis."[12] James Alexander, CEO of the UK Sustainable Investment and Finance Association (UKSIF), a financial services membership organisation, told us that:

> That is potentially a role for the leadership position that the UK Government has this year with COP26 in Glasgow. We have the opportunity to start pushing some of these points and building on what happened at the G7 to create further international consensus on joint standard setting across the world.[13]

The Minister for Pensions and Financial Inclusion told us that COP26 "focuses everybody's minds".[14] The Minister explained that the most important thing is getting the world on track to limit the global temperature rise to "well below 2 degrees" which would require "some heavy lifting" and that COP26 is mainly about "getting all the countries around the table… and making sure that there is common alignment going forward."[15]

5. Witnesses told us that it is important that the progress made by the UK on climate change continues after COP26 is over. The BT Pension Scheme, an occupational scheme and founding signatory of the UN's Principles for Responsible Investment, expressed concern that, although the UK Government has become a global leader, there remains a risk that after COP26 "climate change will take a back seat to other political discussions."[16]

9 Q63
10 Q9
11 Principles for Responsible Investment (PSC0021)
12 Q34
13 Q9
14 Q67
15 Q65
16 BT Pension Scheme BTPS (PSC0003)

Morten Nilsson, CEO of BT Pension Scheme Management, said that "COP26 is a great opportunity" but added that what "is really important for us as an investor is not COP26 but what happens after COP26—that these plans and ideas are followed through and we have clarity".[17]

6. When asked who in the UK is responsible for monitoring and sharing best international practice in this area, the Minister for Pensions and Financial Inclusion told us that it was "the Government as a whole" and that there "is not one particular Department that is driving it forward". He added that "you cannot overstate the importance of Alok [Sharma] and the COP team to everything the Government are now doing".[18]

7. **COP26, which will take place in Glasgow in November, may well be the largest summit ever hosted in the UK and it provides a major opportunity for the UK to show global leadership.** ***We recommend that the UK Government should use this opportunity to make every endeavour to build an international consensus on the role of pension schemes and other parts of the finance sector in achieving the goals of the Paris Agreement.***

8. **The Minister for Pensions and Financial Inclusion told us that the Government as a whole is responsible for sharing best practice internationally on investment reporting.** ***We recommend that, in order to increase the prominence and accountability of this important task, a single Minister should be responsible for leading this work.***

17 Q34
18 Q64

2 Reporting standards

Task Force on Climate-related Financial Disclosures

9. The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015 by the G20's Financial Stability Board.[19] Its purpose was to develop consistent climate-related financial risk disclosures for use by companies, banks and investors with the aim of strengthening the stability of the financial system.[20] The TCFD published its recommendations in 2017, covering four areas:

> **Governance**
>
> The organization's governance around climate-related risks and opportunities
>
> **Strategy**
>
> The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
>
> **Risk Management**
>
> The processes used by the organization to identify, assess, and manage climate-related risks
>
> **Metrics and Targets**
>
> The metrics and targets used to assess and manage relevant climate-related risks and opportunities.[21]

10. The UK is the first economy to mandate TCFD reporting.[22] Regulations under the Pension Schemes Act 2021 will come into force on 1 October 2021 and will require occupational pension schemes to report annually on activities relating to each TCFD recommendation. Initially this will apply to larger schemes[23] and all authorised master trusts.[24] Arrangements for smaller occupational schemes are subject to a review in 2023.[25] The Minister for Pensions and Financial Inclusion told us:

> I genuinely believe there is much that the UK can be criticised for on various bits of policy, but in respect of climate change and what the DWP is doing

19 Principles for Responsible Investment, The investor guide to climate collaboration: from COP26 to net zero, 8 March 2021, accessed 8 September 2021

20 UN Environment Programme, Finance Initiative, TCFD - Task force on climate-related financial disclosures, accessed 8 September 2021

21 Task Force on Climate-related Financial Disclosures, Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

22 Department for Work and Pensions (PSC0022)

23 Schemes with £5bn+ in assets from 1 October 2021 and £1bn+ from 1 October 2022.

24 A master trust is an occupational pension scheme providing money purchase benefits that is used or intended to be used by multiple unconnected employers. It excludes public service pension schemes

25 Department for Work and Pensions, Consultation outcome: Taking action on climate risk: improving governance and reporting by occupational pension schemes, 21 July 2021

> on pensions and climate change, we lead the world, without a shadow of a doubt. We are, without any doubt, the leaders on ESG, and on TCFD we are the first country in the world to put that into statute.[26]

The Pensions Regulator (TPR), which is responsible for the regulation of occupational pension schemes in the UK, told us that the schemes subject to the Regulations "will need to think more thoroughly about the risks and opportunities a transition to a low-carbon economy will bring, and publicly report the steps they are taking".[27]

11. The Department for Work and Pensions published draft guidance in June 2021 for trustees of occupational pension schemes on governance and reporting of climate change risk.[28] In July 2021 TPR also published a consultation on its guidance on governance and reporting of climate-related risks and opportunities, which closed at the end of August 2021. The BT Pension Scheme welcomed these steps and "TPR's recognition that work on climate change needs to happen right across the pensions landscape."[29] Nest, a master trust set up by the government to support small employers to meet their auto-enrolment duties, told us that it believed "that the forthcoming regulations on climate change disclosure as part of the 2021 Pension Schemes Act will have a significant impact first and foremost on the understanding and disclosure of climate-related risks and opportunities by schemes."[30]

12. The data required for reporting of climate-related risks and opportunities would be provided to pension schemes by their asset and investment managers and companies. The Financial Conduct Authority is both the regulator of contract-based personal pensions and the conduct and prudential regulator for firms that provide supporting products and services for pensions, such as advice and asset management. The Investment Association, a UK trade body, said that it will be important for Financial Conduct Authority regulations which target investment managers to be consistent with the disclosure regulations for pension schemes.[31] It also urged the Department for Work and Pensions and TPR to "take a pragmatic and proportionate approach to assessing pension schemes' compliance with their TCFD reporting obligations, focusing initially mainly on how schemes embed climate risk into their investment governance and decision-making structures."[32] The Pensions and Lifetime Savings Association, a trade association, said that the availability of data from asset and investment managers and companies will raise practical issues in the short term for pension schemes seeking to comply with these requirements, and noted in particular that the majority of these firms "will not be required in law to provide [data] by the time schemes require it".[33] The master trust Nest told us:

> Like many other pension schemes, we invest through external fund managers and ask them to provide the relevant metrics to meet our disclosure requirements. But we have found that some investment managers

26 Q38
27 The Pensions Regulator (TPR) (PSC0014)
28 Department for Work and Pensions, Governance and reporting of climate change risk: guidance for trustees of occupational schemes, June 2021
29 The Pensions Regulator, Climate-related governance and reporting consultation, 5 July 2021
30 Nest Corporation (PSC0013)
31 Investment Association (PSC0010)
32 Ibid.
33 Pensions and Lifetime Savings Association PLSA (PSC0020)

> do not fully understand the disclosure requirements for pension schemes and are not able to provide the data we are requesting at the moment, let alone the new proposals.[34]

13. The TCFD recommendations are part of a wider infrastructure aimed at building international consensus. The Principles for Responsible Investment, a United Nations supported sustainable investment network, have created an investor guide, summarising seven international frameworks, five tools and eight initiatives that are relevant to COP26.[35] The UK Sustainable Investment and Finance Association, a financial services membership organisation, told us that "It is clear international reforms will be needed in the coming years, with more detailed reporting standards needed given the principles-based nature of frameworks like TCFD".[36] The new International Sustainability Standards Board, sponsored by the International Financial Reporting Standards Foundation (IFRS), is a potential mechanism for checking company claims and commitments through more detailed reporting.[37] The Investment Association told us that the Board is a step to common climate reporting standards, building on the work to date including the TCFD.[38]

14. Witnesses told us that further action, moving beyond disclosure requirements, would likely be needed to reduce pension schemes' exposure to climate-related risks. Aviva, an insurance and asset management company, said that pension scheme disclosures will not in themselves address climate-related risks and opportunities and argued that it is the real-world behaviours of companies and individuals that will determine the success of climate temperature control ambitions.[39] The UK Sustainable Investment and Finance Association told us that policy changes must "encourage a greater flow of sustainability data across the investment chain" and that the UK Government should be "more ambitious" about its implementation of TCFD recommendations for publicly quoted and large private companies and should consider extending their scope from the outset to companies with 250 or fewer employees.[40] The Minister for Pensions and Financial Inclusion told us that the UK being the first to implement TCFD's requirements meant that it "needs to allow people to understand them, appreciate them, apply them and then potentially tweak them and improve them as we see where we are going."[41]

15. There is a desire from pension schemes for climate change reporting requirements to be harmonised internationally as far as possible, although many acknowledged that there would be barriers to doing this. London CIV, which manages London Local Government Pension Scheme assets, explained that there is a need for standardisation of climate data for pension schemes because environmental data is relatively new when compared to financial data.[42] Mark Fawcett, Chief Investment Officer at the master trust Nest, told us that while it was "unrealistic to expect that standards around the world to be exactly the same", having different international standards can "create friction in the system" and argued that ensuring that standards were "broadly aligned" would "make

34 Nest Corporation (PSC0013)
35 Principles for Responsible Investment (PSC0021)
36 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)
37 BT Pension Scheme (BTPS) (PSC0003)
38 Investment Association (PSC0010)
39 Aviva (PSC0011)
40 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)
41 Q63
42 London CIV (PSC0017)

everyone's life easier and the system more efficient."[43] Morten Nilsson, CEO of BT Pension Scheme Management, agreed that "different standards add complexity" and said that it is important that "great" is not "the enemy of the good".[44] The Minister for Pensions and Financial Inclusion told us that harmonisation is a work in progress and added that "that is something that I would hope that COP and the Climate Action Implementation Committee … would be very much looking to see what they can try to do."[45]

16. The Government intends that TCFD reporting will also help to increase consumer engagement with pension savings. Emma Varley, Head of DC and International Private Pensions Policy at the Department for Work and Pensions, told us:

> The statutory guidance on the TCFD regs will set out an expectation that the report should be written in a way that does allow a reasonably engaged pension saver to be able to read it, having a plain English summary there that is aimed at all savers. That is probably one of the key ways that we are going to do that.[46]

The Department for Work and Pensions told us that "The recommendations were designed to be adoptable by all organisations across both the real economy and the financial sector, including occupational pension schemes."[47]

17. **Global harmonisation of climate-related reporting standards would considerably reduce the burden on pension schemes and the associated costs of meeting different reporting requirements. It would also improve the comparability of different assets across international borders. COP26 provides a significant opportunity for the Government to secure international commitments to work towards the global harmonisation of climate-related disclosures. However, work towards global harmonisation of climate-related reporting standards must not be a barrier to the UK implementing its own high standards at pace.** ***We recommend that the Government aims to secure international commitments to work towards the global harmonisation of climate-related reporting standards at COP26.***

18. **We welcome the Government's decision to include provisions in the Pension Schemes Act 2021 to require pension scheme trustees to fully consider and disclose their climate-related financial risks and opportunities in line with recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD).** ***We recommend that, as the first economy to mandate TCFD reporting for its pension sector, the UK should play an active role in encouraging and facilitating other economies to do the same. The Government should write to the Committee setting out its plans to engage internationally on this matter after COP26.***

19. **Trustees will need detailed and regularly updated guidelines provided by the Pensions Regulator to explain how they should consider the effects of climate change on pension scheme members.** ***We recommend that the Pensions Regulator continuously monitor and update these guidelines.***

43 Q35
44 Ibid.
45 Q56
46 Q54
47 Department for Work and Pensions (PSC0022)

Green taxonomy

20. The Government is planning to introduce a green taxonomy—that is, a common framework for determining which activities can be defined as environmentally sustainable—to improve the understanding of the impact of firms' activities and investments on the environment. An independent expert group, The Green Technical Advisory Group, will oversee the development of the framework.[48] The Minister for Pensions and Financial Inclusion told us that, because of the expertise in the group, the Government is "not short of input into the development of policy."[49]

21. In 2020 the EU published its own green taxonomy, which came into force on 12 July 2020. In a 2020 speech the Chancellor of the Exchequer said that the "UK taxonomy will take the scientific metrics in the EU taxonomy as its basis".[50] The Minister for Pensions and Financial Inclusion told us that "It is fair to say that we are very aligned with what the EU technical screening criteria are, but then we are looking at whether this particularly works with the UK."[51] To support the development of common international standards on taxonomies, the UK joined the International Platform on Sustainable Finance (IPSF) in February 2021.[52] The IPSF is a multilateral forum of dialogue between policymakers that focuses particularly on taxonomies, disclosures, standards and labels. Members[53] of the IPSF constitute those countries responsible for 55% of global greenhouse gas emissions and 55% of global GDP.[54]

22. There is support for broad alignment between the EU and new UK green taxonomies. Nest, a master trust set up by the Government, said that it would like to see alignment because it has "used the EU Climate Transition Benchmark criteria for one of [its] fixed income portfolios".[55] Mark Fawcett, Chief Investment Officer at Nest, said that having "some consistent standards across the world" is important because Nest invests globally and has managers in different locations.[56] The UK Sustainable Investment and Finance Association (UKSIF), a financial services membership organisation, similarly suggested that the UK learn from the EU approach and that the Government needed to ensure that it "clearly communicates the purpose of the taxonomy and what functions it does and does not intend to play".[57] James Alexander, CEO of UKSIF, told us:

> If the taxonomy is used only for the purposes for which it is designed, rather than being almost a catch-all for every piece of Government policy, we think that will remove some of the industry lobbying that has challenged the EU taxonomy.[58]

48 HM Treasury, New independent group to help tackle 'greenwashing', 9 June 2021
49 Q55
50 HM Treasury, Chancellor sets out ambition for future of UK financial services, 9 November 2020
51 Q62
52 HM Treasury, Joint Statement on the International Platform on Sustainable Finance (IPSF), 3 February 2021
53 Argentina, Canada, Chile, China, European Union, Hong Kon SAR, India, Indonesia, Japan, Kenya, Morocco, New Zealand, Norway, Senegal, Singapore, Switzerland, United Kingdom
54 HM Treasury, Green Finance: UK joins the International Platform on Sustainable Finance (IPSF), 3 February 2021
55 Nest Corporation (PSC0013)
56 Q30
57 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)
58 Q13

Smart Pensions, a master trust, said that the UK approach should be informed by the EU taxonomy, though noted that "the UK government is focusing more on climate reporting in its own green taxonomy."[59]

23. The Government said that the green taxonomy "will help clamp down on greenwashing—unsubstantiated or exaggerated claims that an investment is environmentally friendly—and make it easier for investors and consumers to understand how a firm is impacting the environment."[60] ShareAction, a charity promoting responsible investment, told us that "it is clear that greenwashing is still "rife" within financial services" and encouraged us "to recommend that the Government prioritises its plans for clearer labelling of financial products, via a green taxonomy." Morten Nilsson, CEO of BT Pension Scheme Management, said that it was important that a taxonomy is "done on a scientific basis and it is not too purist, so that we find a way of avoiding greenwashing but we also have a chance to invest in these browner assets that are turning green."[61]

24. The Association of Consulting Actuaries warned that there is a risk of greenwashing amid the recent proliferation of "green" investment products. It said that smaller pension schemes in particular may struggle to identify that risk:

> […] In some cases, the challenge for pension scheme trustees is product proliferation and the ability and cost of spotting 'green washing'. Small pension schemes, in particular, may struggle to access and assess appropriate assets.[62]

Nest also identified a risk of greenwashing and the importance of a common taxonomy:

> […] Most fund managers now claim that they integrate ESG considerations, including climate change, into the investment process. Schemes may not have the resource to scrutinise these types of products. We therefore believe that a common taxonomy and labelling scheme could be beneficial to address the very real risk of greenwashing.[63]

The Pensions and Lifetime Savings Association told us that the current lack of a green taxonomy in the UK, with a clear definition of what constitutes sustainable investment, means that there remains a concern about greenwashing:

> We hope the UK can make progress on a green taxonomy as soon as possible, as the lack of consistent standards is resulting both in concerns about greenwashing, and in a feeling by pension fund investors that the products they need—to meet climate expectations and their fiduciary duties—are in limited supply. The recent announcement by the UK Government of a Green Taxonomy Advisory Group is a positive step.[64]

25. The Pensions Regulator (TPR) accepts that there is a greenwashing risk, saying that:

59 Smart Pensions (PSC0009)
60 HM Treasury, New independent group to help tackle 'greenwashing', 9 June 2021
61 Q27
62 The Association of Consulting Actuaries (PSC0007)
63 Nest Corporation (PSC0013)
64 Pensions and Lifetime Savings Association (PSC0020)

> many investment products may come to market, but not all will be credible (or suitable to invest in for a pension scheme). Some will be driven more by the market opportunity and the 'wall of money' behind the climate transition than investment effectiveness. To an extent 'greenwashed' funds are an example of this.[65]

Emma Varley, Head of DC and International Private Pensions Policy at the Department for Work and Pensions, told us that "the green taxonomy is intended to play an important role in tackling greenwashing" and that what the green taxonomy will do is define which economic activities count as environmentally sustainable.[66]

26. There are questions about how far the green taxonomy may direct trustees away from or towards different types of investment which may or may not be considered green investments. Tony Burdon, CEO of Make My Money Matter, a campaign about pension investment, told us that:

> That definition—that taxonomy—is key. What is green? Toyota has lobbied hard for hybrid cars to be seen as green, but of course they are not; they are just petrol cars that have better consumption figures than others.[67]

When asked about this example, the Minister for Pensions and Financial Inclusion told us that companies have to satisfy trustees that an investment is "an ESG-friendly investment that takes due account of climate change."[68] He added that:

> Different pension scheme trustees may—I think it would be unlikely, but may—take a differing approach in respect of individual investments. Particularly as you get better reporting, better stewardship, better understanding of the obligations … I think there will be a consistency of approach. You are also going to get much greater and better reporting and comparison.[69]

Pete Searle, Director, Private Pensions and Arm's Length Bodies, Department for Work and Pensions, also said that:

> the Treasury is not going to say that this particular investment is green and this particular one is not, but the taxonomy is designed to enable people to measure and provide metrics to assess different investments. The taxonomy is crucial. There is a whole system here but the taxonomy gives you the measures and the metrics and then TCFD says that you have to disclose the information. You put the whole thing together and you can build up a picture that gives a much richer set of information about how green investments really are.[70]

65 The Pensions Regulator (PSC0014)
66 Q62
67 Q13
68 Q61
69 Q62
70 Ibid.

The consultant Entelligent said that the classification of investments needs to move away from the binary idea that something is either 'green' or 'not-green'. Instead, it calls for "a shade card" which shows "numerous shades of green" to reflect an investment's current state and "momentum" towards reducing carbon consumption.[71]

27. The Minister for Pensions and Financial Inclusion told us that to date there has been a focus on the environmental element of environmental, social and governance factors (ESG) and that the Department has launched a call for evidence on the social element "because it is quite clear that some schemes do not fully comprehend that."[72] The Association of Pensions Lawyers told us that there is a risk that pension scheme trustees are being diverted from a more rounded assessment of ESG themes by a focus on climate risks.[73] The Association of Consulting Actuaries told us that "a holistic strategy is important across all aspects of ESG" and explained that trustees are "cautious about embarking on significant programmes of work in relation to climate risks, only to find that a repeat exercise is required on social and / or governance considerations."[74] The Association of British Insurers told us about the social factors on which its members had taken action, including voting on employment practices, against environmental damage and not investing in companies charging high interest rates to vulnerable customers.[75]

28. **A green taxonomy will be vital to the success of measures introduced by the Government to tackle climate change. It will support pension schemes, especially smaller schemes, in assessing the merits of different investments and avoiding the risk of "greenwashing".** ***We recommend that as far as possible the taxonomy should align with international standards, whilst also reflecting the UK context.***

29. **We have not considered wider environmental, social and governance factors in detail during our inquiry. The Department for Work and Pensions' consultation on social risks and opportunities by occupational pension schemes closed recently and it is important that these factors are considered holistically. We expect to look closely at the Government's response to that consultation.** ***We urge the Government to publish its consultation response within three months. In the response, it should outline its approach for developing regulations relating to climate change alongside other environmental, social and governance factors.***

71 Entelligent (PSC0002)
72 Q36
73 Association of Pensions Lawyers (PSC0019)
74 The Association of Consulting Actuaries (PSC0007)
75 Association of British Insurers (ABI) (PSC0008)

3 Scheme governance

Consolidation

30. Most pension pots are held by relatively small number of large schemes.[76] For a number of years, the "long tail" of smaller occupational pension schemes has been identified as not meeting the standards expected by the Pensions Regulator.[77] The Department for Work and Pensions told us that the majority of medium, small and very small schemes were not considering climate change and that it was consulting on measures to encourage consolidation.[78] Research by the Pensions Regulator found that, although 95% of members were in a scheme that considered climate change, only 43% of schemes took account of climate change when considering their investment strategies.[79] The Minister for Pensions and Financial Inclusion acknowledged the issues with small schemes, and told us that:

> … there is no doubt that small schemes will struggle to do all of this, which is one of the reasons why, for a multitude of reasons, we think consolidation is better. Bigger is definitely better. It is better for the members; it is better in outcomes. It is better for reporting and, frankly, it is better for the trustees.[80]

31. New reporting requirements will put an additional governance burden on pension scheme trustees, which may be more difficult for smaller schemes to manage. The Pensions Policy Institute, an independent research organisation, told us that now "there is a need for all trustees and providers, regardless of scheme size or type and the level of direct day-to-day involvement with ESG approaches to have a sufficient level of knowledge and understanding in order to best fulfil their role to effectively scrutinise external managers used by their scheme."[81] The Association of Consulting Actuaries told us that "Small pension schemes, in particular, may struggle to access and assess appropriate assets."[82] The consultants Entelligent also reported survey results from the advisory, broking and solutions company Willis Towers Watson which showed that a common challenge to pension schemes' ability to assess and manage climate risk was 'trustee knowledge', second only to a lack of data.[83]

32. Larger schemes may also be better able to meet the costs associated with green investments. Paul Bucksey, MD of the master trust Smart Pensions, told us that for suitable green investments "the prices of some of these assets can be quite eye-watering." He added that schemes may need to consolidate to increase their scale for these types of investment.[84] The Minister for Pensions and Financial Inclusion explained that:

> To get to net zero, you need schemes to be able to invest, we hope, into green infrastructure and long-term projects that will assist the net zero journey. To do that, they need scale.[85]

76 The Pensions Regulator, Research and analysis, accessed 13 September 2021
77 The Pensions Regulator, New figures show why small schemes must quit the market, 1 August 2019
78 Department for Work and Pensions (PSC0022)
79 The Pensions Regulator, Defined Contribution trust-based pension schemes research summary, May 2020
80 Q47
81 Pensions Policy Institute (PSC0018)
82 The Association of Consulting Actuaries (PSC0007)
83 Entelligent (PSC0002)
84 Q26
85 Q42

The Department for Work and Pensions told us that:

> The UK has traditionally had individual company level pension schemes and therefore has more than 8,000 occupational schemes, whereas in other mature markets such as the Netherlands and Australia a multi-employer model is dominant, with around 200 schemes in each jurisdiction.[86]

33. In June 2021 the Department for Work and Pensions laid regulations and published statutory guidance that required defined contribution schemes with less than £100m in assets "to assess the value for money they offer against larger schemes and to improve or wind-up where they fall short."[87] The Department also put out a call for evidence on further measures to encourage scheme consolidation. The Minister for Pensions and Financial Inclusion told us that he had "set out the direction of travel, that we are going to be nudging and cajoling these schemes into consolidation on a long-term basis."

34. **Making green investments, particularly in infrastructure, can be complex and costly. Larger schemes are usually better placed to meet those costs and to provide the high level of scheme governance required. We welcome the intent of the Department for Work and Pensions and the Pensions Regulator in encouraging scheme consolidation.** ***We recommend that the Pensions Regulator report annually on the progress made to consolidate schemes within its existing research and analysis publications.***

Net zero

35. Many UK pension schemes are voluntarily setting net zero targets, although there is no requirement or planned requirement for them to do so. Pete Searle, Director, Private Pensions and Arm's Length Bodies at the Department for Work and Pensions, told us that the "top 10" defined contribution (DC) schemes have all set net zero targets, which cover 85% of DC members.[88] Emma Varley, Head of DC and International Private Pensions Policy at the Department for Work and Pensions, told us:

> On the point about the difference between DB and DC schemes, we do know that certainly in terms of schemes that have already made net zero commitments a number of the larger DB schemes have made voluntary net zero commitments, but some of the mature DB schemes are less likely to set those kinds of targets because they do not expect to be operating by 2050. On the DC side, there has been significant progress.[89]

36. The meaning of a pension scheme "adopting net zero targets" can be interpreted in several different ways. These include:

a) A scheme only invests in net zero assets;

b) A scheme's portfolio is net zero aligned; or

c) A scheme's investments are consistent with a national net zero approach.

---

86 Department for Work and Pensions (PSC0022)
87 Ibid.
88 Q42
89 Ibid.

Tony Burdon, CEO of Make My Money Matter, told us that in Make My Money Matter's view an entire portfolio should align to net zero[90] and that "there are international frameworks that help guide pension funds in doing this."[91] James Alexander, CEO of UKSIF, told us that "the challenge is that the devil is in the detail of what this means." He explained:

> One of the key parts of that is for the Government to outline what the 2050 net zero economy of the UK actually looks like. How do we travel? How do we heat our homes? These fundamental questions of how we live in a net zero world do not yet have answers. The Government need to work rapidly to start helping us answer some of those questions so that we can shape investments in that direction and start reinforcing how that economy might look through the investments that we make.[92]

Andrew Ninian, Director of Stewardship and Corporate Governance at the Investment Association, agreed that the Government setting out sector-specific pathways would support the investment industry to encourage changes in companies towards net zero.[93] Paul Bucksey, Managing Director of Smart Pension, noted that while portfolios could "technically" move towards net zero by buying carbon offsets, "that does not really decarbonise the economy".[94] The Group Sustainability Director at Aviva told us that Aviva was more likely to put pressure on entities to remove carbon themselves and that:

> old-school offsets where you are just paying someone else to emit a little bit less or avoid emissions, are fine today but they are not really part of the net zero world. In the net zero world you have to be paying for actual carbon removals. A tonne of carbon in the air today has to be stored for the long term through nature-based solutions or negative emissions technologies.[95]

Mark Fawcett, Chief Investment Officer at Nest, told us that "there are probably going to be different approaches for different asset classes".[96]

37. Trustees of a pension scheme must act in the best interests of their scheme beneficiaries. This fiduciary duty is a core responsibility for trustees. It is clear that trustees have a fiduciary duty to manage the financial impact of climate change, but there is a debate about how they should consider the other impacts that climate change may have on pension scheme members. Make My Money Matter, a campaign about pension investment, told us that an increasing number of schemes, including Nest, Scottish Widows, BT, Brunel Pension Partnership, Aviva and Smart Pensions are treating the 1.5 degree pathway agreed at the Paris conference as part of their fiduciary duties.[97] Make My Money matter said that:

90 Q5
91 Q6
92 Ibid.
93 Q7
94 Q24
95 Q25
96 Ibid.
97 Make my Money Matter (PSC0012)

> the government should work with industry to discuss the interpretation of fiduciary duty—currently understood to be to maximise risk-adjusted returns—to also consider other aspects of "members' best interests" which could also include retiring in a world worth living in …[98]

Tony Burdon, CEO of Make My Money Matter, told us that the fiduciary duty should be expanded because:

> It is not in members' best interests to retire in a world of floods, storms, damage to agriculture and high food prices. Our view is that it needs to be a process to engage with industry and others to review how to adjust the interpretation of fiduciary duty to take into account these other interests that members have.[99]

Andrew Ninian, Director of Stewardship and Corporate Governance at the Investment Association, a UK trade body, and Mark Fawcett, Chief Investment Officer at the master trust Nest, both argued that existing fiduciary duties did not need to be changed.[100] Mark Fawcett added that "it would be an abrogation of fiduciary duty to not take climate change risk into account in your investments."[101]

38. Some trustees are concerned that acting on environmental, social and governance issues and climate change matters may be contrary to their fiduciary duty. The Pensions Regulator says in its trustee guidance that trustees must not let their "ethical or political convictions get in the way of achieving the best returns for the scheme".[102] The XPS Pension Group, a pensions consultancy, told us that ambiguity about whether preventing climate change is part of trustees' fiduciary duty may lead to a "sub optimal response from pension schemes in relation to climate change."[103] The Association of Pensions Lawyers, a not-for-profit organisation, said that "without further clarification in law it is not clear" that trustees acting in a way which is likely to lead to broader quality of life benefits to the scheme's members "would be within Trustee fiduciary duties."[104] The Association of British Insurers, an insurance industry trade association, described a tension between short- and long-term considerations:

> Fundamentally, every provider's long-term obligations will mean ensuring scheme members are not exposed to climate risks through their investments. But their immediate obligation is to ensure good outcomes for savers in retirement and must ensure contractual obligations to policyholders are delivered[105]

39. The Department for Work and Pensions has not mandated that trustees set net zero targets and said that doing so "could put trustees in a difficult legal position where they are at risk of breaching their fiduciary duties, particularly if the net zero target is contrary to the scheme beneficiaries' best interests."[106] The Minister for Pensions and Financial

98 Ibid.
99 Q2
100 Q3 and Q30
101 Q30
102 The Pensions Regulator, Trustee guidance, accessed 13 September 2021
103 XPS Pensions Group (PSC0006)
104 Association of Pensions Lawyers (PSC0019)
105 Association of British Insurers (ABI) (PSC0008)
106 Department for Work and Pensions (PSC0022)

Inclusion told us that it was not his belief "that fiduciary duty should be changed". He argued instead that the Government should require trustees "to consider these matters and then report back as to how that has been considered."[107]

Auto-enrolment

40. Auto-enrolment requires employers to enrol eligible employees onto a workplace pension scheme. Unless those employees opt-out, they will build up a private pension through their contributions and those of their employer. Schemes used for auto-enrolment are required to provide a default fund for people who do not make a choice about how they would like their funds invested. The Department for Work and Pensions publishes guidance setting out the industry standards expected for these default funds.

41. Several default funds are already taking action to align their investments with net zero targets. The Association of British Insurers told us that a survey of its members offering auto-enrolment found "that all have, or are in the process of, integrating ESG risk factors into their entire proposition, including default funds."[108] Smart Pensions, a UK master trust, proposed that legislation should require that all default pension options should align to the UK's goal of net zero by 2050.[109] Aviva told us that its default pension funds will become net zero which "means that the pension savings of more than 3 million Aviva customers are on a path to net-zero."[110]Aviva's Group Sustainability Director, told us in June that it would like "to see the Government do more to mandate default schemes to be net zero-aligned", explaining that "95% of auto-enrolled people drop into the default fund offered by whatever their scheme is."[111]

42. **The idea of "net zero alignment" does not have a single clear definition. Without a standardised definition, there is a risk that different pension schemes will interpret "net zero" in different ways. That will make it more difficult for savers to understand the approach their scheme is taking or to compare schemes.** ***We recommend that the Pensions Regulator define net zero alignment.***

43. **Many schemes have already set net zero targets voluntarily.** ***We encourage other schemes to consider whether they should also set net zero targets. While we recognise that any target must not undermine trustees' fiduciary duties, we believe that in many cases these will be aligned.***

44. **While larger schemes are setting net zero targets, it is likely that many smaller schemes will not have the resources to do this effectively without support and guidance. Ambiguity about whether net zero targets would put trustees at risk of breaching their fiduciary duty to act in the best interests of their members is also a barrier for trustees. We do not believe that the fiduciary duty itself needs to change, but schemes do need more clarity.** ***We recommend that the Pensions Regulator should establish a working group to develop guidance for schemes looking to set net zero targets.***

107 Q38
108 Association of British Insurers (ABI) (PSC0008)
109 Smart Pension (PSC0009)
110 Aviva (PSC0011)
111 Q28

45. **Defined contribution schemes used for automatic enrolment are required to have a default option into which the member is enrolled, unless they specify an alternative.** ***We recommend that the Government consult on the case for mandating that these default options should align to UK Government climate goals.***

Local Government Pension Scheme–role of DWP

46. The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme. There are two separate schemes—one for England and Wales and one for Scotland. Its funds are managed and administered at a local level, with 88 funds in England and Wales and 11 in Scotland. It is one of the largest defined benefit schemes in the world, with 16,300 employers, 6.2 million members and £276 billion in assets.[112] The Ministry of Housing, Communities and Local Government (MHCLG) is expected to consult shortly on requiring the Local Government Pension Scheme fund to manage and to report on climate risks. E3G, a not-for-profit organisation, told us that local government pensions held £9.7 billion of investments in fossil fuel companies in 2019/20.[113] It has also been reported that research by Mercer, a health, retirement and investments consultant, showed that 30 per cent of LGPS trustees were "not at all" prepared for TCFD reporting requirements and only 2 per cent were fully prepared.[114]

47. The Minister for Pensions and Financial Inclusion told us that, in his view, there was a case for the scheme being run by the Department for Work and Pensions. He told us:

> The Local Government Pension Scheme is administered and run by the [MHCLG]. It is not run by DWP. Personally I think that is wrong. I think it should be run by DWP. That is my own personal view, that is not a government view, but it would be my view that it would be better to have all such pension schemes under one house. There are clearly good reasons why this has evolved as part of local government, because it is clearly part of local government in terms of all the day-to-day dealings that [MHCLG] has with local government up and down the country.[115]

Emma Varley, Head of DC and International Private Pensions Policy at the Department for Work and Pensions, added that under the current arrangements "DWP officials work very closely with officials in MHCLG".[116]

48. **As a large scheme the Local Government Pension Scheme (LGPS) could be well placed to demonstrate and develop best practice in pension scheme governance, including on climate change. The Minister for Pensions and Financial Inclusion told us that, in his view, the Local Government Pension Scheme should be run by the Department for Work and Pensions rather than the Ministry for Housing Communities and Local Government. This is an interesting view. We are not convinced that DWP setting pension policy for the whole sector while running one of the largest pension schemes would be straightforward or desirable given the inherent conflicts of interest.**

112 The Local Government Pension Scheme Advisory Board - England and Wales Scheme Annual Report 2020, 28 April 2021
113 E3G - Third Generation Environmentalism (PSC0023)
114 Pensions Age, Exclusive: Nearly a third of LGPS unprepared for TCFD requirements, 25 May 2021
115 Q57
116 Ibid.

4 Investment and stewardship

Investment and assets

49. Most trust-based occupational schemes are required by law to prepare a Statement of Investment Principles (SIP).[117] Since October 2019 trustees have been required to set out the environmental, social and governance considerations they consider financially material when making investment decisions, taking into account the views of members and beneficiaries on social and environmental impact. Since October 2020, occupational pension schemes have also been required to publish their SIP. Similar requirements are in place for contract-based pension schemes regulated by the Financial Conduct Authority. Nest, a master trust set up by the government to support small employers to meet their auto-enrolment duties, told us that "some investment managers do not fully understand the disclosure requirements for pension schemes and are not able to provide the data we are requesting at the moment" and will struggle to meet the new proposals aligning with the requirements of the Task Force on Climate-related Financial Disclosures.[118]

50. Although many schemes appoint a fund manager to look after the day-to-day investment of its assets, trustees remain responsible for the governance and strategy of trust-based schemes' investments. The Pensions Regulator says that a good investment strategy is likely to:

a) involve effective governance, delegation and monitoring

b) form part of an integrated risk management process

c) be consistent with the scheme's objectives and any long-term journey plans

d) have an overall amount of risk consistent with the scheme risk appetite

e) involve risk-taking that is understood and balanced, and

f) allow for the scheme's future cash flow and liquidity requirements[119]

51. In the short-term there are concerns that there are not enough suitable green assets for pension schemes to invest in. The Pensions and Lifetime Savings Association, a trade association, told us that:

> […] During a series of roundtables in 2020, we heard both that it is hard to find climate assets that have the impact they are marketed to have, and that it is difficult to find assets with the appropriate income (or characteristics and structure) to enable trustees to meet their fiduciary duties. This is particularly the case in the fixed income space, including in sovereign bonds.[120]

The BT Pension Scheme, an occupational scheme and founding signatory of the UN's Principles for Responsible Investment, told us that the products that are available tend to target companies that already have low carbon footprints:

117 The Pensions Regulator, New guidance published for DC investments, 27 June 2019
118 Nest Corporation (PSC0013)
119 The Pensions Regulator, Investment, accessed 13 September 2021
120 Pensions and Lifetime Savings Association (PSC0020)

> […] Too many products labelled as 'climate aware' focus only on investing on companies that are already good—largely due to their business models, not because they are necessarily focused on improving their climate footprint. More capital and effort needs to be focused on the companies that need to change most–and if they do change for the better–it should lead to better financial and climate outcomes.[121]

52. A lack of suitable assets in which to invest creates the risk of an asset bubble. An asset bubble occurs when the price of an asset rises without underlying fundamentals to justify it. The Association of Consulting Actuaries said that there is a concern that a 'green premium' is being paid for investments and that pension schemes need to consider this carefully in their investment decisions.[122] James Alexander, CEO of the UK Sustainable Investment and Finance Association (UKSIF), said that it was important to be mindful of the risk of a green asset bubble and that some of UKSIF's "pension fund members are already saying that they are being outbid, particularly on green energy projects." Mark Fawcett, Chief Investment Officer at the master trust Nest, said that because "there are so few pure green stocks" there is "a very real risk" of a green asset bubble, but added that "There may be pockets of bubbles, but I think over the long term those bubbles, if they exist, would dissipate."[123] He also told us that:

> There is an important distinction between buying operating assets—a solar farm or a wind farm that has already been built—where there is a risk of short-term bubbles, and financing the construction of new plants, which is basically the cost of the land and the raw materials, and then operating it. At Nest we are financing, through both debt and equity, the construction of new wind farms and new solar farms, which are much needed.[124]

Tony Burdon, CEO of the campaign about pension investment Make My Money Matter, acknowledged that "there may be bubbles now" but added that "as investment realigns to a net zero world, will also drive the creation of more companies with investment resources that can flow" and gave the dotcom bubble as an example after which "tech stocks make up a big chunk of investible businesses".[125]

53. Alongside the risk of a green asset bubble, there is also the risk that pension schemes are already exposed to a brown asset bubble. Pension schemes may be holding assets which are overvalued as investors are not yet considering the cost of changes resulting from either climate change or policies to mitigate climate change. Aviva's Group Sustainability Director warned us in June that the risk of a brown asset bubble is greater than the risk of a green asset bubble:

> The IEA [International Energy Agency] was set up to guarantee oil supplies in the 1970s, so it is no green, airy-fairy organisation, but its report last month said that in order to get a credible pathway to 1.5°, there have to be no new oilfields from today, no new gas fields from today, and obviously

121 BT Pension Scheme (BTPS) (PSC0003)
122 The Association of Consulting Actuaries (PSC0007)
123 Q32
124 Q33
125 Q20

> no new coal mines from today, yet there are still oil companies that see a share price increase if they have a new find of an oil reserve. That is just not realistic. If they burn 20% of those reserves, I would be surprised.[126]

54. We were told that the Government can do more to help pension schemes make climate conscious investments. The BT Pension Scheme told us that there is a need for greater data, analysis and reporting from governments on:

> Carbon exposure or "transition risk", including dependence on fossil fuel reserves and the carbon intensity of the economy;
>
> Physical climate change risk, including a country's exposure to extreme weather events, water scarcity, and food price shocks, and resilience to these events; and
>
> A country's policy response including its adherence to climate agreement pledges.[127]

Aviva's Group Sustainability Director told us in June that the Government has a role beyond mandating disclosures in line with TCFD recommendations:

> We are not saying that Governments have to tell us how we do it; we are saying they have to require us to do it and mandate the publication of transition plans with net zero targets that are science based and map your business plan and your capital expenditure to your stated commitments. That way, we can understand what these companies are doing and continue to invest in companies that might be brown today but have good plans to be green tomorrow. That is the big win.[128]

E3G, a not-for profit public interest organisation, gave an example of public procurement as one way the Government can influence investment decisions to have a positive impact on the real economy:

> A recent update to government procurement decisions, worth up to £290bn in total every year, means that bidding companies for contracts worth over £5 million per year will have to commit to net zero by 2050 and publish credible and clear carbon reduction plans. This will send strong decisions across the economy of the need to align under net zero and represents a clear signal to the real economy and FIs of the direction of travel.[129]

55. The Minister for Pensions and Financial Inclusion told us that a cross-government and cross-party approach was important for schemes and that "The Government have to set a regulatory framework and a direction of travel into which business can then step in and investors can then step in to support those businesses." The Minister explained that the Government is making long-term pensions policies for 30 to 40 years and "therefore

126 Q32
127 BT Pension Scheme (BTPS) (PSC0003)
128 Q34
129 E3G - Third Generation Environmentalism (PSC0023)

there is a massive responsibility to convey the strength of feeling across the House of Commons in an even-handed way and to include your opposite number, particularly Her Majesty's Opposition."[130]

56. **There are a limited number of suitable green assets in which pension schemes can invest. That means that there is a risk of a "green asset bubble" in the short term, as the market for these products develops. It is important that the Government continues to support the development of products, such as green gilts, to mitigate this risk.**

57. **Pension schemes may already be exposed to brown asset bubbles. Investments, such as non-renewables, may be overvalued if investors have not yet adequately accounted for the cost of changes resulting from either climate change or policies to mitigate climate change.**

58. **Pension schemes make long-term investment decisions for their members. A clear UK—and, where possible, international—climate change strategy will provide greater certainty for pension schemes to make long-term investments. *We recommend that the Government set out a UK climate roadmap—including sector specific pathways for meeting the Paris Agreement goals—to provide greater certainty for pension schemes and other investors, particularly for those investing in in long-term investments such as infrastructure.***

Direct investment and charge caps

59. Schemes used for auto-enrolment are required to provide a default fund for people who do not make a choice about how they would like their funds invested. Since April 2015 there has been a charge cap of 0.75 per cent on administration charges in the default funds of defined contribution workplace pension schemes used for automatic enrolment. In July 2019 our predecessor Committee noted that investments in infrastructure may be a justifiable reason for some schemes using higher-cost providers.[131] The Department for Work and Pensions subsequently launched a consultation in June 2020 on reviewing the charge cap and published its response in January 2021, which identified an impact on pension schemes' ability to invest in "illiquids and other longer term assets such as infrastructure" as a potential challenge if the charge cap were reduced. The Government decided not to bring transaction costs into the cap, partly as it is keen to encourage investment in illiquid assets.[132]

60. The BT Pension scheme said that the technologies involved in addressing climate change are often smaller and at an earlier stage in the lifecycle, making schemes' investment in them more uncertain and illiquid, creating barriers and that:

> We recognise the Government's proposals to encourage greater investment in illiquid assets such as these technologies by loosening the annual cap on the fees charged by asset managers of DC pension schemes of 0.75%

130 Q53

131 Work and Pensions Committee, Twenty-Ninth Report of the Session 2017–19, Pension costs and transparency, 24 July 2019

132 Department for Work and Pensions, Government response: Review of the Default Fund Charge Cap and Standardised Cost Disclosure, 13 January 2021

> of assets under management. However, the Pensions Regulator's recent proposals to restrict pension scheme investment could negatively impact climate-conscious investments.[133]

Smart Pensions, a master trust, told us that there was a need to provide "flexibility in the regulatory framework to invest in illiquid assets (such as infrastructure or venture capital)".[134] Paul Bucksey, Managing Director of Smart Pensions, also told us that there might need to be acceptance of "things like performance fees" and that schemes may need to consolidate to increase their scale for these types of investment.[135]

61. The Minister for Pensions and Financial Inclusion told us that he expected pension schemes to make more direct investments in future, but argued that to do so schemes would need to be larger, requiring consolidation:

> You will see, in my view, going forward way more pension schemes buying and setting up renewable windfarms, solar farms, tidal energy, doing much bigger projects at first instance. That is what, to be fair, the Australian super funds do, as they call them, the defined contribution super funds. They own things like Sydney harbour, parts of Kings Cross, massive infrastructure projects. There is that capability going forward and I certainly feel that that will fill a massive gap.[136]

62. **Direct investment by pension schemes in green infrastructure and other illiquid assets has the potential to benefit savers and the environment. *We recommend that the Department for Work and Pensions publishes information about levels of direct investment by pension schemes in its annual report.***

63. **The charge caps on default pension saving products used for auto-enrolment are an important part of ensuring good value for savers who have not made an active decision about where their pension should be invested. However, we support the Government's decision to review whether there are other charging structures which could better enable long-term and resource intensive investments, such as in infrastructure, while continuing to protect savers' interests.**

Stewardship and UK stewardship code

64. Stewardship is the responsible allocation, management and oversight of the assets by an asset owner. Pension schemes often have long-term investment horizons, which makes them particularly well suited to stewardship.

65. What constitutes 'effective stewardship' is recorded in the voluntary UK Stewardship Code (2020).[137] The Code was set by the Financial Reporting Council, the body which regulates auditors, accountants and actuaries and establishes corporate governance, and describes the standards for organisations investing money on behalf of UK savers. The updated 2020 version of the Code is intended to improve stewardship practices relating

133 BT Pension Scheme (BTPS) (PSC0003)
134 Smart Pensions (PSC0009)
135 Q26
136 Q51
137 Financial Reporting Council, The UK Stewardship Code, accessed 13 September 2021

to climate risk. The Principles for Responsible Investment, a United Nations supported sustainable investment network, told us that the new Code "is influencing the development of Codes worldwide".[138]

66. Although many pension schemes outsource their investment decisions, there is still an expectation that trustees will have an active role in the stewardship of the assets held by schemes. The Pensions Policy Institute, an independent research organisation, told us that new regulatory requirements mean that:

> … there is a need for all trustees and providers, regardless of scheme size or type and the level of direct day-to-day involvement with ESG approaches to have a sufficient level of knowledge and understanding in order to best fulfil their role to effectively scrutinise external managers used by their scheme.[139]

67. The UK Sustainable Investment and Finance Association told us that pension schemes have a key role in helping to achieve UK climate change targets through effective stewardship.[140] The Investment Association, a UK trade body, told us that historically, stewardship engagement by pensions schemes had been limited and called for a dedicated council of UK pension schemes to facilitate improved standards of stewardship.[141]

68. To look at these issues, the Task Force on Pension Scheme Voting Implementation was launched on 1 December 2020. The group is tasked with:

> Helping drive solutions to voting system issues, with specific reference to addressing present obstacles;
>
> Increasing the number of asset managers who are prepared to engage with their clients' preferences;
>
> Recommending regulatory and non-regulatory measures to ensure the convergence of asset managers' approaches to voting policy, and execution with trustees' policies.[142]

The Taskforce on Pension Scheme Voting Implementation published its recommendations on 20 September 2021.[143]

69. **The purpose of pension schemes setting net zero targets is not solely that the schemes themselves should be net zero aligned, but that they should make an impact in reducing the real economy's contribution to climate change. Good stewardship is a method of achieving that change. Last year the Department for Work and Pensions set up the Taskforce on Pension Scheme Voting Implementation to make recommendations to drive better voting policies and vote reporting. We will be looking closely at its recommendations.**

138 Principles for Responsible Investment (PSC0021)
139 Pensions Policy Institute (PSC0018)
140 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)
141 Investment Association (PSC0010)
142 TPSVI, Minister for Pensions Launches Taskforce, 1 December 2020
143 Department for Work and Pension, Pensions, Taskforce tackles pension scheme governance, 20 September 2020

Divestment

70. Divestment is the process of selling assets already held by a pension scheme. The UK Sustainable Investment and Finance Association told us that "It should be recognised that wholesale exclusionary approaches, including divestment, by investors in the short term will not be an effective approach for the real economy to transition."[144] James Alexander, CEO of the UK Sustainable Investment and Finance Association, warned us of the risk that pension schemes divest in a way that is contrary to the Government's aims:

> That is one of the reasons we are slightly nervous about things like mandatory net zero requirements or fiduciary duties being extended. We worry that they could lead to a kneejerk divestment away from the parts of the economy that, from a macroeconomic perspective, need to rapidly transition to providing the goods and services of a net zero economy. The danger is that that pulls those institutions that actually care about those assets—that want to see those assets transition—out of those sectors and perhaps towards safer sectors that do not have strong emissions.[145]

Morten Nilsson, the CEO of BT Pension Scheme Management, told us that half of the scheme's emissions come from six companies, but explained that two of these had set targets to reduce their emissions by 70% and 80% by 2030 and to net zero by 2050.[146] The consultant Entelligent said "Divestment approaches might appear straightforward but, leaving out broad economic sectors or regions from investment considerations will not help resolve the urgency of the climate crisis."[147] Nest, a master trust set up by the government to support small employers to meet their auto-enrolment duties, told us that although divestment is a last resort which is unlikely to impact how companies conduct their business, it nevertheless believes that "where there is scientific consensus that an activity is misaligned with the goal of the Paris Agreement, investors should consider divestment due to the financial risk of stranded assets.[148]

71. The Minister for Pensions and Financial Inclusion told us that he believed "that divestment is the very last resort and is a fundamentally misguided policy." He said that the "proper stewardship and voting that will genuinely transform these companies".[149] The Department for Work and Pensions told us that "Whilst tilting towards or away from certain stocks, will at the margin lower or raise the cost of capital, some argue that such strategies lead only to a change in asset ownership rather than real economy change."[150]

72. **Divestment is the process of selling assets already held by a pension scheme. Divestment remains a fallback strategy for pension schemes with investments in assets which are unable to reduce their contribution to climate change or where a good stewardship approach has failed. Nevertheless, widespread divestment by pension schemes is unlikely to have the required impact on the real economy's contribution to climate change. Encouraging behaviour change in companies through good stewardship is more likely to be an effective approach to help the real economy transition to net zero.**

144 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)
145 Q4
146 Q24
147 Entelligent (PSC0002)
148 Nest Corporation (PSC0013)
149 Q48
150 Department for Work and Pensions (PSC0022)

We welcome the Minister's clear statement that divestment should be a last resort. ***We recommend that the Department set out, in response to its report, what specific steps it is taking to ensure that its policies do not incentivise divestment over good stewardship—while making clear that schemes could nevertheless consider divestment when there is no other option.***

Conclusions and recommendations

Background

1. COP26, which will take place in Glasgow in November, may well be the largest summit ever hosted in the UK and it provides a major opportunity for the UK to show global leadership. *We recommend that the UK Government should use this opportunity to make every endeavour to build an international consensus on the role of pension schemes and other parts of the finance sector in achieving the goals of the Paris Agreement.* (Paragraph 7)

2. The Minister for Pensions and Financial Inclusion told us that the Government as a whole is responsible for sharing best practice internationally on investment reporting. *We recommend that, in order to increase the prominence and accountability of this important task, a single Minister should be responsible for leading this work.* (Paragraph 8)

Reporting standards

3. Global harmonisation of climate-related reporting standards would considerably reduce the burden on pension schemes and the associated costs of meeting different reporting requirements. It would also improve the comparability of different assets across international borders. COP26 provides a significant opportunity for the Government to secure international commitments to work towards the global harmonisation of climate-related disclosures. However, work towards global harmonisation of climate-related reporting standards must not be a barrier to the UK implementing its own high standards at pace. *We recommend that the Government aims to secure international commitments to work towards the global harmonisation of climate-related reporting standards at COP26.* (Paragraph 17)

4. We welcome the Government's decision to include provisions in the Pension Schemes Act 2021 to require pension scheme trustees to fully consider and disclose their climate-related financial risks and opportunities in line with recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD). *We recommend that, as the first economy to mandate TCFD reporting for its pension sector, the UK should play an active role in encouraging and facilitating other economies to do the same. The Government should write to the Committee setting out its plans to engage internationally on this matter after COP26.* (Paragraph 18)

5. Trustees will need detailed and regularly updated guidelines provided by the Pensions Regulator to explain how they should consider the effects of climate change on pension scheme members. *We recommend that the Pensions Regulator continuously monitor and update these guidelines.* (Paragraph 19)

6. A green taxonomy will be vital to the success of measures introduced by the Government to tackle climate change. It will support pension schemes, especially smaller schemes, in assessing the merits of different investments and avoiding the risk of "greenwashing". *We recommend that as far as possible the taxonomy should align with international standards, whilst also reflecting the UK context.* (Paragraph 28)

7. We have not considered wider environmental, social and governance factors in detail during our inquiry. The Department for Work and Pensions' consultation on social risks and opportunities by occupational pension schemes closed recently and it is important that these factors are considered holistically. We expect to look closely at the Government's response to that consultation. *We urge the Government to publish its consultation response within three months. In the response, it should outline its approach for developing regulations relating to climate change alongside other environmental, social and governance factors.* (Paragraph 29)

Scheme governance

8. Making green investments, particularly in infrastructure, can be complex and costly. Larger schemes are usually better placed to meet those costs and to provide the high level of scheme governance required. We welcome the intent of the Department for Work and Pensions and the Pensions Regulator in encouraging scheme consolidation. *We recommend that the Pensions Regulator report annually on the progress made to consolidate schemes within its existing research and analysis publications.* (Paragraph 34)

9. The idea of "net zero alignment" does not have a single clear definition. Without a standardised definition, there is a risk that different pension schemes will interpret "net zero" in different ways. That will make it more difficult for savers to understand the approach their scheme is taking or to compare schemes. *We recommend that the Pensions Regulator define net zero alignment.* (Paragraph 42)

10. Many schemes have already set net zero targets voluntarily. *We encourage other schemes to consider whether they should also set net zero targets. While we recognise that any target must not undermine trustees' fiduciary duties, we believe that in many cases these will be aligned.* (Paragraph 43)

11. While larger schemes are setting net zero targets, it is likely that many smaller schemes will not have the resources to do this effectively without support and guidance. Ambiguity about whether net zero targets would put trustees at risk of breaching their fiduciary duty to act in the best interests of their members is also a barrier for trustees. We do not believe that the fiduciary duty itself needs to change, but schemes do need more clarity. *We recommend that the Pensions Regulator should establish a working group to develop guidance for schemes looking to set net zero targets.* (Paragraph 44)

12. Defined contribution schemes used for automatic enrolment are required to have a default option into which the member is enrolled, unless they specify an alternative. *We recommend that the Government consult on the case for mandating that these default options should align to UK Government climate goals.* (Paragraph 45)

13. As a large scheme the Local Government Pension Scheme (LGPS) could be well placed to demonstrate and develop best practice in pension scheme governance, including on climate change. The Minister for Pensions and Financial Inclusion told us that, in his view, the Local Government Pension Scheme should be run by the Department for Work and Pensions rather than the Ministry for Housing Communities and Local Government. This is an interesting view. We are not

convinced that DWP setting pension policy for the whole sector while running one of the largest pension schemes would be straightforward or desirable given the inherent conflicts of interest. (Paragraph 48)

Investment and stewardship

14. There are a limited number of suitable green assets in which pension schemes can invest. That means that there is a risk of a "green asset bubble" in the short term, as the market for these products develops. It is important that the Government continues to support the development of products, such as green gilts, to mitigate this risk. (Paragraph 56)

15. Pension schemes may already be exposed to brown asset bubbles. Investments, such as non-renewables, may be overvalued if investors have not yet adequately accounted for the cost of changes resulting from either climate change or policies to mitigate climate change. (Paragraph 57)

16. Pension schemes make long-term investment decisions for their members. A clear UK—and, where possible, international—climate change strategy will provide greater certainty for pension schemes to make long-term investments. *We recommend that the Government set out a UK climate roadmap—including sector specific pathways for meeting the Paris Agreement goals—to provide greater certainty for pension schemes and other investors, particularly for those investing in in long-term investments such as infrastructure.* (Paragraph 58)

17. Direct investment by pension schemes in green infrastructure and other illiquid assets has the potential to benefit savers and the environment. *We recommend that the Department for Work and Pensions publishes information about levels of direct investment by pension schemes in its annual report.* (Paragraph 62)

18. The charge caps on default pension saving products used for auto-enrolment are an important part of ensuring good value for savers who have not made an active decision about where their pension should be invested. However, we support the Government's decision to review whether there are other charging structures which could better enable long-term and resource intensive investments, such as in infrastructure, while continuing to protect savers' interests. (Paragraph 63)

19. The purpose of pension schemes setting net zero targets is not solely that the schemes themselves should be net zero aligned, but that they should make an impact in reducing the real economy's contribution to climate change. Good stewardship is a method of achieving that change. Last year the Department for Work and Pensions set up the Taskforce on Pension Scheme Voting Implementation to make recommendations to drive better voting policies and vote reporting. We will be looking closely at its recommendations. (Paragraph 69)

20. Divestment is the process of selling assets already held by a pension scheme. Divestment remains a fallback strategy for pension schemes with investments in assets which are unable to reduce their contribution to climate change or where a good stewardship approach has failed. Nevertheless, widespread divestment by pension schemes is unlikely to have the required impact on the real economy's

contribution to climate change. Encouraging behaviour change in companies through good stewardship is more likely to be an effective approach to help the real economy transition to net zero. We welcome the Minister's clear statement that divestment should be a last resort. *We recommend that the Department set out, in response to its report, what specific steps it is taking to ensure that its policies do not incentivise divestment over good stewardship—while making clear that schemes could nevertheless consider divestment when there is no other option.* (Paragraph 72)

Formal minutes

Wednesday 22 September 2021

Members present

Rt Hon Stephen Timms, in the Chair

Siobhan Baillie

Steve McCabe

Nigel Mills

Selaine Saxby

Dr Ben Spencer

Chris Stephens

Sir Desmond Swayne

Pension stewardship and COP26

Draft Report (*Pension stewardship and COP26*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 72 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

[Adjourned till Wednesday 20 October at 9.15 am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 30 June 2021

Tony Burdon, Chief Executive Officer, Make My Money Matter; **James Alexander**, Chief Executive Officer, UK Sustainable Investment and Finance Association; **Andrew Ninian**, Director of Stewardship and Corporate Governance, Investment Association — Q1–20

Paul Bucksey, Managing Director, Smart Pension UK; **Morten Nilsson**, Chief Executive Officer, BT Pension Scheme; **Mark Fawcett**, Chief Investment Officer, Nest; **Sam White**, Group Sustainability Director, Aviva — Q21–35

Wednesday 14 July 2021

Guy Opperman MP, Parliamentary Under-Secretary of State (Minister for Pensions and Financial Inclusion), Department for Work and Pensions; **Pete Searle**, Director, Private Pensions and Arm's Length Bodies, Department for Work and Pensions; **Emma Varley**, Head of DC and International Private Pensions Policy, Department for Work and Pensions — Q36–77

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

PSC numbers are generated by the evidence processing system and so may not be complete.

1 Association of British Insurers (PSC0008)

2 Association of Consulting Actuaries (PSC0007)

3 Association of Pensions Lawyers (APL) (PSC0019)

4 Aviva (PSC0025)

5 Aviva (PSC0011)

6 BT Pension Scheme (PSC0003)

7 Department for Work and Pensions (PSC0022)

8 E3G – Third Generation Environmentalism (PSC0023)

9 Entelligent (PSC0002)

10 Investment Association (PSC0010)

11 London CIV (PSC0017)

12 Mercer (PSC0005)

13 Nest Corporation (PSC0013)

14 Pensions Policy Institute (PSC0018)

15 Pensions and Lifetime Savings Association (PSC0020)

16 Principles for Responsible Investment (PSC0021)

17 ShareAction (PSC0024)

18 Smart Pension (PSC0009)

19 The Pensions Regulator (PSC0014)

20 UK Sustainable Investment and Finance Association (UKSIF) (PSC0001)

21 XPS Pensions Group (PSC0006)

22 Make My Money Matter (PSC0012)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2021–22

Number	Title	Reference
1st	DWP's preparations for changes in the world of work	HC 216
2nd	Disability employment gap	HC 189
3rd	Children in poverty: Measurement and targets	HC 188
1st Special Report	Universal Credit: natural migration: Government Response to the Committee's Twenty Seventh Report of Session 2017–19	HC 228
2nd Special Report	Protecting pension savers–five years on from the pension freedoms: Pension scams: Government, The Pensions Regulator and Financial Conduct Authority Responses to the Committee's Fifth Report of Session 2019–21	HC 504

Session 2019–21

Number	Title	Reference
1st	DWP's response to the coronavirus outbreak	HC 178
2nd	The appointment of Dr Stephen Brien as the Chair of the Social Security Advisory Committee	HC 733
3rd	Universal Credit: the wait for a first payment	HC 204
4th	The temporary increase in Universal Credit and Working Tax Credit	HC 1193
5th	Protecting pension savers—five years on from the pension freedoms: Pension scams	HC 648
6th	The appointment of Sarah Smart as Chair of the Pensions Regulator	HC 1358
1st Special Report	DWP's response to the coronavirus outbreak: Government Response to the Committee's First Report	HC 732
2nd Special Report	The two-child limit: Government Response to the Committee's Third Report of Session 2019	HC 1079

Number	Title	Reference
3rd Special Report	Universal Credit: the wait for a first payment: Government Response to the Committee's Third Report	HC 1117
4th Special Report	Universal Credit and "survival sex": Government Response to the Committee's Second Report	HC 1225