UK Shareholders' Association (UKSA) position on Fiduciary Duty and the Responsibilities of Pension Trustees

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UKSA believes that pension trustees have a singular and overriding responsibility: to act solely in the best interests of their beneficiaries. This duty sits at the heart of trust law and underpins every investment, governance and stewardship decision that the trustees make on behalf of beneficiaries. It requires trustees to exercise care, skill and diligence, to act impartially across generations of beneficiaries, and to use their powers only for proper purposes.

UKSA believes that trustees should prioritise financial outcomes for their beneficiaries above other considerations. While trustees may consider a wide range of factors, including long-term risks, market developments and sustainability issues, these should be assessed through the lens of financial materiality for their beneficiaries. Trustees cannot allow personal, political or ethical preferences — their own or others' — to compromise expected returns or increase risk to beneficiaries.

UKSA believes that trustees should listen to the views of members, employers, policymakers and wider stakeholders, but must not be directed by them. Member preferences can inform decision-making where they do not risk financial detriment. Employer or government policy objectives may be relevant where they align with beneficiaries' interests, but the funds for which trustees are responsible cannot be used as instruments of corporate strategy or public policy. The trustee's duty is to the beneficiaries, not to follow external agendas.

UKSA believes that trustees must consider financially material Environmental, Societal and Governance (ESG) factors as part of prudent investment practice. Climate risk, governance quality, social impacts, and other long-term drivers of value are legitimate and often essential components of risk management. Ignoring them might risk harming financial outcomes for the beneficiaries. However, non-financial ESG goals may only be pursued where they advance beneficiaries' financial interests or are demonstrably neutral in their impact unless such views are demonstrably aligned with the views of beneficiaries.

UKSA believes that fiduciary duty is a safeguard, not a constraint. It protects members from undue risk, ensures disciplined decision-making, and provides trustees with a clear, principled framework for navigating competing pressures. In a changing policy and investment landscape, this duty remains the anchor that ensures pension schemes are managed with integrity, independence and unwavering focus on the people whose savings they steward.