



Clarity needed on climate reporting requirements for smaller schemes, APPT warns

9 September 2021: The Association of Professional Pension Trustees (APPT) has warned that smaller schemes are likely to face difficulties when meeting the requirements set out in the latest guidance from The Pensions Regulator (TPR) on climate reporting.

In its response to TPR's recent consultation on its 'Guidance on governance and reporting of climate-related risks and opportunities', the APPT has called on the Government and the Regulator to provide greater clarity around its expectations for schemes with assets below £1 billion, as climate reporting requirements are extended over time.

The APPT anticipates that new requirements such as those around scheme data will make the reporting processes difficult for trustees and has asked TPR for further guidance and examples around minimum standards. This will help schemes to understand where TPR draws the line between the materiality of data and the additional costs of obtaining it, before data is widely available.

The APPT, which represents over 325 professional pension trustees, also suggests that future guidance for smaller schemes is sensitive to the costs of implementation and to expectations around annual reviews of targets. These are areas where additional education and training is needed, suggesting that climate risk management should be a new module for the TPR toolkit.

Vassos Vassou, APPT Council member, said: "As these new requirements come into play, trustee knowledge and understanding will need to evolve and develop to ensure that they are implemented in the correct way and trustees feel comfortable complying with the changes.

"We need to see a unifying expectation for smaller schemes. One that enables trustees to move forward with climate-aware investment strategies with confidence, rather than being too cumbersome for the resource available."

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Notes to editors:

The Association for Professional Pension Trustees (APPT) is the industry body for professional trustees of occupational pension schemes, working to set and promote standards of best practice within the sector and represent the interests of our members. Since the launch of accreditation of professional trustees in June 2020 we have become a principal accreditation body for professional trustees.