

**31 August 2021**

**Guidance on governance and reporting of  
climate-related risks and opportunities**

**A new appendix to TPR's monetary  
penalties policy**

**The Pensions Regulator**





## **Pensions Management Institute**

Moving pensions forward

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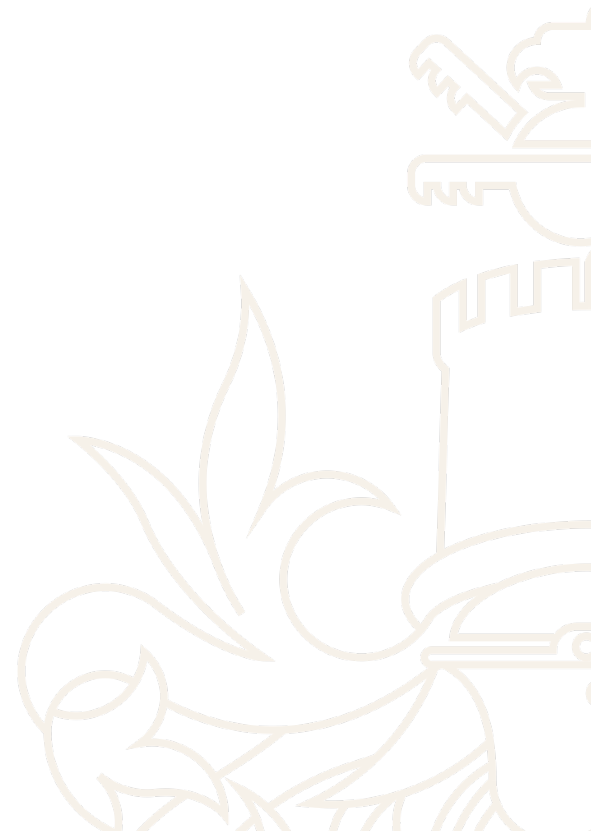
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# **Response from the Pensions Management Institute to TPR consultation: ‘Guidance on governance and reporting of climate- related risks and opportunities and A new appendix to TPR’s monetary penalties policy’**

## **Introduction**

PMI is the professional body which supports and develops those who work in the pensions industry. PMI offers a range of qualifications designed to meet the requirements of those who manage workplace pension schemes or who provide professional services to them. Our members (currently some 7,000) include pensions managers, lawyers, actuaries, consultants, administrators and others. Their experience is therefore wide ranging and has contributed to the thinking expressed in this response. Due to the wide range of professional disciplines represented, our members represent a cross-section of the pensions industry as a whole.

PMI is focused on supporting its members to enable them to perform their jobs to the highest professional standards, and thereby benefit members of retirement benefit arrangements for which they are responsible.



## Background

### B1. Is this section of the guidance clear when read alongside the DWP's guidance?

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

### B2. Are there any areas on which you would welcome further clarification?

Yes	
No	✓

We do not believe that any areas require further clarification.

## Governance

### G1. Is this section of the guidance clear when read alongside the DWP's guidance?

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

### G2. Is the example on establishing oversight helpful?

Yes	✓
No	

We believe the example describes the approach likely to be adopted by the trustees of a large scheme and so addresses the circumstances of the first tranche of trustees for who the new reporting requirements will apply. The example will of course require some adaptation when smaller schemes are required to comply.

### G3. Is the example on climate competency of service providers and advisers helpful?

Yes	✓
No	

The example is helpful because it identifies the key questions that trustees will need to ask their advisers.

**G4. Are there any other case studies or examples you would find helpful in this section?**

<b>Yes</b>	
<b>No</b>	✓

We do not believe that any further examples are required.



## Strategy and scenario analysis

### S1. Is this section of the guidance clear when read alongside the DWP's guidance?

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

### S2. Is the example of different time periods for schemes with different characteristics helpful?

Yes	✓
No	

The example identifies different types of scheme with differing characteristics and suggests appropriate examples of the time periods that might be adopted by the trustees of each of the three schemes. This will provide helpful guidance to trustees in setting their own time periods.

### S3. Are there any other case studies or examples you would find helpful in this section?

Yes	
No	✓

We do not believe that any further examples are required.

## Risk Management

**R1. Is this section of the guidance clear when read alongside the DWP's guidance?**

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

**R2. Is the template dashboard helpful?**

Yes	✓
No	

The template dashboard provides clear guidance on how to assess and display trustees' perceived risks.

**R3. Is the example on processes to identify and assess climate-related risks helpful?**

Yes	✓
No	

The example provides clear guidance on how a trustee board might identify and address climate-related risks.

**R4.**

Yes	
No	✓

We do not believe that any further examples are required.





## Metrics

**M1. Is this section of the guidance clear when read alongside the DWP's guidance?**

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

**M2. Is Example 1 on the selection of metrics helpful?**

Yes	✓
No	

Example 1 provides very clear guidance to trustees on the selection and assessment of metrics.

**M3. Is Example 2 on the selection of metrics helpful?**

Yes	✓
No	

Example 2 also provides very clear guidance to trustees on the selection of relevant metrics.

**M4. Is the example on using a metric in risk management helpful?**

Yes	✓
No	

This provides what is very much a 'real world' example which is likely to be confronted by many trustee boards. As such, it provides very useful guidance to trustees in dealing with a difficult topic.

**M5. Are there any other case studies or examples you would find helpful in this section?**

<b>Yes</b>	
<b>No</b>	✓

We do not believe that any further examples are required



## Targets

**T1. Is this section of the guidance clear when read alongside the DWP's guidance?**

<b>Yes</b>	✓
<b>No</b>	

We are satisfied that this section of the guidance is perfectly clear.

**T2. Is the example on monitoring against targets helpful?**

<b>Yes</b>	✓
<b>No</b>	

The example provides trustees with clear guidance on setting targets and for assessing their performance in reaching them.

**T3. Are there any other case studies or examples you would find helpful in this section?**

<b>Yes</b>	
<b>No</b>	✓

We do not believe that any further examples are required.

## Publishing your report and notifying members

**P1. Is this section of the guidance clear when read alongside the DWP's guidance?**

Yes	✓
No	

We are satisfied that this section of the guidance is perfectly clear.

**P2. Are there any areas on which you would welcome further clarification?**

Yes	
No	✓

We do not believe that any further examples are required

## General Questions

**Q1. When read alongside the DWP's guidance, is our guidance clear on what you need to do and report on in order to comply with the new legislation? If not, how could we make it clearer?**

Yes	✓
No	

We are satisfied that the guidance is perfectly clear.

**Q2. Do you have any other feedback on the guidance?**

Yes	
No	✓

## Consultation questions for: New appendix ('Breaches of the climate change governance and reporting regulations') to TPR's monetary penalties policy

1. The amount of the monetary penalty will be considered on a case by case basis. Is the outline of likely band levels clear?

Yes	✓
No	

2. Do you think the examples given for the different band levels are appropriate?

Yes	✓
No	

3. Does the calculation of the amount of the mandatory penalty beyond the minimum threshold sound reasonable?

Yes	✓
No	

4. Is the appendix clear on our approach to discretionary penalties for breaches of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021? If not, how could we make it clearer?

Yes	✓
No	

**5. Do you have any other feedback on the appendix?**

<b>Yes</b>	
<b>No</b>	✓