

2 July 2020

Pensions Climate Risk Industry Group

c/o Sacker & Partners LLP
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Submitted via email to: pensions.governance@dwp.gov.uk

RE: Aligning your pension scheme with the TCFD recommendations

BlackRock¹ is pleased to have the opportunity to respond to the consultation on non-statutory guidance for occupational pensions on assessing, managing and reporting climate-related risks in line with the TCFD recommendations (herewith “guide” or “guidance”), issued by the Department for Work & Pensions and the Pensions Climate Risk Industry Group.

BlackRock supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs.

In the following pages, we have laid out general comments on the guidance with more specific remarks on certain sections.

We welcome the opportunity to comment on the issues raised by this consultation and will continue to contribute to the thinking of the DWP and the Pensions Climate Risk Industry Group on any issues that may assist in the outcome.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

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¹ BlackRock is one of the world’s leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

Introduction

In 2017, the UK Government became one of the first governments in the world to formally endorse the Task Force on Climate-related Financial Disclosures (“TCFD”) and has continued this leadership with the launch of the Green Finance Strategy in 2019, setting out its “expectations for all listed companies and large asset owners to disclose in line with the TCFD recommendations by 2022”.² We welcome and support the UK’s leading voice in calling companies and asset owners to integrate, manage and disclose their climate-related financial risks.

BlackRock views climate risk as an investment risk which will fundamentally reshape finance.³ Our investment conviction is that sustainable and climate-integrated portfolios can provide better risk-adjusted returns to investors. BlackRock’s view is that companies with strong profiles on material sustainability issues have potential to outperform those with poor profiles⁴. We also believe such companies are more likely to prosper over a longer time and support the natural environment and societies in which they operate.

Our views on the guidance are informed by this premise. In January, we outlined (and have been continuously implementing) a series of initiatives to accelerate our sustainability efforts and make sustainable investing our standard.⁵ We are helping our clients to understand the importance of sustainability, including climate risk, in their investment decisions, and we are integrating climate considerations throughout our investment strategies. This means upgrading our internal processes and systems to ensure that sustainability and climate risks are integral parts of every analysis and investment decision we make.

We have also committed to disclosing a TCFD-aligned report by the end of this year. And in January, our chair and CEO, Larry Fink, set out our expectations that investee companies worldwide report their climate and broader environmental, social and governance (ESG) risks and opportunities against the TCFD and SASB (Sustainability Accounting Standards Board) frameworks and that we are engaging investee companies on this expectation in our stewardship activities.

Our views laid out below aim to support an effective integration of climate-related financial risks by pension schemes in the UK. We urge the UK Government and the Pensions Climate Risk Industry Group to continue engaging with the entire pensions community to develop compelling guidance for an effective adoption of TCFD.

² HM Government, “[Green Finance Strategy](#)”, July 2019

³ <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

⁴ For our research on sustainability in the COVID environment, see: <https://www.blackrock.com/corporate/about-us/sustainability-resilience-research>

⁵ <https://www.blackrock.com/corporate/about-us/sustainability-progress-update>

Executive summary

This guidance for occupational pensions on assessing, managing, and reporting climate-related risks in line with the TCFD recommendations is a call for the pensions community, and agents supporting them – such as advisors, investment consultants, fiduciary managers and asset managers – to accelerate their understanding of climate-related risks, and improve the toolbox available for an effective integration of these considerations into the investment processes of pension schemes.

We believe it is our role as asset managers to support trustees in this exercise by providing education on climate risk considerations, designing investment products and solutions that support their beliefs, and respond to their investment needs and by engaging with investee companies on material environmental risks and opportunities.

Our main recommendations and comments on this guidance are as follows:

- Greater policy clarity on the nature of the expectations and scope. For a better ‘onboarding’ by trustees of the TCFD framework, we would welcome clearer communication of the mandatory vs. voluntary nature of the climate-related expectations that the UK Government has towards pension schemes. In addition, we would welcome further clarity on the categories of pension schemes expected to disclose against the TCFD framework.
- We suggest that the Pensions Climate Risk Industry Group assess the scale and granularity of the requirements, actions and disclosures set out in the guidance in a comprehensive way. For many trustees, the overall expectations may appear challenging to meet at first. Further, the requirements on pension schemes need to be appropriately timed as they rely on the TCFD information disclosed by investee companies.⁶
- The aim should be to facilitate the most effective adoption of the TCFD framework by pension schemes. Given the fragmentation of the climate data in the underlying investments and the trustees’ varying familiarity with climate-related financial issues, we think a gradual approach will facilitate a more meaningful adoption of the TCFD recommendations. For instance:
 - For institutions that have yet to start assessing climate considerations, a simpler approach might initially focus on the five steps in the Quick Start Guide rather than navigating the 100-page guidance.
 - Similarly, a phased-in approach with adoption of TCFD starting with the larger pension schemes, which are likely to be better-prepared and more familiar with the framework.
- We agree that stewardship can play an important role in ensuring investee companies are adapting to the climate transition. Pension schemes should expect their asset managers to engage on TCFD disclosure and on climate-related issues with investee companies to the extent they are material and report back the outcomes of these engagements.
- The imposition of the charges cap on defined contribution (DC) schemes can, in some asset classes, limit the extent to which pension portfolios can fully embrace

⁶ In this regard, we welcome the FCA’s ongoing consultation CP20/3 ‘[Proposals to enhance climate-related disclosures by listed issuers and clarification of existing rules](#)’.

sustainable investing opportunities. Last year, we recommended a flexible application of the cap to try and address this.⁷

- We recommend revisiting a number of questions in Appendix 2, either to make them clearer (e.g. by providing definitions) or to change their focus on more salient topics (e.g. one-to-one engagement). In particular, the questions should be consistent with the spirit of the UK 2020 Stewardship Code, which recognises that not all signatories will exercise stewardship in the same way.

General comments

Greater policy clarity on the nature of the expectations and scope

The combination of political and policy statements around TCFD has led to questions firstly on the mandatory or voluntary nature of adopting TCFD, and secondly on the exact scope of asset owners / pension schemes who are expected to disclose.

1. We recommend further clarity on the exact expectations on pensions schemes

The proposed guidance is non-statutory and therefore voluntary. The July 2019 Green Finance Strategy “sets expectations for large asset owners and issuers to report against TCFD by 2022”.⁸ The widespread interpretation of this statement has been that TCFD reporting is strongly encouraged and voluntary. However, the Pension Schemes Bill currently debated in Parliament tables several climate-related amendments, which are likely to turn TCFD into a de facto requirement as schemes not publishing their climate change-related risk information can be fined by up to £50,000. These signals raise questions on the exact nature of the TCFD expectations by UK policymakers on the pension schemes’ community. We would welcome further clarity on these points so that pension schemes, investment consultants and asset managers are better-prepared.

In our view, encouraging to start the process towards TCFD disclosure, as the Green Finance Strategy did, is critical. It is equally important that institutions are incentivised to do it well. To promote an effective adoption of the TCFD recommendations, it might be counter-productive to set detailed requirements of expected outputs as the starting point. Honing the approach by producing more standard baseline expectations of output could occur once trustees have had more time to familiarise themselves with the framework.

2. We recommend clarifying the scope of application of the guidance

Scope is the second broad area where further clarity is needed. The present guide is addressed to “all trust-based occupational pension schemes” (page 11 of the guidance) regardless of their size and includes both DC and defined benefit (DB) schemes. Notably, independent governance bodies and their employing institutions (which often are workplace personal pension schemes) seem absent from this group. The Green Finance Strategy, on the other hand, by referring to “large asset owners,” implies only a subset of pension schemes (the largest ones) would be expected to disclose against the TCFD framework by 2022. Thirdly, the Pension Schemes Bill’s climate-related amendments reference “the trustees or managers of an occupational pension scheme of a prescribed description”.⁹ As a result, there appears to be a mismatch as to which pension schemes

⁷ <https://www.blackrock.com/corporate/literature/publication/dwp-consultation-on-consideration-of-illiquid-assets-and-scale-in-occupational-dc-schemes-040119.pdf>

⁸ See footnote 2.

⁹ Source: https://publications.parliament.uk/pa/bills/lbill/58-01/104/5801104_en_13.html#pt5-pb2-l1g124

are expected to report against TCFD by when. There needs to be clarity on which, if not all, pension schemes are expected to align with TCFD and on what timeframe.

We believe it is critical that all pension schemes address the questions raised in the TCFD recommendations, regardless of their size, as we view the framework as a helpful exercise for pension schemes given their long-term investments horizon. We also recognise that, at this stage, larger pension schemes may currently be better-prepared to undertake this exercise – as perhaps implied in the UK Green Finance Strategy.

A phased and simplified approach to enable greater TCFD adoption

UK pension schemes vary considerably. Their differences, among other things, are reflected in their size and their current understanding and readiness of TCFD. Only a few have in-house climate expertise, and many may not be familiar with the framework. Further pension scheme consolidation, especially in the wake of The Pensions Regulator's interim regime for [the] emerging superfund pension market, may in due course increase trustees' capacity to assess climate risk.¹⁰ Indeed, master trusts can give DB schemes greater scale and capabilities to consolidate and implement their climate investment beliefs.

Setting equal requirements on schemes regardless of their readiness and familiarity with TCFD may prove to be an overwhelming challenge. In addition, schemes differ significantly in their time horizons too. While many DB and DC schemes do indeed have long-term liabilities, the majority of trustee groups are looking to move these into the insurance market within a decade or so. Therefore, their own exposure to climate risks can be much shorter than may otherwise be expected.

The significance of what the guidance sets out to trustees must not be underestimated and we believe it is important for the Pensions Climate Risk Industry Group to assess it holistically. Meeting the requirements outlined in the guidance represents a major step forward in the understanding of climate risk by the trustee community (these requirements will represent a significant part of the broader legislative and statutory requirements borne by trustees). For example, paragraph 63 on page 31 of the guidance suggests that trustees consider to what extent market prices reflect climate risks; page 34 lists seven broad climate obligations for trustees in setting their investment strategy and selecting their asset manager, and pp.41-44 set out the 18 actions and disclosures expected of trustees in response to these obligations. While the level of ambition set by the Pensions Climate Risk Industry Group is commendable, at this early stage it would prove challenging for many trustees to take a view on these matters or implement some of the actions at such a granular level (for instance, in assessing the size/scope of risk and opportunities at the fund or strategy level). We, as their asset manager, will support them in these endeavours to the best extent possible and based on the data available. We believe it is our role as asset managers to support trustees in this exercise, for instance by providing education on climate risk considerations¹¹, designing investment products and solutions that support their beliefs and respond to their investment needs, and by engaging with investee companies on their environmental risks and opportunities.

Trustees need to take the time to acquaint themselves with the impact of climate considerations on their portfolios, assess different approaches to mitigating these risks in the context of each individual scheme's Statement of Investment Principles (SIP) and then take appropriate action with the support of their sponsoring company, investment consultants and asset managers.

¹⁰ <https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/db-superfunds>

¹¹ See for example, BlackRock Investment Institute, "[Getting physical: assessing climate risks](#)", April 2019.

Similarly, while Appendix 2 suggests questions trustees can use to perform due diligence on asset managers, trustees need to ensure they have the requisite level of understanding of climate-related issues to fully assess the responses provided by asset managers. Our expectation is that trustees will come to climate considerations from very different starting points.

Given this variation in schemes' preparedness, the potential lack of familiarity with the complexity and scale inherent in climate considerations, as well as the timing of TCFD disclosures provided on the underlying investments (which is discussed further below), we recommend a phased and simplified approach in adopting the recommendations set out in the guidance.

A gradual approach, indicating expectations on larger pension schemes first will help disseminate lessons from those schemes most familiar with TCFD (which are likely to be the larger ones) to those less familiar (which are more likely to be smaller pension schemes).

In addition, for a more effective implementation of the TCFD recommendations, we believe a simpler approach focusing on the "five easy steps to get started" within the ["Quick Start Guide"](#) can be used. In the initial stage, we recommend trustees focus on the governance aspects of identifying their climate investment beliefs, on understanding climate risk in their investments and the plan to reflect these beliefs in their investment strategy. This is likely to require a detailed gap analysis of what considerations are adequately captured and which are not, and the development of a plan to rectify any gaps identified. Only at a later stage could schemes focus on the process of disclosing climate considerations using the TCFD framework.

In addition to the "Quick Start Guide", a set of what 'best practices' can look like can help to guide pension schemes and advisors as to how much additional work and planning the exercise overall and the end-disclosure will take.

We believe it is by adopting a phased and simpler approach, allowing more time for the less-equipped schemes to 'upskill' on climate-related risks with the support of their investment consultants and investment managers among others, that we will see the greatest possible adoption of the TCFD framework by pension schemes in the UK.

The importance of underlying data

The ability of trustees and investment managers to execute the climate requirements in the scheme's investment strategy and investment selection process relies on the underlying investee companies or projects making data available, and of it being of a reliable quality. Today, the data needed to execute the requirements in the guidance is, in certain cases, limited to certain sovereigns and large-cap companies (in this regard, we welcome the FCA's ongoing consultation on TCFD reporting by UK issuers).¹² Given the wide range of assets, funds and managers within a typical UK pension fund, issues surrounding data availability will make the application of the guide by trustees more challenging.

We believe the guidance should acknowledge that data gaps may not enable all the detailed requirements to be implementable, especially if the TCFD expectations on pension schemes precede the TCFD disclosure by investee companies, including of UK issuers. For example, data is not yet available to fully assess an investment universe to see to what extent investments are aligned to a 1.5- or 2-degree scenario. The use of scenario

¹² See footnote 6.

analysis referenced in section 6.3 will gradually be possible at company level as issuers are making further progress in reporting against TCFD.

In view of the data challenge, we reiterate our recommendation to start with a phased approach, allowing schemes to build up the necessary expertise and knowledge. We also recommend that schemes report on these underlying data gaps and mention how they plan to address these issues to the extent they can.

Expectations around ‘climate stewardship’

We agree that pension fund trustees have a fiduciary duty “to consider matters which are financially material to their investment decision-making” (page 19 of the guidance). Asset managers employed by them in return have a responsibility towards their clients to advance those clients’ interests in the assets entrusted to them, notably through stewardship. Climate change poses risks and opportunities that may impact the long-term financial sustainability of the companies in which we invest on behalf of our clients. For this reason, environmental risks and opportunities have been a recurring engagement priority for the BlackRock Investment Stewardship team globally.¹³ In addition, as said above, in January this year we set out expectations that investee companies disclose climate-related risks in line with the TCFD recommendations, including their plan for operating under a scenario where the Paris Agreement’s goal of limiting global warming to less than two degrees is fully realised.¹⁴

The suggested best practices for delegating stewardship activities from the trustees to the external asset manager (Section 7 of the guide) largely align with our own understanding of the close interaction between asset owners and asset managers on stewardship. We agree that trustees should expect transparency and hold asset managers to account on engagement and voting, thereby ensuring asset managers are doing what they say they will be doing. We have adopted a similarly transparent approach with our own public sustainability announcements in January and are reporting to clients, both bilaterally and through our [website](#), on the execution on our stewardship-related commitments.

We also agree with the guidance that trustees, as asset owners, may – to the extent they are conducting their own engagement and voting activities – wish to become more active in encouraging companies to align with the TCFD framework (whether individually or collectively). We see the setting of consistent expectations across the investment chain as a way to support trustees’ own TCFD efforts. These activities might also help them better assess the quality of any stewardship efforts that they delegate to asset managers. The 2020 UK Stewardship Code, combined with the recent SIP requirements, provide ways of reinforcing this trend.

However, we have concerns with some questions in Appendix 2, which appear to diverge from the guidance provided in Section 7 and with the spirit of the UK 2020 Stewardship Code. These concerns and alternative suggestions are described below.

¹³ <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-climate-risk.pdf>

¹⁴ See footnote 3.

The charges cap and sustainable investment opportunities

The charges cap in DC schemes of 75bps makes the market a fee-conscious environment and raises issues in respect of schemes' ability to select certain methods of investments. We welcome the Department for Work & Pensions' review of the default fund charge cap and standardised cost disclosure.¹⁵

In the current environment, the fixed charge cap potentially narrows the climate investment opportunities available to DC investors. Some types of sustainable asset classes, particularly in private markets, can require high levels of expertise and specialised management, which translates into higher fees and, typically, the use of performance fees. The increase in costs of ESG indexing may limit the ability to invest in active equity, fixed income and multi-asset solutions, particularly in the later parts of the DC glidepath. Limiting the overall fees DC schemes can pay can reduce the proportion of their portfolio that they can allocate to climate or sustainable investments in private markets and other asset classes requiring higher costs.

In our response to the last year's consultation on illiquid assets, we advocate a more flexible application of the fee cap, which would enable sophisticated schemes that fulfil certain conditions to enter into arrangements with uncapped performance fees, outside the overall cap. We also suggest this should only be permitted with strong investor protection controls, and only for types of performance fee structures which are clearly aligned with investors' interests.¹⁶

Detailed comments

Part II – Investment strategy and asset manager selection

This guide is a call for the pensions community and the agents supporting them such as investment consultants, fiduciary managers and asset managers to accelerate their understanding of climate related risks and the toolbox available for a practical integration of these considerations in the investment processes of pension schemes. We recommend trustees work closely with their investment consultants, fiduciary managers and advisers to design investments aligned with their climate investment beliefs. Given the strong expectations on investment consultants set out in this guide, we anticipate – and encourage – greater investment and climate science related background from their in-house experts.

Regarding pooled funds, it is worth noting that the current benefits of scale in pooled funds can be diminished as asset owners start looking at more bespoke ESG screened investments, including sub-advised mandates and single client funds, expressing their differing sustainability investment beliefs. Whilst this bespoke approach allows ultimate control over the ESG integration, an important knock-on effect is that fixed costs, such as custody and administration costs, have a more significant impact on the costs borne by individual scheme members. As said earlier, pension schemes are particularly cost-conscious. In the process of integrating climate or broader sustainability considerations, they are likely to see a cost impact on different aspects, such as portfolio management, index license fees, administration (if sub-advised), ongoing transaction costs and potentially transition costs to implement a new strategy.

¹⁵ <https://www.gov.uk/government/consultations/review-of-the-default-fund-charge-cap-and-standardised-cost-disclosure/review-of-the-default-fund-charge-cap-and-standardised-cost-disclosure>

¹⁶ See footnote 7 for a link to our response.

Part II, section 6.5: Investment mandates and portfolio construction

We welcome and agree with the view that climate considerations can be applied across investment strategies (active or index), regardless of the nature of the asset (equity or fixed income or real assets) and methods of investment (pooled funds or separate accounts).

Regarding the so-called ‘passively managed pooled funds’ or ‘passive investing’, we recommend using the term ‘index-tracking’ or simply ‘index’ instead. The connotation associated with this term reinforces the misperception that managers of index-based products do not engage in stewardship activities. This is rather the contrary as investors in index-based products remain shareholders for as long as the companies are in the index. We therefore believe there is an especially important role for stewardship to play in meeting the expectations of asset owners investing in index strategies, which can be diminished when using the term ‘passive’.

We agree with the Pensions Climate Risk Industry Group that index investing can and does integrate ESG or climate considerations.¹⁷ Paragraph 78 of the guidance appears to, on one hand, describe the best-in-class approach as flawed (because of its pre-supposed overweight in oil and gas companies), and, on the other, promote oil and gas exclusion. As said earlier, there is a spectrum of ESG index (and non-index) solutions available, including best-in-class where the oil and gas companies may not be outweighed compared to companies from other sectors. Regarding the suggested exclusions in the guidance, we believe the decision of excluding a particular sector – unless legally set out – pertains to the asset owner expressing its individual sustainability approach. Various commentators have highlighted that divestment from oil and gas may indeed offer an easy solution, but the continuous engagement and support of investors to companies of this sector is fundamental to help them transition to a lower-carbon economy.

The climate opportunities associated with index solutions reinforce the important role index providers can play. As part of our January sustainability announcements, we highlighted our accelerated engagement with index providers to expand and improve the universe of sustainable indices.¹⁸ We recommend the Pensions Climate Risk Industry Group and pension scheme community engage with index providers and support their work in this area.

Part III – Metrics and targets

Section 10.4: Which scenarios should trustees use?

The risks of the three scenarios such as changing weather patterns, extreme weather, and biodiversity loss could be better articulated by offering a categorisation of these risks at a company level.

¹⁷ In January, we committed to doubling our offerings of ESG ETFs (and have launched a number of such funds since then) and to simplifying and Expanding ESG iShares, Including ETFs with a Fossil Fuel Screen. See:

<https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter>

¹⁸ We are engaging with major index providers to provide sustainable versions of their flagship indexes. We also will continue to work with them to promote greater standardisation and transparency of sustainability benchmark methodology. We believe that ESG benchmarks should exclude businesses with high ESG risk such as thermal coal and we are engaging with index providers on this topic.

10.8: Approaches to conducting scenario analysis

Paragraph 155, page 68 of the guidance: we would disagree that equities and corporate bonds are “easier-to-analyse asset classes”. When considering physical climate risk, it is more ‘natural’ to analyse location-specific assets such as commercial mortgage-backed securities or municipal bonds.

In the qualitative tools suggested on pp.70-71, it would be helpful to explain why these specific tools are recommended, what they mean from an investment perspective, and the extent to which they create a link to portfolio risk. Some may argue stress testing based on carbon shock might be more suitable as it would provide an indication of the risks pension schemes face at a portfolio level based on potential carbon shocks.

Appendix 2

As said earlier, trustees have varying understanding of climate-related financial risks. The due diligence questions suggested in Appendix 2 may prove to be a challenge for them to fully assess the responses provided by their asset managers at first. We are now making additional comments, following the order of the questions listed in Appendix 2.

Question 5:

We believe it would be more appropriate for trustees to make their own assessment of their asset manager’s approach to climate change, based on publicly available information and on conversations with asset managers. ‘League tables’ or ‘comparative benchmarking rankings’ are likely to divert them from a more personal assessment, and potentially result in a homogenous view of what is good practice, for example on climate stewardship. We do not see this as keeping with the spirit of the UK 2020 Stewardship Code, which recognises that not all signatories will exercise stewardship in the same way.

Question 7:

We recommend including the PRI transparency score for completeness.

Question 8 to 23:

These questions are almost entirely directed towards voting and collective engagement, thereby omitting a significant method of stewardship, which is direct one-to-one engagement with companies. Investors use a combination of engagement and voting as tools within stewardship, and direct engagement is at the core of the requirements set out in the 2020 UK Stewardship Code. The Code encourages asset managers to report on their activities and outcomes across all aspects of their stewardship efforts. In our experience, trustees regularly assess outsourced asset managers on their one-to-one engagement with investee companies and have increasing expectations around reporting on this, in line with Principle 9 of the 2020 UK Stewardship Code. We strongly recommend revising the questions to include one, as detailed below, on the asset manager’s own engagement efforts and the outcomes of such engagement.

In addition, the formulation of certain questions implies a very specific approach to voting (for example, question 11 implies that the only method for holding boards accountable is by voting against chairs, and questions 12 and 13 similarly give particular weight to shareholder proposals). There is a wide array of ways – from engagement to voting – by which shareholders can constructively engage with companies, especially in the UK, on the steps they are taking to manage climate risk and, if necessary, express dissatisfaction or indeed hold boards accountable for lack of progress. We suggest rephrasing questions 10 to 13 with two broader questions. Our suggested question 10 would be: “in what ways does the asset manager seek hold companies accountable in relation to climate change?” Our recommended question 11 for trustees to ask asset managers would be to provide examples of recent climate related engagements (which can be individual, or collective or through voting) and the outcomes of these engagements. These suggestions would be

better aligned, we believe, with the expectations set by the FRC in the 2020 UK Stewardship Code.

Questions 27 and 30:

The term “impact” is polysemic, a definition is needed.

Question 32:

We believe this question sits more appropriately under the “Engagement and voting” heading. In any event, the question could be better directed at asking whether asset managers engage on corporate political spending and companies’ disclosures on that topic.

Question 40:

This question seems to presuppose that valuation in stranded assets across asset classes is well-understood. Current analysis on stranded assets relies on complex assumptions (e.g., which assets are or will become stranded?) and time horizon considerations (e.g., what is the tipping points assets (have) become stranded?). While we understand why question 40 is asked, respondents will find it difficult to answer it adequately.

Conclusion

We appreciate the opportunity to address and comment on the issues raised in the guidance and will continue to work with the DWP and Pensions Climate Risk Industry Group on any specific issues which may assist in finalising the guidance.