CLIMATE and INVESTMENT REPORTING

Comment from the Association of Consulting Actuaries (ACA)

ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA supports mandatory Portfolio Alignment metric and enhancing trustees' stewardship duties, but sees value in *less* reporting detail

7 January 2022: In its response to the DWP Consultation: Climate and investment reporting, the Association of Consulting Actuaries (ACA) is supportive of the Government's drive to enhance trustees' stewardship duties and to promote better alignment of investment portfolios with the goals of the Paris Agreement.

Stewart Hastie, who leads the ACA's Climate Risk Group, commented:

"We support the introduction of a new mandatory Portfolio Alignment metric as an informative and important tool for pension trustees in managing ***forward-looking*** *climate risks compared to the backwards looking emissions based metrics. However, the guidance should emphasise the importance of the actions being taken within the underlying assets to de-carbonise rather than just whether a long-term net zero target has been announced.*

"We also recommend that the calculation and disclosure of the other additional metrics could now fall under the 'should' criteria rather than 'must'."

Vanessa Hodge, who leads the ACA's Investment Committee, commented:

"The intention for the Implementation Statement ("IS") to provide clearer information to members of pension schemes, rather than be seen primarily as a compliance report, is to be welcomed. We certainly see the value, to members in particular, in the IS being more focussed and less detailed.

"Linked to this, the Government needs to rethink the guidance around the level of disclosure required in the IS when reporting on significant votes."

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

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