

Guy Opperman MP
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By email

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Dear Guy,

Further to the recent consultation proposals from the Department for Work and Pensions on climate-related financial disclosures for Occupational Pension Schemes (OPS) regulated by the Pensions Regulator, I wanted to update you on the FCA's plans to implement consistent climate-related disclosure requirements for asset managers and FCA-regulated pension schemes.

We consider such obligations important to facilitating DWP's own policy proposals to improve climate-related governance and reporting by OPS, and the Government's expectations in the Green Finance Strategy that all listed companies and large asset owners should move to reporting in line with TCFD.

As you know, a cross-Whitehall/cross-regulator Taskforce has been established to consider how these expectations can be met. The FCA supports a coordinated approach to TCFD implementation and we are an active member of this Taskforce.

The FCA's work on TCFD implementation began prior to the launch of the Taskforce. In our 2018 [discussion paper](#) on climate change and green finance, we gathered stakeholder views on the case for TCFD-aligned disclosures by both listed companies and regulated firms. Responses were overwhelmingly in favour of introducing requirements to make such disclosures.

In March this year we [proposed](#) a new TCFD-aligned disclosure rule in our rules for premium-listed issuers. The consultation on this closes on 1 October.

We expect to do further work to adopt the TCFD's recommendations more widely within our rules, including as they apply to asset managers and contract-based pension schemes, in coordination with the Taskforce.

Institutional and retail investors increasingly demand information on how their asset managers take climate into account in their investment decisions, and the outcomes they achieve.

We intend to consult on implementing client-focused TCFD-aligned disclosures for asset managers and contract-based pension schemes in the first half of 2021. Subject to consultation and cost-benefit analysis as required under the Financial Services and Markets Act, we aim to finalise rules by the end of 2021, with new obligations coming into force in 2022. We will consider phasing the obligations, beginning with the largest or most interconnected firms.

Given the global nature of the industry, we will be mindful of the interaction with related international initiatives, including those that derive from the EU's Sustainable Finance Action Plan, but consider that taking forward TCFD-aligned requirements is consistent with and complementary to those initiatives.

In developing our detailed proposals, we will consider [guidance](#) on climate-related financial disclosures recently published by the Climate Financial Risk Forum, which we co-chair with the Bank of England. This guidance is also grounded in the TCFD's recommendations.

And we will be mindful, in particular, of the information that asset owners such as OPS will need to meet their regulatory obligations. We note that DWP's consultation proposes that trustees calculate and disclose at least one emissions-based metric, and one other non-emissions-based metric at the portfolio level.

My team would be happy to discuss our developing plans in more detail with DWP colleagues. In the meantime, given the public interest in the Pension Schemes Bill, I would be happy for you to place this letter in the libraries of the House or in public in a suitable manner.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C Woolard', written in a cursive style.

Christopher Woolard
Interim Chief Executive