Government Actuary's Department

Climate and Sustainability Report

For the year ending
31 March 2026

Navigating risk | Cutting through complexity

Contents

5 Foreword

6 Introduction
- 6 Our climate and sustainability journey
- 7 TCFD
- 8 TCFD compliance summary

10 Key 2025-26 achievements
- 11 Case study

12 Structure and governance

14 Strategy
- 14 Our ambition
- 15 Climate risks and opportunities

20 Scenario analysis

24 Climate risk management
- 24 Identifying and assessing climate-related risks
- 25 Managing climate-related risks
- 25 Integration with overall risk management

26 Metrics and targets

Foreword

Climate change and nature loss present complex, interconnected risks for government, the wider public sector and society more broadly. Understanding these risks is essential to making informed decisions that protect public services, assets, public finances and communities over the long term.

I am pleased to introduce the Government Actuary's Department's Climate and Sustainability Report 2025-26, our first standalone report on climate and sustainability. This report brings together our approach to climate-related governance, strategy and risk management, reflecting both the critical importance of these issues and our commitment to addressing them. The report demonstrates not only how we are managing the risks affecting our own organisation, but also how we support public sector bodies to make informed, resilient decisions in the face of uncertainty.

Over the past year, we have continued to strengthen our climate capability. This has included establishing a dedicated Climate and Disaster Risk team, developing internal guidance and training, improving our monitoring of Scope 3 emissions, and supporting clients across government to better understand and manage climate-related risks. Our work with the Ministry of Justice, for example, demonstrates how climate scenario analysis can translate global climate pathways into practical insights for long-term operational and financial planning.

This report also recognises that our approach must continue to evolve. Climate and sustainability considerations need to be integrated proportionately into our governance, professional advice and everyday decision-making. We will continue to invest in our people, strengthen our analytical methods and work collaboratively across government to help public sector organisations navigate uncertainty and build resilience for the future.



Georgina Bedenham
–
Head of Climate and Disaster Risk

Introduction

Since 2023-24 the Government Actuary's Department (GAD) has produced climate-related financial disclosures consistent with HM Treasury's Task Force on Climate-related Financial Disclosures (TCFD) guidance[1], which interprets and adapts the TCFD framework for the UK public sector.

Climate change is not currently considered a principal risk, nor a significant component of another principal risk, for GAD. As a result, the climate-related disclosures included within our Annual Report and Accounts are proportionate to the nature of our operations and risk profile.

Nevertheless, GAD believes it is important to identify, assess and manage climate-related risks and opportunities, both in relation to our own operations and the advice we provide across government. For the first time, we are therefore publishing a standalone Climate and Sustainability Report, providing additional information on our governance, risk management, scenario analysis and wider sustainability activities beyond that included in our Annual Report and Accounts.

Our climate and sustainability journey

Over recent years, GAD has broadened its approach to climate and sustainability. Building on our longstanding ISO 14001 accreditation, we have strengthened governance, developed internal guidance and training, and embedded consideration of material climate-related risks into our professional work.

GAD has maintained an internal Climate and Nature Group* since 2017. The group has helped build capability across the department and has led efforts to better understand climate-related risks and opportunities affecting both GAD and the wider public sector. Ahead of the United Nations Climate Change Conference COP26, held in Glasgow in 2021, GAD seconded an actuary to HM Treasury's COP26 Private Finance Hub, supporting government engagement with the role of private finance in the transition to a net zero and climate-resilient economy.

Since then, GAD has continued to contribute to a range of cross-government initiatives. This has included supporting the Civil Service Climate and Environment Network, contributing to conferences and knowledge-sharing activities, and helping shape public sector climate-related risk management through our support to HM Treasury on TCFD-aligned climate scenario analysis provided by a dedicated Climate and Disaster Risk team.

We continue to strengthen the way climate-related risks and opportunities are considered across our operations, strategy and client work. The key 2025-26 achievements section highlights some of the progress made over the last year.

** Previously known as the Climate Change Group.*

1 TCFD-aligned disclosure guidance for public sector annual reports - GOV.UK

TCFD

The Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 in response to growing recognition that climate change could pose risks to the global financial system. The TCFD developed a framework[2] to support organisations in identifying, assessing and disclosing climate-related risks and opportunities. Its recommendations have become an internationally recognised basis for climate-related financial disclosures.

The TCFD is structured around four pillars; Governance, Strategy, Risk Management and Metrics and Targets.

Governance addresses oversight of climate-related risks and opportunities, outlining the board's and management's roles.

Strategy assesses the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.

Risk Management covers identifying, assessing, and integrating climate risks into overall risk frameworks.

Metrics and Targets focuses on disclosing metrics and targets for evaluating climate risk management and performance.

The TCFD was formally disbanded in 2023[3], with the responsibility for ongoing monitoring of climate-related disclosures being passed to the International Financial Reporting Standard Foundation.

2 Recommendations | Task Force on Climate-Related Financial Disclosures
3 IFRS - ISSB and TCFD

TCFD compliance summary

The table below outlines how GAD's disclosure relates to the recommendations of the TCFD. We have complied with all 11 recommendations.

Pillar	Recommended disclosures	Section
Governance The organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Structure and governance
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Structure and governance
Strategy The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identifies over the short, medium and long term.	Our key climate risks and opportunities
	b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Our key climate risks and opportunities
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Scenario analysis
Risk management How the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Climate risk management
	b. Describe the organisation's processes for managing climate-related risks.	Climate risk management
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Climate risk management
Metrics and targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and targets
	b. Describe Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Progress against targets
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Metrics and targets



Key 2025-26 achievements

Our key achievements across 2025-26 include:

- Strengthened our monitoring of Scope 3 emissions as part of ongoing efforts to improve the quality and coverage of Scope 3 data.
- Established the Climate and Disaster Risk team to strengthen climate risk management and GAD's climate-related advice.
- Organised a bespoke biodiversity workshop for staff to build capability and understanding of the risks associated with nature loss and the links between climate and nature-related risks.
- Delivered wider impact across the public sector by supporting a range of clients to strengthen their climate-related risk management. Our contribution in this area was recognised by the National Audit Office in its 2025 TCFD-focused publication[4].
- Published two internal climate guidance notes and strengthened staff engagement through the Climate and Nature Group.
- Refreshed the Climate and Nature Group's Terms of Reference, clarifying responsibilities and its role in identifying, monitoring and escalating climate-related risks and opportunities.

We supported a range of clients to strengthen their climate-related risk management.

We translated global-level climate conditions into relatable impacts.

Case study

Over 2025-26 we supported a range of clients, including the Ministry of Justice (MoJ), to understand how climate change could affect their operations, assets and finances to support better long-term planning.

Following risk identification and prioritisation exercises, we worked with MoJ to develop bespoke climate scenarios that translated global-level climate conditions into relatable impacts on justice system strategic objectives, operations, finances and the justice estate over the coming decades.

These scenarios were used to conduct TCFD-aligned climate scenario analysis. The analysis found that both moderate (2°C) and severe (4°C) climate futures are likely to increase climate-related risks by the 2030s, highlighting the value of early investment in adaptation, decarbonisation and operational resilience to reduce future costs and disruption.

For more information:
Climate scenario analysis - GOV.UK



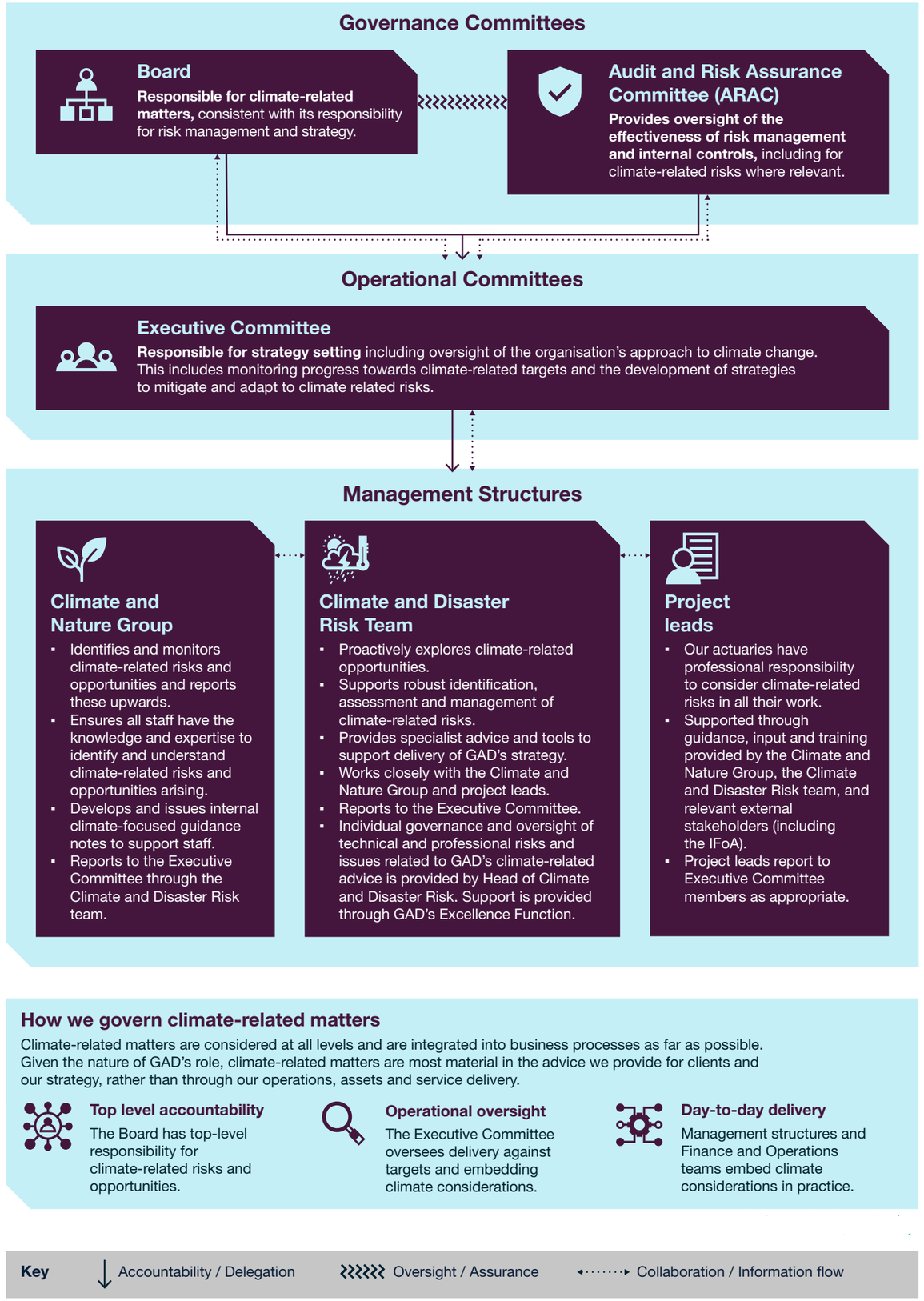
4 Implementation of climate-related reporting in central government annual reports

Structure and governance

GAD's governance framework for climate-related risks and opportunities reflects accountability at Board level, supported by oversight and implementation across committees and management structures, as illustrated below.

GAD colleagues also supported wider sustainability initiatives, including volunteering with the Institute and Faculty of Actuaries to embed sustainability in actuarial education and guidance, and contributing to the Civil Service Climate and Environment Network to build climate capability across government.





How we govern climate-related matters

Climate-related matters are considered at all levels and are integrated into business processes as far as possible. Given the nature of GAD's role, climate-related matters are most material in the advice we provide for clients and our strategy, rather than through our operations, assets and service delivery.

Top level accountability

The Board has top-level responsibility for climate-related risks and opportunities.

Operational oversight

The Executive Committee oversees delivery against targets and embedding climate considerations.

Day-to-day delivery

Management structures and Finance and Operations teams embed climate considerations in practice.

Key ↓ Accountability / Delegation ⟿ Oversight / Assurance ⇢ Collaboration / Information flow

Strategy

GAD exists to provide impartial actuarial advice and analysis to help government navigate risk and make better decisions. GAD actuaries have a professional responsibility to consider, where material, climate-related risks in all their work.

Climate change can affect GAD primarily through:

- the evolving needs of our clients as government responds to climate change
- our ability to continue delivery of our services for clients.

GAD's operational delivery model, which combines office-based and remote working, limits our direct physical exposure to many physical climate-related hazards and contributes less than 0.1% of government's greenhouse gas emissions. We do not own any buildings, vehicles or land, further reducing our direct exposure to climate-related risks. Our operations are resilient in the short to medium term, with our strategy focused on service continuity and ensuring our advice remains credible, compliant with professional standards and responsive to evolving government priorities.

During 2025-26, we undertook a formal review of our climate-related risks and opportunities, including a check of the prior year's scenario analysis. The review identified no material changes were required, and we have therefore retained the analysis done over the previous year, which is presented below.

Our ambition

GAD is committed to operating a sustainable and resilient department, supporting the UK's net zero target by 2050. Having maintained ISO 14001 accreditation since 2009, we embed sustainability across our operations and use our expertise to help government and the wider public sector better understand and manage climate-related risks and opportunities.

Climate risks and opportunities

Climate risks are generally categorised as either physical or transition.

Physical risks arise from exposure to climate-related changes including changes in temperature and extreme weather events. Physical risks can be classified as acute, meaning they relate to specific events such as floods or storms, or chronic, meaning they gradually evolve over time, such as sea level rise.

Transition risks arise from moving to a greener, low-carbon economy. These risks are primarily due to policy and financial market changes.

Time horizons

Time horizons used for risk identification and management are chosen to align with business and strategic planning horizons.

Table 1: Time horizons for climate-related risk and opportunity assessment. Note that an additional timeframe of the 2080s is used for scenario analysis.

Term	Time horizon	Rationale
S – short term	Up to 1 year	A 1-year time horizon aligns well with other business planning and objectives.
M – medium term	Up to 2030	Our strategic plan covers the period 2025-2030. Medium term risks have been considered as part of this strategy.
L – long term	Up to 2050	It is important to have a longer-term outlook to allow time for the impacts of climate change to be felt, in particular the physical risks, that may take time to be fully realised.

Our key climate risks and opportunities

Table 2: Most material climate-related risks and opportunities.

Material risk or opportunity	Time horizon (S/M/L)	Business impact	Strategic response and mitigations
Physical risks			
Extreme heavy rainfall events lead to pluvial and fluvial flooding, disrupting staff travel and impacting the ability to work from home.	S–M–**L**	Disruption to staff travel and home working arrangements may reduce productivity, delay project delivery and affect attendance at client meetings. This could result in lost chargeable time, reputational impacts and reduced future income. Travel costs may increase where staff need to use alternative routes, while widespread flooding may also affect clients' budgets and demand for GAD services.	All staff are suitably equipped to work flexibly, including remotely or in office locations, as necessary. Flexible working arrangements reduce reliance on specific work locations and transport routes, helping maintain service delivery during disruption. Business continuity planning and resilient digital infrastructure support continued operations during localised flooding events.
Extreme heavy rainfall events lead to flooding in office locations, preventing access and causing damage.	S–M–**L**	In addition to operational disruption, flooding could increase the cost of occupying office space through higher insurance premiums, repairs and building maintenance costs passed on through rental charges. Prolonged inaccessibility could affect productivity, collaboration and delivery against client deadlines, with potential consequences for revenue and reputation.	Initial analysis by the Government Property Agency (GPA) suggests the two offices GAD staff are based in are unlikely to face significant flood impacts. Responsibility for building-level resilience sits primarily with property providers, who would support temporary accommodation arrangements where required. Staff are equipped to work remotely if office locations become inaccessible.
More frequent and/or severe storms lead to increased risk of IT downtime and may impact ability to travel to the office or to clients.	**S–M–L**	Storms may disrupt transport networks, reduce staff productivity and prevent attendance at client meetings. More severe events could also increase the risk of IT outages or power failure, reducing chargeable time and affecting service delivery. Extended disruptions could lead to reputational impacts and reduced revenue.	GAD's cloud-based technology infrastructure and IT service agreements help limit the impact of outages. Service level agreements require systems to be restored within 4 hours. Flexible working arrangements and business continuity processes further reduce vulnerability to transport disruption and weather-related incidents.
High temperature events impact staff ability to work from home and impact cost of office spaces.	**S–M–L**	Extreme heat may reduce productivity, increase heat-related health issues and result in lost chargeable hours. It may also affect the performance and reliability of IT equipment. Increased demand for cooling, workplace adaptations and associated health and safety measures could ultimately contribute to higher office occupancy costs.	Staff are equipped to work flexibly and use air-conditioned office locations where appropriate during periods of extreme heat. GPA's assessments indicate that current office locations face limited overheating risk, although this assumes reliance on cooling measures. Existing health and safety processes help manage employee wellbeing during high-temperature events.
High temperature events may affect staff ability to travel to the office or to clients.	**S**–M–L	Extreme heat may disrupt transport networks (for example, Transport for London's 'do not travel' warnings), increase journey times and prevent attendance at client meetings. This may result in lost chargeable time and reputational impacts. Heat-related illness while travelling may also affect staff availability and productivity.	Flexible and remote working arrangements mitigate service disruption when travel is affected by extreme heat. Virtual collaboration tools reduce reliance on travel and support ongoing engagement with clients during periods of extreme heat.
Transition risks			
Reputational and regulatory risks from actual or perceived failure to adequately consider climate risk in our advice or contribute actively towards broader sustainability.	**S–M**–L	Actuaries have a professional obligation to consider, climate-related risks where material in all their work. Failure to meet professional, regulatory or stakeholder expectations could result in reputational damage, loss of client confidence, reduced demand for services and potential financial consequences.	The Climate and Nature Group keeps colleagues up to date on regulatory and professional requirements. Additionally, GAD's Head of Climate and Disaster Risk oversees the governance of climate as a technical area of GAD's work. With support from GAD's Excellence Function, this includes helping teams identify and manage emerging technical and governance risks, to maintain good practices and standards, and to join up work where climate cuts across GAD teams.

Material risk or opportunity	Time horizon (S/M/L)	Business impact	Strategic response and mitigations
Risk of increased charges from third parties (including office and IT costs) as a result of their transition and exposure to physical climate risks.	S–**M–L**	Suppliers may face higher operating costs associated with both climate adaptation and the transition to net zero, which could be passed on to GAD through increased service charges. These increases may arise from investment in more resilient infrastructure, higher insurance costs, decarbonisation activity or changing regulatory requirements. Sustained cost increases could place pressure on departmental budgets and require changes to operating arrangements.	GAD engages with key suppliers and service providers to understand their transition plans and climate resilience arrangements. We continue to improve the quality of our Scope 3 emissions data, helping strengthen our understanding of climate-related risks and impacts associated with our operations.
Risk of increased revenue volatility and uncertainty as a result of changing departmental and client priorities through the climate transition.	S–**M–L**	Changing government priorities during the climate transition may alter demand for specific services, creating uncertainty around future revenue streams. Demand for some areas of work may reduce as government priorities evolve, while new requirements emerge elsewhere. This could require GAD to adapt its skills mix, capability and service offering to ensure it continues to meet government's needs and maintain financial sustainability.	GAD monitors emerging government priorities and adapts its service offering accordingly. Continued investment in climate capability, specialist expertise and training helps ensure the department remains well placed to respond to changing demand and provide support across a range of climate-related policy and risk management challenges.
Opportunities			
While it is already mandatory to consider climate in our work, where material, more consideration may be required in the future.	**S–M**–L	Increased expectations around climate risk assessment may lead to greater demand for actuarial, analytical and risk management support. This creates opportunities for GAD to provide additional value across government, strengthen technical leadership and support better long-term decision making within the public sector.	GAD continues to build staff capabilities through guidance, training and technical support. We share good practice and ensure climate-related considerations are addressed proportionately within all projects .

Material risk or opportunity	Time horizon (S/M/L)	Business impact	Strategic response and mitigations
Increased government focus on climate change may lead to new projects for GAD, including actuarial analysis to support climate-related policies.	**S–M–L**	Increasing policy focus on climate adaptation, net zero and resilience may create demand for new analytical, modelling and advisory services. This provides opportunities for GAD to support public sector priorities, strengthening its impact across government.	The Climate and Disaster Risk team and Climate and Nature Group engage with stakeholders across government to understand emerging challenges and identify areas where GAD support would be valuable. This helps ensure the department remains responsive to evolving client requirements and policy priorities.
GAD may experience growth in demand for particular services, for example disaster risk financing support work.	**S–M–L**	Growth in specialist areas such as disaster risk financing, climate risk analysis and adaptation planning could increase GAD's influence and contribution across government. Sustained demand may support capability, recruitment and proposition development, helping the department expand its expertise in areas where actuarial analysis can support climate resilience and long-term planning.	GAD continues to invest in developing specialist skills and expertise, enabling the department to respond to evolving government needs and provide innovative solutions to emerging climate-related challenges. Cross-government engagement and collaboration also helps identify opportunities to apply actuarial expertise in new areas of climate and sustainability work.

Scenario analysis

To assess the resilience of our strategy and operations we assessed key physical climate-related risks the department faces under two scenarios (2°C and 4°C warming by end-century) using UK Climate Projections 2018[5], considering financial impacts in the 2030s, 2050s and 2080s.

Given the long-term nature of scenario analysis, the 2080s were included alongside nearer-term horizons. Transition risks were not modelled as part of this exercise.

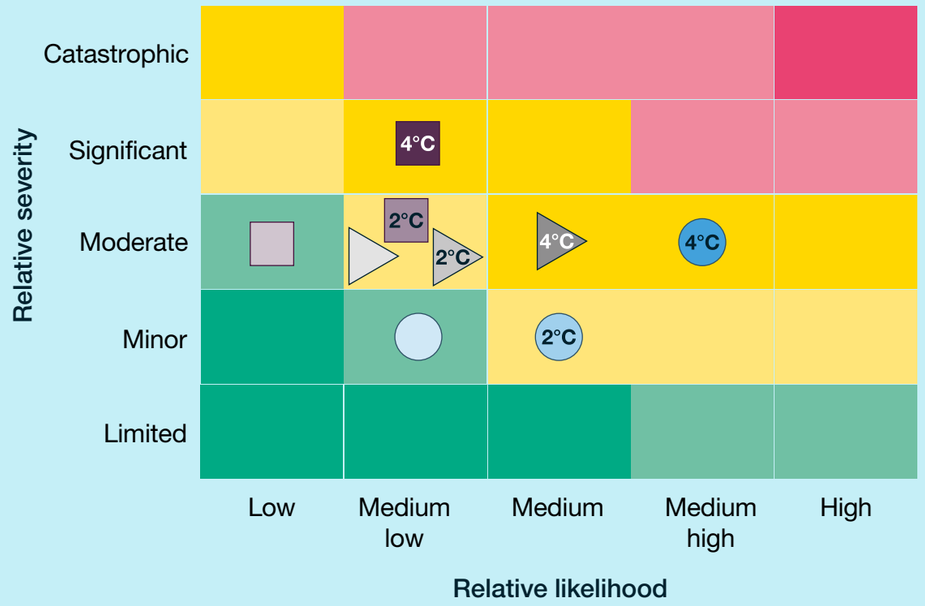
Table 3: Summary of scenarios considered for scenario analysis

Scenario	Lower physical risk	Higher physical risk
Warming by end of century		
Brief description	Successful global climate action, including the UK meeting its net zero target by 2050, limits warming to around 2°C. Physical risks increase relative to today but are expected to remain broadly manageable through adaptation and resilience measures.	A less successful global transition results in warming of around 4°C by the end of the century. Physical risks increase more significantly, with greater disruption from extreme weather and increased pressure on business continuity arrangements.

The graphics below summarises the results of the scenario analysis for the 2080s, showing key physical risks under both future scenarios alongside the current risk profile for comparison. The first graphic presents three risks relating to extreme precipitation and storms, while the second focuses on two risks associated with extreme high temperatures.

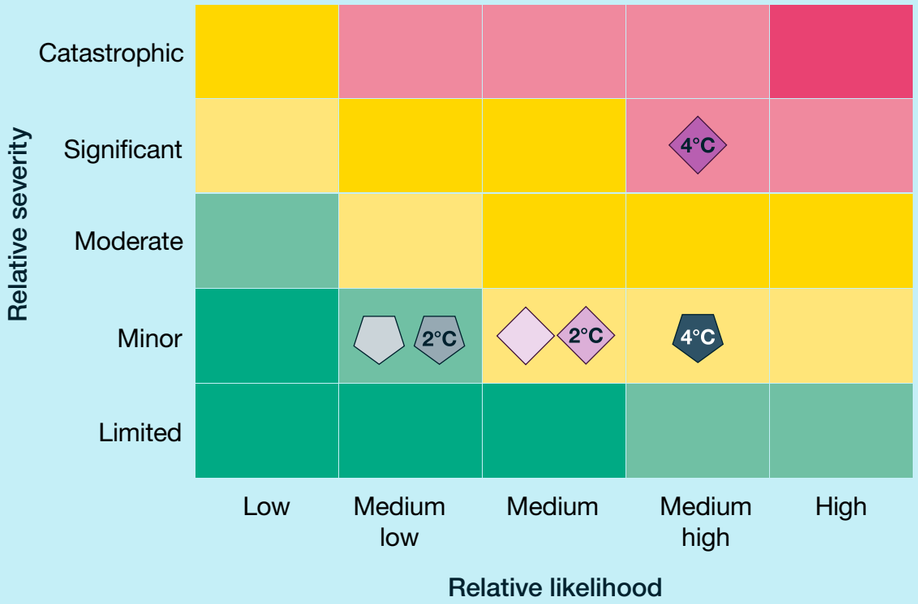
The risk scores allow for existing mitigations, as outlined in the table above. The pathway from the current risk profile to that in the 2080s will depend on a number of factors, including the speed and nature of the transition to net zero.

5 UK Climate Projections (UKCP18) - Met Office



	Current risk position	2080s risk position: Lower physical risk (2°C)	2080s risk position: Higher physical risk (4°C)
Risk 1: Extreme heavy rainfall events lead to pluvial and fluvial flooding, disrupting staff travel and impacting the ability to work from home.		2°C	4°C
Risk 2: Extreme heavy rainfall events lead to flooding in office locations, preventing access and causing damage.		2°C	4°C
Risk 3: More frequent and/or severe storms lead to increased risk of IT downtime and may impact ability to travel to the office or to clients.		2°C	4°C

Figure 1a: Graphic showing the current risk position as well as equivalent 2080s risk positions under a lower physical risk scenario and higher physical risk scenario for two physical climate-related risks relating to extreme precipitation and one relating to storms.



	Current risk position	2080s risk position: Lower physical risk (2°C)	2080s risk position: Higher physical risk (4°C)
Risk 4: High temperature events impact staff ability to work from home and impact cost of office spaces.	◇	2°C	4°C
Risk 5: High temperature events may affect staff ability to travel to the office or to clients.	⬠	2°C	4°C

Figure 1b: Graphic showing the current risk position as well as equivalent 2080s risk positions under a lower physical risk scenario and higher physical risk scenario for two physical climate-related risks associated with high temperatures.

No new controls were introduced as a result of this analysis because existing mitigations (including flexible working arrangements and business continuity processes) already address the key vulnerabilities identified. We will refresh the analysis within the next four years.

Climate risk management

GAD's overall risk management framework is described in more detail in the risk management section of the Corporate Governance Report within our Annual Report and Accounts. Climate-related risks are managed within this broader framework, using processes that are proportionate to GAD's operations and risk profile.

Identifying and assessing climate-related risks

In 2024-25, GAD undertook a structured climate risk and opportunity identification exercise to assess the potential impacts of climate change on its operations, service delivery and strategic objectives. The exercise considered both physical and transition risks and identified the material climate-related risks and opportunities presented in Table 2. Climate-related risks are assessed using qualitative judgements of likelihood and impact supported, where appropriate, by scenario analysis.

Specific climate-related risks are also identified through project delivery. Teams assess whether climate-related factors may be material to the advice being provided, in line with relevant professional guidance and standards. Where climate-related risks are relevant to client work, they are considered through established project governance, quality assurance and risk management processes. This helps ensure climate-related considerations are appropriately reflected in GAD's advice and supports management of associated reputational and professional risks. Project teams are supported to consider the impact of climate change on their work through the advice of the Climate and Disaster Risk Team and the Excellence Network.



Managing climate-related risks

Responsibility for managing climate-related risks is allocated according to the nature of the risk and the level at which it sits. Risks are prioritised based on their potential strategic and operational impacts and managed through a combination of internal controls, business continuity arrangements and specific mitigation activities.

Where appropriate, responsibility for managing climate-related risks is delegated to service providers. For example, responsibility for building-level resilience sits primarily with property providers, while contractual arrangements with technology and other suppliers help manage risks associated with critical services and infrastructure. GAD maintains its own contingency arrangements and business continuity plans to help ensure continuity of service delivery. The mitigation measures associated with our most significant climate-related risks are summarised in Table 2.

Integration with overall risk management

Historically, climate-related risks have been identified through a dedicated climate risk assessment process because of their cross-cutting nature and their ability to affect multiple areas of the organisation simultaneously. Going forward, these risks will be increasingly incorporated into central risk identification and monitoring processes as part of ongoing improvements to GAD's risk management framework.

Climate-related risks will be integrated into GAD's wider risk management processes. Risks affecting operational resilience and ways of working are considered through business continuity arrangements. Risks relating to professional standards, technical quality and reputation are considered by the Head of Climate and Disaster Risk and the Director of Policy and Assurance, with support from the Excellence Function. Climate-related risks arising within projects are managed through standard project and corporate risk management processes and escalated through existing governance channels where appropriate. The Climate and Nature Group is responsible for the identification of cross-cutting climate-related risks and opportunities across the department, with oversight and governance responsibility provided by the Head of Climate and Disaster Risk and the Director of Policy and Assurance.

Climate-related risks are assessed using qualitative judgements of likelihood and impact supported, where appropriate, by scenario analysis.

Metrics and targets

GAD monitors climate-related metrics and targets primarily through the Greening Government Commitments (GGCs).

With the previous GGC framework ending in March 2025 and new 2025-30 targets still under development, during 2025-26 GAD continued to work towards reducing Scope 1 and Scope 2 emissions, waste generation and water consumption. Key data are presented below. Further information on GAD's environmental performance, greenhouse gas emissions and other sustainability metrics is reported in our Annual Report and Accounts.

As the new 2025-30 GGC framework is implemented, GAD will continue to monitor performance against government-wide sustainability objectives and establish appropriate targets to support delivery of those commitments.

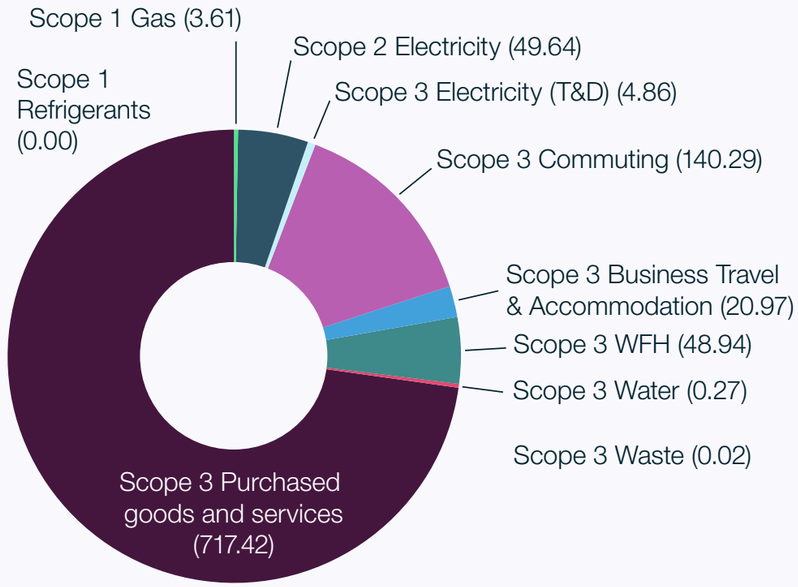


Fig 3: Total greenhouse gas emisssions by Scope category (CO2e Tonnes)

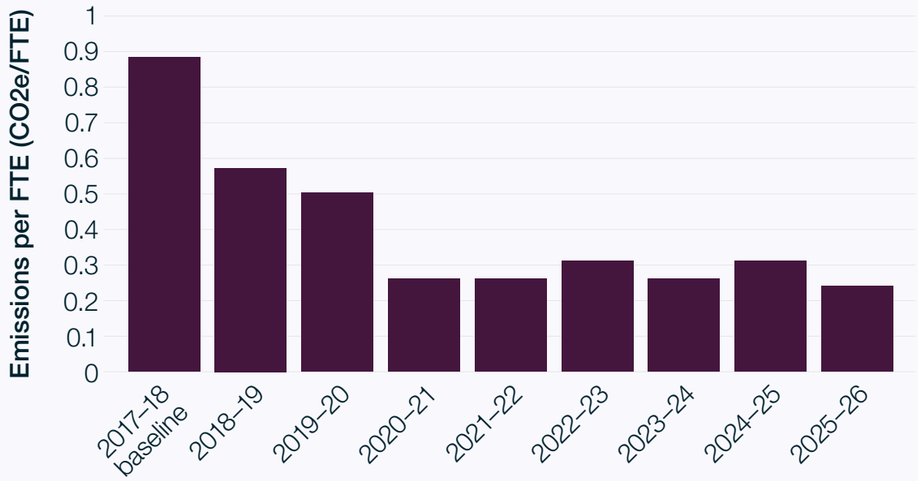


Fig 4: Reducing our Scope 1 and 2 emissions per FTE staff member



Government Actuary's Department