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New trustee guidance on climate-related issues to be produced by Pensions Climate Risk Industry Group

Working with other Government Departments, TPR has set up a new pensions industry group to produce guidance on how pension trustees can address climate-related financial risks as part of their governance processes.

The Department for Work and Pensions and the Department for Business, Energy and Industrial Strategy are part of the group, alongside trustees, consultants, investment managers, civil society groups and representative bodies. The group is chaired by Stuart O'Brien, partner at Sackers.

The group will provide guidance for pension trustees on how to integrate, manage and report on climate risks using the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD).

The guidance will build on the TCFD's global framework through which exposure to climate-related financial risks and opportunities can be identified, assessed, managed and disclosed. It also follows the requirement for trustees to state their policies on financially material considerations, including climate change, as part of a scheme's Statement of Investment Principles with effect from 1 October 2019.

The Government set out its expectation for all listed companies and large asset owners to disclose in line with the TCFD recommendations by 2022 as part of its [Green Finance Strategy](#) in July 2019. The UK pensions minister, Guy Opperman, has said: *"Many of the items which make up the TCFD framework are things which schemes need to do already under two sets of regulations I laid last year.... I'm really eager to put this guidance on a statutory footing as soon as possible to empower trustees to challenge their investment managers and ultimately the firms in whom they invest."* The minister made the comments in a speech delivered to delegates attending the [Association of Member Nominated Trustees' Autumn Conference 2019](#) on 31 October 2019.

Stuart O'Brien said: *"Pension trustees are already under a legal duty to consider factors which are financially material to their investment decision making. Managing the financial risk of climate change is no exception. However, to date, the way in which trustees might approach this has not been universally understood or acted upon. The role of the Pensions Climate Risk Industry Group is to provide practical and accessible guidance to help trustees of all schemes integrate, manage and report on climate risk as part of their investment governance – and to use the TCFD framework as a tool to do so."*

The group plans to publicly consult on draft guidance in early 2020. TPR will subsequently incorporate the key requirements into the Governance Code required by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2019. Additional guidance will also be provided, including recommended best practice, to help trustees meet the expectation laid out in the Government's Green Finance Strategy.

-ENDS-

Notes to Editors:

Sacker & Partners LLP (Sackers) is a top tier commercial law firm specialising in advising pension scheme trustees, employers, providers and corporate investors on all aspects of their pension arrangements.

Widely viewed as leaders in the field, Sackers advises more of the UK's top 200 pension funds than any other law firm. Sackers is consistently ranked in the top tier for pensions by both leading UK legal directories (Chambers UK and the Legal 500) and has been for over twenty years.

Based in London, Sackers provides support to trustee boards, sponsoring employers, providers and Government bodies across a range of areas, including day to day scheme management, funding and investment, projects, risk and litigation.

Sackers is an active member of the Pensions and Lifetime Savings Association and The Association of Pensions Lawyers and is technical legal expert partner to the Pensions Management Institute and Pension Chair. Sackers also works closely with TPAS, the SPP, and the Pensions Investment Academy.

Sackers was named Pensions Law Firm of the Year at the 2019 Pensions Age Awards.

Sackers trustee guide – ESG and climate change for pension funds, published in February 2019 won 'Best Thought Leadership Paper on Sustainable Investing', at Environmental Finance's Sustainable Investment Awards 2019, and has been shortlisted for two awards in Pensions for Purpose Content Awards 2019, Strategy and Most Read Content.

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