

Law & Policy Group

GRIST

UK: Climate change risk reporting proposed for pension schemes

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Occupational pension schemes trustees could face new governance and reporting requirements on climate change risks under proposals submitted to parliament. Some measures will take effect on 1 Oct 2021, and would initially apply only to the largest pension schemes.

Highlights

- Occupational pension schemes with £5bn or more in assets would need to implement, by 1 Oct 2021, effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities. Authorized master trusts of all sizes would also have to comply by 1 Oct 2021.
- Occupational pension schemes with more than £1bn in assets will have to meet the same requirements by 1 Oct 2022. In 2023, the government will conduct a review about extending the requirements to all schemes and will consult on its findings in 2024.
- Trustees would have to meet climate governance requirements, publish a report on climate-related financial disclosures (TCFD) within seven months of their scheme year-end, and include a link to the TCFD in their annual report and accounts. Defined benefit schemes must include this information in their annual Summary Funding Statement to members.

Statutory guidance would expand on the regulations, including how schemes would need to integrate and disclose climate-related risks.

Related resource

- [Taking action on climate risk: Improving governance and reporting by occupational pension schemes — response and consultation on regulations](#) (UK government, 24 Jun 2021)

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