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Introductory comment:

We question whether this consultation complies with the revised Cabinet Office consultation principles issued in March 2018. The consultation period began on 26 August 2020 and only runs until 7 October 2020, a period of just six weeks, part of which may be considered to overlap with summer holiday periods in the UK with many schools returning later than in previous years. It is also less than thirty potential working days when bank holidays are taken into account.

Before 2012, the previously accepted standard for consultations was at least twelve weeks. As the Cabinet Office principle E states "Consulting too quickly will not give enough time for consideration and will reduce the [number and the] quality of responses." Trustee boards of DB pension schemes, even the larger ones, in the past often met only at quarterly intervals, to some extent because the industry's consultants and fund managers prefer quarterly reporting. While Covid-19 has meant that many trustees now hold more frequent virtual meetings on Microsoft Teams or Zoom or equivalent facilities, these tend to be much shorter meetings and are simply not appropriate as a committee formed for considering consultation papers in detail.

In our case, it has not been possible within the time constraints to have this submission considered by all of our trustees, and it has, therefore, only been reviewed and commented upon in detail by some of the trustees.

DWP also needs to pause and take a reality check on the amount of additional reporting being heaped on DB trustees. We've had Statements of Investment Principles since 1997, available to DB members on request, but few (none at all, in fact) requested copies. We now put these on a public domain website for DB members, but increasingly, we presume, non-members of an activist mindset will trawl public websites looking for positions with which they disagree. From 2020 we have Implementation Statements, in which we essentially write a narrative about how the Statements of Investment Principles have been "implemented" and about our voting and other engagement, including ESG and including climate change. The Pension Schemes Bill 2019-21 will require Statements of Strategy. It is possible the Pensions Regulator (TPR) could study these new Statements, but do they have the resources to do so, and what will it achieve? We do not expect our DB members, who have no practical interest in the detail of underlying Statements of Investment Principles, to become avid readers of these new Statements. From 2021 or 2022 you now expect us to lead in publishing TCFD reports?

We fear that the main effect of these latest proposals will be to create yet more work for the pensions consultancies, whose earnings are ultimately paid for not through higher investment returns but from lower potential pensions for many DB scheme members. Consequently, we would urge DWP to do more to protect schemes and try to bring some balance, to support constraints on the myriad number of ways that the consultancy industry find, first of all to lobby legislators and regulators, then to extract yet more value from DB and other schemes.

Question 1

We propose that the following schemes should be in scope of the mandatory climate governance and Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements set out in this consultation:

a) trust schemes with £1 billion or more in net assets

b) authorised master trusts

c) authorised schemes offering collective money purchase benefits

Do you agree with our policy proposals?

Regarding a), we believe the use of a "net assets" measure is inappropriate for defined benefit (DB) pension schemes, where surely it is the scale and modified duration of the liabilities which matter far more. We accept a "gross assets" measure may, however, be more appropriate for trust-based defined contribution pension schemes.

The threshold of £1 billion of assets, while it may appear significant, does not reflect the very skewed distribution of membership numbers and estimated liabilities among the remaining DB schemes in the UK. Large schemes with over 5,000 members make up 7 per cent of schemes in *The Purple Book 2019* dataset, but just under 75 per cent of each of total assets, liabilities and members. Only 11% of all schemes, however, were still open to new members as at 31 March 2019, and that proportion will likely have continued to fall. Closed schemes, some of which may have more than £1 billion of net assets today, are likely to see asset values and member numbers fall over time as pensions are paid and they move funding of their remaining liabilities towards the Pensions Regulator's aim of de-risked investments in mainly government securities.

In conclusion, regarding (a), we believe the policy proposals should be limited in the first instance to schemes which are still open to new members, and that the "second phase" asset threshold could be much higher than £1 billion while still capturing the majority of total DB assets, DB liabilities and DB active members.

Regarding b) and c) we leave those trusts and schemes to respond. We would expect almost all of them to be open to new members too. The very large schemes (including DB schemes) often work together in their corporate and other engagement with issuers, so it must surely be more effective to consider policies at the collaborative level as well as, or instead of, at the individual scheme level. Scheme holdings in any one issuer (other than government securities) tend to be kept very small for reasons of concentration risk and diversification. Collaborative engagement, on the other hand, brings together smaller holdings into a more effective lobby.

Question 2

We propose that:

a) trustees of schemes with £5 billion or more in net assets on their first scheme year end date to fall on or after 1 June 2020 are subject to the climate governance requirements from 1 October 2021 and the trustees must publish a TCFD report within 7 months of the current scheme year end date or by 31 December 2022 if earlier

b) trustees of schemes with £1 billion or more in net assets on the first scheme year end date to fall on or after 1 June 2021 are subject to the climate governance requirements from 1 October 2022, *and the trustees must publish a TCFD report within 7 months of the current scheme year end date, or by 31 December 2023 if earlier*

c) trustees of master trust or collective money purchase schemes which are authorised on 1 October 2021 are subject to the climate governance requirements with immediate effect, and the trustees must publish a TCFD report in line within 7 months of the current scheme year end date, or by 31 December 2022

After 1 October 2021:

d) trustees of master trust or collective money purchase schemes which become authorised are subject to the climate governance requirements with immediate effect, and the trustees must publish a TCFD report within 7 months of the current scheme year end date

e) where schemes cease to require authorisation, the climate governance and TCFD-aligned reporting requirements fall away with immediate effect, unless they remain in scope via the asset threshold on the previous scheme year end date

From 1 June 2022 onward:

f) trustees of schemes not already in scope of the requirements and with £1 billion or more in net assets on any subsequent scheme year end date:

- *are subject to the climate governance requirements starting from one year after the scheme year end date on which the £1 billion asset threshold was met*
- *must publish a TCFD report within 7 months of the end of the scheme year from which the climate governance requirements apply*

g) trustees of schemes in scope of the requirements whose net assets fall below £500m on any subsequent scheme year end date cease to be subject to the climate governance requirements with immediate effect (unless they are an authorised scheme) but must still publish their TCFD report for the scheme year which has just ended within 7 months of the scheme year end date

Do you agree with the policy proposals?

Regarding a), we leave it to representatives of such very large schemes to respond.

Regarding b), we disagree. It seems that trustees are being asked to comply with TCFD disclosures before the government and corporate issuers of investment securities are required to. At present, if at all, their disclosure requirements are voluntary. BEIS's Green Finance Strategy paper in July 2019 stated that "An increasingly large proportion of the private sector is now beginning to implement the TCFD recommendations and in September 2017, the UK became one of the first countries to formally endorse them." There was no evidence to support the former, and mere "endorsement" is not the same as formal reporting. In that same Green Finance Strategy paper, certainly, HM Government set out its expectation for all listed companies and large asset owners to disclose in line with the TCFD recommendations by 2022. BEIS also stated in July 2019 that it will publish an interim report by the end of 2020, examining progress on the implementation of the TCFD recommendations. We still await that report. COP26, which was due to take place this year, was of course rescheduled to 1-12 November 2021 because of the Covid-19 pandemic. OBR's Fiscal Risks Report is a two-yearly report, next due in July 2021, if not affected by Covid-19 issues.

The July 2019 Fiscal Risks Report only contained brief summaries of TCFD on pp 252-253 of a 293-page document. There seems to be a vast difference between HM Government "considering" the financial risk exposure relating to climate change and the low carbon transition as part of the 2020 Managing Fiscal Risks report, while initial TCFD from only CDC and UK Export Finance says nothing about whether or not we can expect TCFD compliance by the Debt Management Office, whose gilt-edged securities so many UK pension schemes now hold.

A search on the dmo.gov.uk website using the criterion “climate” only brought up one result, that a member of DMO’s audit committee for the 2016-17 receipts and payments accounts was “a non-executive member of the Audit Committees of the Department of Energy and Climate Change (until June 2016)”. Needless to say, a search on DMO’s website for “TCFD” bore no results whatsoever.

Even TCFD’s own website, fsb-tcfd.org, contains little recent news in 2020 other than translations of their recommendations into Spanish and Portuguese to launch the recommendations in three overseas countries of Brazil, Spain and Portugal. UK pensions schemes hold very few UK equities these days, so it is vitally important that overseas issuers (along with DMO because of the gilt holdings) are made subject to these requirements.

Belatedly we have an exchange of emails on 22 and 30 September 2020 between the “interim” executive of the Financial Conduct Authority (FCA) and the Minister for Pensions and Financial Inclusion, which were put on the record on 2 October 2020, five days before the end of this consultation period. The FCA plan a further consultation “in the first half of 2021” and to finalise rules for asset managers and contract-based pension schemes “by the end of 2021”.

FCA are also mindful of the interaction with related international initiatives, including the EU’s Sustainable Finance Action Plan, but make no mention of the largest securities markets in the USA.

Surely there is a clear danger that DWP are acting in haste here, and should await these forthcoming related developments to improve the quality of pension scheme disclosures all round? We still believe that aggregate disclosures (either at the level of the fund managers or the corporate and government issuers) will be far better than piecemeal scheme-by-scheme disclosures.

Regarding c) through e), we leave it to representatives of those categories to respond.

Regarding f), we repeat again the likelihood that maturing schemes will see their net asset values and member numbers fall rather than continue to grow as they move towards full solvency or buy-out.

Regarding g), and given the likelihood of many maturing schemes experiencing falls in net asset values over time, we would suggest the lower threshold of £500m is effectively keeping a much larger number of schemes within scope for much longer, with little overall impact on total industry coverage in terms of assets, liabilities and members. Concentration on the largest, open schemes, on the other hand, will maintain coverage and influence because of the skewed distribution of schemes.

Question 3

Subject to Government deciding to adopt any of the governance or reporting requirements proposed in this consultation, we propose to conduct a review in 2024 on whether to extend the measures to schemes with below £1 billion in net assets which are not authorised master trusts or an authorised scheme offering collective money purchase benefits, and if so how and on what timescale.

This review would be informed by consideration of TCFD disclosures by occupational pension schemes to-date, their impact, and the availability and quality of both free and paid-for tools and services.

We would propose also to review any regulations and statutory guidance which had been put in place to identify whether any of this needs to be strengthened or updated.

Do you agree with these proposals?

We disagree. By all means encourage smaller schemes to comply in a proportionate way on a voluntary basis if trustees, including their member representatives, wish to do so, but extension of the size criteria will add little in terms of coverage or influence. A review in 2024, subject to any further Covid-19 restrictions, may have at most one year's experience with prior year comparatives to consider.

Question 4

We propose that regulations require trustees to:

a) adopt and maintain oversight of climate risks and opportunities

b) establish and maintain processes by which trustees, on an ongoing basis, satisfy themselves that persons managing the scheme, are assessing and managing climate-related risks and opportunities.

We also propose that regulations require trustees to describe:

c) the role of trustees in ensuring oversight of climate-related risks and opportunities

d) the role of those managing the scheme in assessing and managing climate-related risks and opportunities, only insofar as this relates to the scheme itself and the processes by which trustees satisfy themselves that this is being done

We propose that statutory guidance will cover the matters in the box above.

Do you agree with these proposals?

Proposal a) Is already best practice for many schemes, albeit an overall minority of all schemes.

Proposal b) is already best practice for some schemes. In our case, ESG (including climate change) is a standing agenda item for monitoring discussions with all of our investment managers in multi-asset or single asset (equities, rental properties, infrastructure) portfolios with whom we engage face-to-face (or in virtual meetings most recently) on at least an annual basis. Many of these managers also submit annual ESG reports, in arrears, to inform our monitoring between meetings, and discussions also take place on individual holdings by email or by telephone as follow up to monitoring meetings or reports. The new Implementation Statement requirements from the beginning of this month (October 2020) also highlight voting and other scheme engagement on significant corporate resolutions (including climate change) and bondholder diligence.

Proposals c) and d) may be more appropriate for TPR and/or the Financial Conduct Authority to address.

Question 5

We propose that regulations require trustees to identify and disclose the climate change risks and opportunities relevant to their scheme over the short, medium and long term, and to assess and describe their impact on their investment and funding strategy.

We propose statutory guidance will cover the matters outlined in the box above.

Do you agree with these proposals?

Such statutory guidance would seem to be matters for Parliament and the Pensions Regulator (TPR). But we note that TPR has since July 2019 been committed to consolidate its 15 current codes of practice to form a single, shorter code. It intends to simplify these non-statutory codes as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the *Occupational Pension Schemes (Governance) (Amendment) Regulations 2018*. TPR is aiming to make its codes of practice quicker to find, use and update, in the hope that scheme trustees and managers can be more responsive to changes in regulation. Under the updated, single code, trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication.

We do not agree with these proposals which we feel will result in template reporting and boiler plate narrative reporting, drafted by trustees' consultants in many cases.

Question 6

We propose that regulations require trustees to assess the resilience of their assets, liabilities and investment strategy and, in the case of defined benefit (DB), funding strategy, as far as they are able, in at least two climate-related scenarios, one of which must be a 2°C or lower scenario and to disclose the results of this assessment.

We propose statutory guidance will cover the matters outlined in the box above.

Do you agree with these proposals?

The same comments about statutory guidance apply as in answer to Question 5. In this case, however, we believe it will be exceedingly difficult - bordering on futile – for trustees to report their assessments until the governments and other issuers whose securities schemes hold are all required to do this. A voluntary compliance basis for issuers (many of whom, being overseas, will not be subject to proposed UK disclosure requirements) will not achieve this. There will be more gaps than complete assessments. Assessments at best will be piecemeal. Consolidated reporting, on the other hand, by very large schemes who collaborate on their assessments may not only develop new and improve existing approaches but offer meaningful data at a more significant level than holdings of much less than 5% (often much less than 1%) by individual schemes.

Question 7

We propose that regulations require trustees to:

a) adopt and maintain processes for identification, assessment and management of climate-related risks

b) integrate the processes described in a) within the scheme's overall risk management

We also propose the regulations require trustees to disclose:

c) the processes outlined in part a) above

We propose statutory guidance will cover the matters outlined in the box above.

Do you agree with these proposals?

The same comments about statutory guidance apply as in answers to Questions 5 and 6. Integrated risk management (IRM) has been one of TPR's requirements of trustees since their revised Code of Practice on Scheme Funding (Code 03) in July 2014, which introduced a formal requirement for IRM as part of the annual and triennial scheme funding process. This was supplemented by subsequent regulatory guidance on IRM issued in December 2015. Further changes to investment rules arising from the EU's Shareholder Rights Directive II (SRD II), were introduced in 2019 and this year which require trustees to change how they work with asset managers on financial and non-financial ESG (including climate change) matters from October 2020.

Further statutory guidance, in our view, is duplicating and in danger of restarting work which has already been undertaken by trustees in the last six years, for which DWP seems to show little or no recognition.

Question 8

We propose that regulations require trustees to:

a) select at least one greenhouse gas (GHG) emissions-based metric and at least one non-emissions-based metric to assess the scheme's assets against climate-related risks and opportunities and review the selection on an ongoing basis

b) obtain the Scope 1, 2 and 3 GHG emissions of the portfolio, and other non-emissions-based data, as far as they are able

c) calculate and disclose metrics (including at least one emissions-based metric and at least one non-emissions-based metric) used to quantify the effects of climate change on the scheme and assess climate-related risks and opportunities

We also propose in regulations that trustees be required to disclose:

d) why the emissions data that is estimated does not cover all asset classes, if this is the case

We propose that trustees will not be mandated to use a specific measure to assess the effects of climate change on the scheme's portfolio.

We propose statutory guidance will cover the matters outlined in the box above.

Do you agree with these proposals?

Our disagreement is for similar reasons given to those in answer to Question 6. If many issuers are not required to provide their data, then any attempts by trustees to overlay their own estimates will be, at best, partial, and, more often than not, trivial or even misleading.

Question 9

We propose that regulations require trustees to:

a) set at least one target to manage climate-related risks for one of the metrics trustees have chosen to calculate, and to disclose those targets(s)

b) calculate performance against those targets as far as trustees are able and disclose that performance

We propose statutory guidance will cover the matters outlined in the box above.

Do you agree with these proposals?

Our disagreement is for similar reasons given to those in answer to Questions 6 and 8. We have one constructive suggestion to make, which is that trustees consider the risk disclosures and carbon performance metrics of their scheme sponsor(s), something which we already do.

Question 10

We propose that, for all schemes in scope:

a) the trustees should be required to publish their TCFD report in full on a publicly available website where the report is accessible free of charge

b) the trustees should be required to include in the Annual Report and Accounts a website link to the location where the full TCFD report may be accessed in full

c) the trustees must notify all members to whom they must send the annual benefit statement of the website address where they can locate the full TCFD report – this must be set out in the annual benefit statement

d) the trustees should be required to report the location of their published TCFD report to the Regulator by including the corresponding website address in their scheme return

e) the trustees should also be required to report the location of their published Statement of Investment Principles (SIP), Implementation Statement and excerpts of the Chair's Statement by including the corresponding website address or addresses in their scheme return

Do you agree with these proposals?

Regarding a), we have no idea at this stage how long a "report in full" will be. Our scheme sponsor includes two-and-a-half (small font) pages on Environmental matters and climate change in its annual report, but our pension scheme employs twenty-six different investment managers across its two sections and holds thousands of individual securities across those manager portfolios, even if the largest single issuer we hold is the DMO.

Regarding b) through d), we have no issues with these, subject to the major unknown about the length, so "the full TCFD report may be accessed in full [sic]" per (b).

Regarding e), we are comfortable with a more focused annual scheme return on TPR's Exchange system, but DWP should first check that TPR has the ability to meet this requirement at their end. We could fill pages of this response with some of the idiosyncrasies of already existing report formatting issues via Exchange. We won't.

Is there a better way to notify members of where to find this information?

For example, for DB schemes, might the summary funding statement required by regulation 15 of the Disclosure Regulations be a more appropriate way to signpost members to this information?

The summary funding statement for DB members is considered by many industry practitioners and commentators to need a major overhaul. We would support changes to the present legalistic wording of DB summary funding statements issued annually to members, but starting with TPR's "clearer" objectives in other priority areas such as better member understanding of insufficient funding risks rather than adding signposts to other information which to date very few DB members have shown any interest in obtaining.

Question 11

We propose that:

a) The Pensions Regulator (TPR) will have the power to administer discretionary penalties for TCFD reports they deem to be inadequate in meeting the requirements in the regulations

b) there will be no duty on TPR to issue a mandatory penalty, except in instances of total non-compliance where no TCFD report is published

c) in all other respects, we propose to model the compliance measures on the existing penalty regime set out in regulations 26 to 33 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015

d) failure to notify members via the Annual Benefit Statement or to include a link to the TCFD report from the Annual Report will be subject to the existing penalty regime set out in regulation 5 of the Disclosure Regulations

Do you agree with this approach?

We wonder if "the Annual Benefit Statement" referred to above should be the summary funding statement? We have no other comments to make.

Question 12

Do you have any comments on the new regulatory burdens to business and benefits, and wider non-monetised impacts we have estimated and discussed in the draft impact assessment?

In general, we feel the costs of new regulatory burdens are woefully understated, while the benefits are exaggerated. This is so because of the very limited (or no) impact which individual schemes, whose holdings of government gilts and corporate equities and/or bonds are too small to have any leverage on governments or corporate management, the majority of whom (governments and overseas issuers) will not be subject to equivalent disclosure requirements, will have.

It will be yet another commercial opportunity for pensions consultants to offer their ESG services to draft policies, draft reporting formats and data collection using templates, continuing the long line of work for consultants which started with triennial funding assessments, extended into monthly or quarterly investment reporting, annual or more frequent funding assessments, triennial or more frequent covenant assessments, drafting "template" statements of investment principles and statements of funding principles, drafting implementation statements, even drafting objectives for the work of consultants (which has been likened to not just setting your own homework, but marking it too), etc.

It was no surprise that ESG consultants made contact with us within hours of Thérèse Coffey announcing this consultation in Glasgow on 26 August 2020, offering their services and following up with summaries and more detailed papers on the disclosure projects they want to sell to us.

If we understand your costings correctly, you seem to be assuming 3 trustees per scheme (very large schemes of our acquaintance have 16 trustees; we have 8 and we are not even one of the larger ones), at an hourly rate of £29.11, when the growing number of professional trustees charge up to £1,000 a day, and even more in the case of very large schemes, where professional benchmarks for trustee remuneration seem to be investment fund manager salaries rather than private company non-executive directors. Pensions administrators in your costings seem to be factored in at an hourly rate of £14.92, when a full-time equivalent with the necessary accounting or other professional skills would be more like £30 to £50 an hour. Total costs measured in tens of thousands per scheme, when the costs will tend to run to high six-figures instead. The consultants will be eyeing up their existing clients and new target clients with expectations for themselves of high tens of thousands or even hundreds of thousands of pounds a year for this new area of work.

The TCFD recommendations published in 2017 run to some 66 pages. We suspect very, very few trustees will have read all of them, or even a summary of them. As recently as this April of this year, one of the leading UK consultants on ESG matters (he/she will remain nameless, however) wrote this to us when we enquired about the Pensions Climate Risk Industry Group (PCRIG) consultation launched on 12 March 2020:

"Regarding the TCFD, their flagship recommendations paper is indeed 2-3 years old. Most of their work since then has been encouraging uptake of the recommendations although they are working on a number of updates (due this year, I believe). ***The recommendations aren't tailored to UK pension schemes in any way***, [emphasis added] so I wouldn't recommend looking at them in detail. Instead please take a look at our news alert about PCRIG's interpretation of them for pension trustees and our briefing note on the TCFD."

PCRIG was only formed in 2019. A Google search reveals no website, and we believe we were one of the very few boards of trustees even to be aware of the 2020 consultation. We chose not to respond in the end (when the deadline was only extended to 2 July 2020), concentrating our efforts instead on the contemporaneous first consultation by TPR on a proposed new DB funding code, which is also expected to have statutory guidance status for the first time. TPR extended their original consultation period by three months, a whole month more than the eight weeks DWP added for PCRIG.

The PCRIG consultation was about "non-statutory guidance", but here DWP are, now consulting within a matter of a short few weeks later on requirements which will have statutory support. We had eight weeks which turned into sixteen for PCRIG, but only six weeks for this latest consultation? This undue haste seems beyond inappropriate to us.

Question 13

Do you have:

a) any comments on the impact of our proposals on protected groups and how any negative effects may be mitigated?

b) any evidence on existing provision made by trustees in response to requests for information in alternative accessible formats

c) any other comments about any of our proposals?

We have no comments on a).

Regarding b), we do not even need the fingers of one hand to count the number of ESG or SRI requests for information we have had from our tens of thousands of members in our 33-year history. Such exceedingly rare questions we have had from members tend instead to be staples concerned with annual inflation increases, or rather esoteric and individual questions about whether or not we should invest in gold.

Regarding c), we draw your attention to a survey carried out by Professional Pensions (PP) early in your short consultation period:

https://www.professionalpensions.com/news/4020015/pension-schemes-subjects-’social-engineering’-government-climate-risk-disclosure-proposal

PP's latest Pensions Buzz survey questioned trustees, scheme administrators, actuaries and investment consultants on the government's proposal to require the 100 largest occupational pension schemes to publish climate risk disclosures by 2022.

Under the proposal - announced by secretary of state for work and pensions Thérèse Coffey on 26 August - schemes with £5bn or more in assets and all authorised master trusts will be forced to report on the financial risks of climate change within their portfolios.

While the proposals were said to have been received fairly positively across the industry and by a small majority (51%) of respondents to PP's survey, **many said they did not agree with the feasibility of the decision for the industry.**

One pundit labelled the proposal "an absolute waste of time", questioning whether membership of large defined benefit schemes even engaged in ‘subject matter' involving ESG and climate change.

A second respondent agreed the proposal was "more detailed nonsense that won't be read by members".

Another said: "The government needs to take direct action itself against polluters, not try and get pension schemes to do its dirty work."

A fourth added: "I am always concerned when government sees pension schemes as an easy target for social engineering."

Another Pensions Buzz respondent said the proposals were simply "more admin aimed at keeping third party box-tickers happy without making any contribution to the provision of pensions", while a further respondent said it was "more bureaucracy costs".

"Scheme members just want their pensions, they don't for a second believe that their scheme's investments can save the planet," another pundit said.

Yet another concluded: "This smacks of meddling with investment decisions through a back door."

Some 41% of respondents did not agree with Coffey's proposal. A total of 8% who answered were unsure.

We have also considered the Cheshire Pension Fund (CPF) Climate-Related Disclosures report dated August 2020, as approved at and published after CPF’s Committee meeting on 11 September 2020. We consider this report to be a form of premature “virtuous signalling”. CPF have still to develop a climate stewardship plan to include targeted engagement at investee companies of particular significance to its portfolio. CPF also do not intend to update their statement of investment principles (SIP) until April 2021. Had they been subject to Implementation Statement reporting from 1 October 2020 (as an LGPS they are not required to do this), this inconsistency with their SIP would have required highlighting.

CPF did highlight the lack of standards in reporting:

“Climate targets can be set in many different ways e.g.
 reduce the Fund’s carbon footprint to below a static historical baseline e.g. to

25% below its 2015 baseline, or
- reference to an external moving baseline such as the FTSE All World index, or
- adopt the broad 7% per annum reduction in carbon emissions needed to deliver the 2 degrees centigrade scenario envisaged by the Paris Agreement, or
- set a positive target for 'green' investments such as 10% of total fund assets invested sustainability by 2025."

Take your pick.

We have also commented on RPMI Railpen's Sustainable Ownership Reports, beginning with the 2017 report, as the following example from an email exchange demonstrates:

"The sustainable ownership activity described …. is a welcome addition to the narrative; we are, however, surprised to read of only twenty-seven meetings and calls with companies held in the Growth Pooled Fund in the most recent quarter [ended 30 June 2019]. We would have expected a lot more calls and/or meetings. Approximately how many different companies are held in the pooled fund's investments?"

RPMI Railpen's response was

"With regards to our sustainable ownership activity, the detailed face-to-face / phone discussions with companies are done by the Sustainable Ownership team on a targeted basis and the figure of twenty-seven excludes written communication with companies as well as the attendance and voting at AGMs over the quarter. Within the Growth Pooled Fund, these discussions are focused on those companies which are held in the Fundamental Growth Portfolio, the Growth Opportunities Portfolio, our largest holdings in the Alternative Risk Premia portfolios, companies with particular thematic significance (e.g. water risk) and any companies which we are considering excluding on governance grounds. ***Over the course of 2019, we expect this list to include approximately 100 companies.*** This is broadly consistent with the number quoted in our 2018 Sustainable Ownership Report, where we also highlight that we had cast votes at ***3,204*** meetings over 2018 (***representing all of our public equity holdings***)."

This admission represents very marginal engagement with only approximately 100 companies out of the several thousands of corporate holdings by the Railways Pension Scheme, and there is no mention of any engagement whatsoever with government issuers. Indeed, the Railways Pension Scheme annual report states "Investment securities issued by HM Government are excluded from the definition of employer-related investments for the purposes of these audited financial statements" despite The Office for National Statistics (ONS) having now written to HM Treasury and the Scottish Government to inform them of its decision, backdated to 1 April 2020, to reclassify train companies as public non-financial corporations in the light of the Covid-19 emergency measures.

Another Railpen admission – on a Pension Investment Academy webinar on 30 September 2020 – that 62% out of 291 external fund managers did not even bother to reply this year when asked to complete templates on transaction and other costs, should serve as a warning to DWP and others that the initial data on TCFD available from fund managers will be far from comprehensive.

In summary, we believe these examples of piecemeal, non-comparable reporting highlight just how meaningless will be TCFD reporting at the level of individual DB schemes, even among the very large ones.