Post-Implementation Review of Task Force on Climate-related Financial Disclosure Regs

We are seeking stakeholder views to inform the Post-Implementation Review of the 2021 Climate Governance and Reporting Regulations for occupational pension schemes with over £1bn in assets. Your feedback will help assess the effectiveness and impact of these regulations.

The deadline to complete this survey is 5th December 2025.

Important Data sharing notice:

Data sharing: Responses to this survey may be shared with the Pensions Regulator (TPR), HM Treasury (HMT), the Department for Energy, Security and Net Zero (DESNZ), and the Department for Business and Trade (DBT). DWP is working collaboratively with these other Departments to develop policies on transition plans and future sustainability reporting frameworks. If you do not want your response to be shared with TPR or other Government Departments, please let us know in writing.

Freedom of information The information you send us may need to be passed to colleagues within the Department for Work and Pensions (DWP), published in a summary of responses received and referred to in the published post-implementation review report. All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. To find out more about the general principles of Freedom of Information (FoI) and how it is applied within DWP, please contact the Central Freedom of Information Team. The lawful basis we are relying on to process your personal data is article 6(1)(e) of the UK GDPR, which allows us to process personal data when this is necessary for the performance of our public tasks in the exercise of our official authority. To find out more about how DWP uses personal information and your rights and responsibilities, please see DWP's Personal Information Charter at Personal information charter - Department for Work and Pensions - GOV.UK.

PLEASE NOTE - This form must be completed in one session. Progress cannot be saved and resumed later.

1. Please enter your name and the company/scheme you represent *

   Sarah Keighley, chair of Sustainability Group, Association of Consulting Actuaries (ACA).

Scope & Interest

2. Please indicate what type of stakeholder you are and whether you produce a Taskforce on Climate-related Financial Disclosures (TCFD) report. *

- [ ] DC scheme
- [ ] DB Scheme
- [ ] Hybrid scheme
- [ ] Master Trust
- [ ] Professional body
- [ ] Civil Society Group
- [ ] Legal firm
- [ ] Actuary
- [ ] I produce or have produced a TCFD report
- [x] Representative body

3. What is your interest in the survey? *

- [x] Would like to provide feedback on the TCFD requirements and guidance
- [ ] Interested in the future direction of UK sustainability disclosures
- [ ] Other

4. Currently, trustees of schemes whose relevant assets are £1bn or more, are in scope of the requirements in Part 2 of, and the Schedule to, the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, do you feel the threshold: *

- ○ Should be higher
- ○ Should be lower
- ○ Is about right
- ◉ Whilst we believe the threshold is broadly at an appropriate level, it is based on a date that is out of date. Consequently, some schemes that previously fell into the £1bn category now have relevant assets below the threshold but are still required to report. In addition, in many hybrid schemes there are small (often legacy/closed) DC sections that fall into the full scope of reporting because their DB Section is over £1bn. While there is some flexibility in the guidance to be proportionate, in these cases the DC sections still need to produce metrics and do scenario analysis for the DC arrangements which can be very burdensome where the DC section is much smaller than £1bn. In these situations we suggest TCFD reporting could be eased such that only the section of a scheme that meets the size threshold needs to report.

Challenges and opportunities with the TCFD framework

5. How easy / difficult on a scale of 0 – 10 (with 10 being extremely difficult) has it been to meet the TCFD requirements for: *

Governance

1 2 3 4 5 [6] 7 8 9 10

6. How easy / difficult on a scale of 0 – 10 (with 10 being extremely difficult) has it been to meet the TCFD requirements for: *

Strategy

1 2 3 4 5 [6] 7 8 9 10

7. How easy / difficult on a scale of 0 – 10 (with 10 being extremely difficult) has it been to meet the TCFD requirements for: *

Scenario analysis

1 2 3 4 5 6 7 8 9 10

8. How easy / difficult on a scale of 0 – 10 (with 10 being extremely difficult) has it been to meet the TCFD requirements for: *

Risk management

1 2 3 4 5 6 7 8 9 10

9. How easy / difficult on a scale of 0 – 10 (with 10 being extremely difficult) has it been to meet the TCFD requirements for: *

Metrics & targets

1 2 3 4 5 6 7 8 9 10

10. Please expand on your scores and outline any particular challenges or things that have worked well?
*

The first year was the most involved as many Trustees needed to embed climate risks and opportunities into their process. The process has become less burdensome over time as TCFD considerations become ingrained in usual activity. Some clients set up dedicated working groups to aid with the initial challenges and additional administration of reporting, most of which have since disbanded. Some areas of reporting, such as scenario analysis and

11. Do you engage with others' TCFD reports; is learning/best practice shared across schemes?
*

In our experience, best practice is primarily shared through the findings of TPR's reviews of climate reports.

12. If applicable, what, if any, specific information under the FCA’s TCFD entity and product-level reporting rules do you need for your own decision-making and/or reporting requirements?
*

None – schemes tend to just use DWP’s statutory guidance and the supporting regulations.

Governance

13. How have you used TCFD to develop governance processes for managing climate-related risks and opportunities?
*

Generally, across schemes, we have seen TCFD reporting help formalise current processes in place, and strengthen governance processes through:
- The formation of dedicated working groups
- Climate-related risks and opportunities becoming a more formal agenda item rather than solely incorporated into other topics
- Incorporation into Risk Management Frameworks

14. Are any TCFD activities outsourced to consultants, and why? Which activities are managed in-house?
*

The degree to which TCFD activities are outsourced to consultants varies depending on scheme size, makeup and level of expertise. We generally see scenario analysis, metrics collation, and TCFD report writing outsourced to consultants. The reasons for outsourcing also varies with scheme specifics, but

15. Aside from the TCFD framework, how else do you ensure climate risks are considered?
*

Additional processes to consider climate risks and opportunities vary between schemes depending on (for example) appetite, resource and expertise. These include
- Asset manager reviews
- Stewardship and implementation statements
- Strategy reviews
- Actuarial valuations

Strategy

16. How have the scheme's investment, funding and/or trustee decision-making strategies been shaped to incorporate climate-related risks and opportunities as a result of the TCFD requirements?
 *

- Integration into manager selection and appointment exercises
- Changes to the way trustees review and monitor managers, including assessment against climate-related targets
- Climate risks factored into assessment of employer covenant and long-

17. Has TCFD reporting helped identify new investment opportunities linked to the low-carbon transition?
 *

TCFD reporting has helped focus discussions on climate and provided a structured framework to do so. This has indirectly helped some schemes identify appropriate new opportunities.

18. Have any other factors, other than TCFD, impacted the scheme's investment and / or funding strategy in relation to climate-related risks and opportunities? *

Other scheme stakeholders such as members and sponsoring employers have had an impact on strategy, though the magnitude of other stakeholders' influence and impact is specific to individual schemes. The actions of peer groups, independent trustee firms and best practice guidance also influence

Scenario analysis

19. Which areas of the guidance relating to scenario analysis do you find helpful? Which areas have been challenging?
*

Helpful: TCFD provides a structured framework and recommends the use of widely recognised scenarios. Provides a good direction on which scenarios to consider, and guidance on how frequently to update.
Challenging: Quantitative analysis is complex and requires advanced modelling techniques and expertise. The current positioning of quantitative vs qualitative,

20. How have you used guidance to produce / commission scenario analysis? *

Most schemes outsource to consultants or fiduciary managers.

21. Have you had reason to evolve your approach to scenario analysis (e.g., either updates to underlying models, or moving to narrative scenarios)? If so, what were your reasons for this?
*

Quantitative scenario modelling continues to evolve to take into account the latest information (e.g. Net Zero by 2050 becoming increasingly unlikely, a focus on shorter term impacts, and to incorporate stronger damage functions).
However, quantitative models continue to have limitations that may be

Risk Management

22. How have the TCFD requirements and guidance helped you manage climate-related risk?
*

TFCD requirements have raised the profile of climate-related risk and encouraged the integration of climate-related risks into governance structures. The framework has helped define roles and responsibilities which in turns helps the management of risk. The requirements have enhanced engagement with

23. What types of climate-related risks are you managing and which processes do you use to manage climate-related risk?
*

The kinds of risks and corresponding management processes can vary between schemes, but broadly the primary risks are transition and physical risks, considered at a high level. The processes by which these are managed include:
- Risk registers
- Portfolio look through analysis
- Stewardship and engagement
- Specific target setting

Metrics & Targets

24. How have you used TCFD requirements and guidance to choose metrics and set targets? Have these metrics or targets made a difference in moving investment to greener sectors?
*

Having the four categories has generally been helpful for advisors and trustees. However, guidance on the additional metric (aligned with TCFD recommendations) is too broad and is not particularly useful for asset owners' decision-making process

Member outcomes

25. How have member outcomes been impacted since the introduction of these requirements? (Select any that apply)
*

- [ ] Improved financial returns
- [ ] Worsened financial returns
- [x] No impact on financial returns
- [ ] Increased member engagement
- [x] No impact on member engagement
- [ ] Improved trust and transparency
- [x] No impact on trust and transparency
- [x] Wider societal impacts
- [x] We believe the impact on member outcomes varies. For example, on financial returns, sustainable equity funds underperformed when oil & gas outperformed, and when indices are very concentrated. Renewable funds struggle when there is political uncertainty or roll backs on policy. Member engagement varies by scheme, and we think it is difficult to determine whether there has been any impact on trust and transparency or wider societal impacts. More widely, reporting has been helpful to raise awareness of the risks and how it will impact all of us (and not just financially). As an industry, we need to get better at the story telling. Many impacts will only play out over many years into the future –the level of impacts noted above are unlikely to be noticeable at this stage. However, it is important to ensure that schemes and members can understand potential future negative impacts and act to limit them. This would be helped by supportive and more certain policy positions.

Member engagement

26. How has member engagement changed since the introduction of TCFD reporting? Please include:
1. Whether you produce a member-facing summary. 2. How members interact with the report. 3. Any observed changes in member preferences or behaviour
*

The level of member engagement varies considerably by scheme. Some schemes have produced member-facing summaries (often available through digital platforms) however the general experience to date is low engagement from members. More likely to see engagement from members of DC schemes

27. Have climate-related disclosures improved member understanding or influenced their decisions (e.g. fund choices, contribution levels)? *

We have not seen any evidence that disclosures have improved member understanding or influenced decision making.

Cost of reporting

28. How much did it cost to produce your latest TCFD report? How has this changed over time? *

Not able to respond to costs question. Annual fees have come down compared to year one, with increases as and when climate scenarios are updated.

29. If possible, can you provide an estimated cost for the **Governance** related activities underpinning the production of a report? *

Not able to respond.

30. If possible, can you provide an estimated cost for the **Strategy** related activities underpinning the production of a report? *

Not able to respond.

31. If possible, can you provide an estimated cost for the **Scenario analysis** related activities underpinning the production of a report?
*

Not able to respond.

32. If possible, can you provide an estimated cost for the **Risk management** related activities underpinning the production of a report?
*

Not able to respond.

33. If possible, can you provide an estimated cost for the **Data collection & processing for metrics** related activities underpinning the production of a report?
*

Not able to respond.

34. If possible, can you provide an estimated cost for the **Trustee training** related activities underpinning the production of a report?
*

Not able to respond.

35. Are there **any other costs** that underpin the production of a report, you would like to submit?

*

Not able to respond.

Future reporting

36. Do you have any views on the frequency of reporting going forward?
*

We support the adoption of a similar approach to that the FRC has taken with the Stewardship Code updates – Governance and risk management (and probably strategy) in one report which we would not expect to change much year on year. Metrics and targets can then be a separate/additional annual

37. Does your scheme currently produce a Transition Plan, or does it plan to soon? How do current TCFD requirements and climate-related transition plans interact?
*

Some schemes have transition plan elements within the metrics and targets section of their TCFD reports. These generally cover progress to date and next steps to meet the target.

38. Government has indicated movement towards UK Sustainability Reporting Standards – do you use these standards to manage climate risk?
*

○ Yes

◉ No