

15 December 2020

Trustees of the IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD
UK

Dear Trustees,

PLSA RESPONSE: Consultation on Sustainability Reporting

We welcome the opportunity to feed into this consultation. The Pension and Lifetime Savings Association (PLSA) represents more than 1,300 workplace pension schemes serving 20 million savers and pensioners. Our members include defined benefit (DB) and defined contribution (DC) schemes, master trusts and local government pension funds, together controlling £1 trillion of investments in the UK and global economy. Our membership also includes 400 businesses – including asset managers, investment consultants and legal advisers – that provide essential services and advice to UK pension providers. Our mission is to ensure that everyone has a better income in retirement.

We would like to note our support for the proposals put forward by the IFRS, mainly:

- A global sustainability reporting standard, taken forward by the IFRS
- A sustainability standards board.

The PLSA recently undertook a project to better understand the plans, aspirations, and frustrations of our members in relation to their ability to prepare for and address climate change. Over the course of 2020 we hosted a series of roundtable discussions, with participants from 80 pension funds, and it was clear that those who took part were in agreement that climate considerations could not be ignored. However, we also identified that pension funds felt that they were hindered in their ability to invest intelligently for a carbon constrained future by the lack of information available to them, and a lack of consistency in how it is presented. Of those we surveyed, 63% felt they did not receive sufficient information to make informed choices. ¹

¹ <https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/A-changing-climate.pdf>

We therefore believe that an international standard would make it more possible for investors to understand individual company dynamics in relation to climate, and also to seek to recalculate financial performance using assumptions that they regard as more consistent with climate sustainability. This should enable more climate-aware investment decisions. In addition, we would urge the trustees to set standards that ensure that reporting requirements are not seen as a 'low bar' by those using them.

I hope that the above is helpful. Our members would welcome the opportunity to discuss this with you further as your considerations continue. If you would like any further clarification or information, please do not hesitate to get in touch.

Best wishes,

Karen Hurst
Senior Policy Adviser

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