ICAEW
REPRESENTATION 87/20

TAKING ACTION ON CLIMATE RISK: IMPROVING GOVERNANCE AND REPORTING BY OCCUPATIONAL PENSION SCHEMES

Issued 9 October 2020

ICAEW welcomes the opportunity to comment on the consultation on taking action on climate risk: improving governance and reporting by occupation pension schemes published by Department of Work and Pensions on 26 August, a copy of which is available from this link.

> ICAEW is pleased to have the opportunity to respond to the DWP's proposals. We believe that appropriate climate-related disclosure is vital, but we believe the detailed requirements should be set out in guidance. Once asset issuers are in a position to provide the upstream data, and clear standardised methodologies have been developed, then schemes will be able to adopt better governance/risk management and provide meaningful disclosure.

This ICAEW response of 5 October 2020 reflects consultation with the Business Law Committee which includes representatives from public practice and the business community. The committee is responsible for ICAEW policy on business law issues and related submissions to legislators, regulators and other external bodies.

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KEY POINTS

SUPPORT FOR IMPROVED CLIMATE-RELATED DISCLOSURES

1. ICAEW is committed to ensuring that chartered accountants are at the forefront of efforts to tackle the severe challenges arising from climate change. We have long been strong supporters of the distinctive approach adopted by the TCFD which focuses on communication of the financial impact of climate change on the reporting organisation. We continue to believe that TCFD will contribute to improvements in the quality and consistency of disclosures and governance in this area. It is within this context that we have reviewed the DWP's proposals.
2. However, action through behavioural change is still action, and it may be more successful to promote action by encouraging best practice than by introducing laws which:
   - can be cumbersome in a fast-developing area and can lock-in last year's best practice (rather than next year's); and
   - can drive defensive box-ticking behaviour where the safest options become the norm because compliance becomes more important than new ideas. This would be especially true if mandatory fines are used.
3. We therefore advocate a more flexible approach, under which information such as the metrics would be set out in guidance (rather than in regulations). This would be more favourable especially as it could be updated more quickly as best practice develops and could mean that we get to a point where there is a consensus on the best metrics sooner. Moreover, keeping some of these detailed reporting requirements in guidance might help organisations to experiment and share and co-ordinate their efforts so overall progress could be faster and hopefully more consistent across sectors. We note that TPR is well placed to gather information on best practice from larger schemes through its one-to-one supervision regime, and could present this though guidance, rather than the DWP mandating requirements via regulations. It would also pave the way for a climate change standard from FRC, which we anticipate is on the horizon.
4. If the metrics/targets requirements are to be set out in regulation, as we explain below, there needs to be time for effective metrics to be developed and which are consistent across schemes before they are required to be included. However, early voluntary adoption should be encouraged, which will enable certain larger schemes (ie, those with more resources) to establish best practice.
5. Therefore, if the metrics/targets requirements are to be set out in regulation, we recommend that the Department of Work and Pensions (DWP) adopts a more phased 'step change' approach, with the governance and risk management requirements and related disclosures for schemes to be required first, with metrics and related targets and disclosures delayed for an additional two years (so being required in 2024 in respect of £5bn schemes). This would help to address concerns with the proposed implementation timetable, allow a standardised approach and methodology to be developed by asset issuers (see para 2 below), and thus ensure better quality reporting by smaller schemes. If this 'step change' approach is not adopted then we consider that smaller schemes should be given a longer timescale to comply (for example, starting with £5bn schemes as proposed but then extending the regime to £3bn schemes the following year and then to £1bn schemes a year later).
6. The challenge for DWP is to simplify the requirements wherever possible – but metrics need to be comparable and government must take more of a lead to define what metrics are suitable (preferably in guidance, not regulations). In the absence of a consistent methodology, the annual cost estimates in the impact assessment will be a fraction of the likely cost of instructing external consultants in order to agree how to implement these

requirements. More time is needed so that a standardised approach and methodology can be developed by asset issuers in order to aggregate for scheme metrics and by trustees that will enable readers (including members) to understand the disclosures, otherwise schemes will be incurring significant expenses in order to produce disclosures that are not meaningful and not empowering members to assess whether the scheme is being properly governed.

7. It is important to recognise the ever increasing regulatory and cost burden being imposed on pension schemes and the overall question of cost/benefit. Trustees are currently going through the process now of revising SIPs, in many cases (especially at the smaller end of the spectrum) creating websites and preparing implementation statements. Even small schemes are seeing additional year one costs of £5k to £10k and there are, of course, on-going costs. Therefore, the government need to specify more clearly what metrics, governance considerations and disclosures they want, and the asset issuers then need to follow a standardised approach and methodology, which will allow scheme trustees to collate this information and make decisions and disclosures without incurring disproportionate costs.

8. We note the ICAEW's response to the FCA consultation 20-3 is available here: ICAEW REP 80/20.

ANSWERS TO SPECIFIC QUESTIONS

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?

9. We broadly agree that the new requirements should eventually apply to schemes over £1bn in order to capture 75% of assets held by schemes and 80% of members. However, we also consider that collective DB schemes should be included.

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?

10. It is important for DWP to listen to the sector/industry as to what implementation timescales are possible; if these duties are brought in prematurely, before asset issuers are in a position to provide the upstream data and before clear standardised methodologies have been developed, then the costs will be greater and disproportionately so, because they will not be balanced against any benefit of schemes being able to adopt better governance/risk management and/or to provide meaningful disclosure (as this will not be possible in the very short term).

11. Please also see our general points above, in which we advocate a more flexible approach, under which information such as the metrics would be set out in guidance (rather than in regulations). This would be more favourable especially as it could be updated more quickly as best practice develops and could mean that we get to a point where there is a consensus on the best metrics sooner. Moreover, keeping some of these detailed reporting requirements in guidance might help organisations to experiment and share and co-ordinate their efforts so overall progress could be faster and hopefully more consistent across sectors. We note that TPR is well placed to gather information on best practice from larger schemes through its one-to-one supervision regime, and could present this though guidance, rather than the DWP mandating requirements via regulations. It would also pave the way for a climate change standard from FRC, which we anticipate is on the horizon.

12. If the metrics/targets requirements are to be set out in regulation, as we explain below, there needs to be time for effective metrics to be developed and which are consistent across schemes before they are required to be included, but early voluntary adoption should be encouraged, which will enable certain larger schemes (ie those with more resources) to establish best practice.

13. Especially if the metrics/targets requirements are to be set out in regulation, whilst we support climate action, we consider that the proposed implementation timescale is very tight, and many £5bn schemes may not yet have even started covering the governance and risk management elements (let alone obtaining data to determine metrics), and we note that many £1bn schemes merely hold investments via pooled investment vehicles. Collation of data and reporting in line with TCFD within this timeframe will be particularly difficult for smaller schemes that lack the resources to bring in external consultants. In determining the

likely readiness of schemes (which will have an impact on likely costs), we suggest the DWP should have regard to how many schemes have signed up to the Principles of Responsible Investment (PRI) – in September 2020, only 66 asset owners in the UK had done so, not all of which are pension schemes.

14. DWP also need to recognise that schemes are dependent on asset issuers for the data. We note that the Pensions Climate Risk Industry Group (PCRIG) published draft non-statutory guidance for schemes on assessing, managing and reporting climate-related risks for consultation in March 2020, which included draft guidance on metrics that may be used, but the conclusions/final report and guidance is not yet available (it was due to be published in Autumn 2020 – which, given COVID-19 is still causing disruption, may be delayed). This, in conjunction with FCA guidance only due to be finalised next year with current proposals being that issuers are subject to equivalent duties for accounting periods beginning on/after January 2021 (see FCA consultation 20-3). This leaves schemes very little time to determine what information they can obtain and what the right metric is for their scheme, especially as many larger schemes have diverse portfolios that that will involve a significant amount of time and cost to determine this; agreeing on the right metric is not simple and, given most schemes may not have started this journey due to the current lack of guidance about which might be relevant for pensions, we doubt that many schemes will be able to get appropriate metrics in place by 2022. We therefore believe the proposed timescales are too tight.

15. In order to provide the desired benefits, ICAEW believe that there are four discrete steps as regards metrics/calculations and (unless these are brought in via guidance, rather than regulation) a reasonable time/implementation gap should be left between each, which are as follows:

   - Government to define metrics and method of calculation for issuers;
   - Require investment issuers to produce metrics and make relevant disclosures;
   - Require schemes to comply with TCFD governance and risk management duties and make related disclosures; and
   - Two years later, to require schemes to determine and report on scheme metrics and targets, based on issuer metrics.

16. As mentioned in our major points above, if metrics/targets are required by regulations, we therefore recommend that the DWP adopts a more phased 'step change' approach, with the governance and risk management requirements to come in first, with metrics and related targets and disclosures delayed for an additional two years (so being required in 2024 in respect of £5bn schemes (see also Q8 and Q9 below). This would help to address concerns with the proposed implementation timetable and ensure better quality reporting by smaller schemes. We acknowledge this will not reach the 2022 target set by the Green Finance Strategy. However, given the FCA has not finalised a standardised approach and methodology for asset issuers (see Q2 above), the required information will not be available from asset issuers and we do not think the DWP should press ahead with these requirements for schemes because this will result in disproportionate costs for schemes. Early voluntary adoption should be encouraged, which will enable certain larger schemes (ie, those with more resources) to establish best practice

17. If this 'step change' approach is not adopted then we consider that smaller schemes should be given a longer timescale to comply (for example, starting with £5bn schemes as proposed but then extending the regime to £3bn schemes the following year and then to £1bn schemes a year later).

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?

18. We are supportive of a review within two years of full implementation. Given our concerns set out at Q2 above, if a more phased implementation is adopted, this would mean such review should be pushed back to 2026.

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?

19. In principle, we agree because climate change is a material financial risk to pension schemes and therefore it is the Trustees' fiduciary responsibility to mitigate this risk. Therefore, in principle it would be useful to have this written into regulation, but it is also helpful to spell out the above in regulations in a way that it links into existing trustee investment and governance regulation. Writing regulations which do not mention the fiduciary duties may not encourage buy-in and effectively creates a box ticking exercise. Also, by linking with investment and governance regulations, there are pre-existing powers and well developed principles for TPR enforcement, rather than writing new enforcement powers (and potentially creating a similar situation with DC governance statements where TPR has no discretion in situations which are clearly trivial/minor to the risk we are trying to mitigate).

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?

20. In principle, we agree because climate change is a material financial risk and therefore the Trustee's fiduciary responsibility to mitigate. However, the precise wording of the regulations will be important to the overall cost of implementation and effectiveness in combating climate change.

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?

21. As we mention at Q2 above, we advocate a more flexible approach, under which these requirements would be set out in guidance (rather than in regulations), with early voluntary adoption encouraged, which will enable certain larger schemes (ie those with more resources) to establish best practice. We also note that, in the short term, there will be limitations on the ability of trustees to comply given the information/data will not be available from investee entities. Therefore, the onus should be on asset issuers to derive a methodology that is well developed, simple and consistently applied.

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?

22. There is a need for greater clarity around consistency of methodology in relation to these proposals. The challenge for DWP is to simplify the requirements wherever possible – but government must take more of a lead to define what metrics are suitable. Therefore, DWP (or TPR) should specify in guidance what metrics and calculations are required so these can be applied consistently across schemes, and the investment issuers should be mandated as to what data they must supply and by what timescale in order for schemes to be able to use this data in their calculations. See also Q2 above, in which we advocate this more flexible approach, under which these requirements would be set out in guidance (rather than in regulations), with early voluntary adoption encouraged, which will enable certain larger schemes (ie, those with more resources) to establish best practice. See also Q8 below.

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?

23. There is a need for greater clarity around consistency of methodology. As mentioned at Q7 above, the challenge for DWP is to simplify the requirements wherever possible – but government must take more of a lead to define what metrics are suitable. It is important for GHG emissions metrics to be comparable, otherwise this requirement will generate costs for schemes (particularly for schemes without in-house investment management teams, which will need to use external consultants) without providing any clear benefit (ie, it is important for the disclosures to be meaningful in order to generate the benefit of members being able to hold schemes to account). The annual cost estimates of circa £15k in the impact assessment will be a fraction of the likely cost of instructing external consultants in order to agree how to implement these requirements in the absence of a consistent methodology. In principle, we consider inclusion of this metric will be beneficial but not if it is imposed by regulations in the proposed timescale. We think these metrics and related disclosures should be set out in guidance rather than in regulations (see our general comments above). If they are set out in regulations, we believe the implementation date should be at least two years after the governance/risk management duties are imposed (see Q2 above), so that a standardised approach and methodology can be developed by asset issuers in order to aggregate for scheme metrics and by trustees that will enable readers (including members) to understand the disclosures, otherwise schemes will be incurring significant expenses in order to produce disclosures that are not meaningful and not empowering members to assess whether the scheme is being properly governed. As mentioned above, early voluntary adoption should be encouraged, which will enable certain larger schemes (ie, those with more resources) to establish best practice.

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?

24. As set out in our general comments above, we consider such requirements should be set out in guidance (not regulations), with early voluntary adoption encouraged to enable larger schemes with more resources to establish best practice.

25. As we say above at Q7 regarding risk management and at Q8 in relation to GHG emissions metrics, there is a need for greater clarity around consistency of methodology. We consider inclusion of such targets will be beneficial but (if set out in regulations) not if it is imposed in the proposed timescale. As explained at Q2 above, if set out in regulations we think these targets and related disclosures should be required at least two years after the governance/risk management duties.

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?

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?

26. We agree that the full extent of TCFD information should not be required to be included in the scheme annual report as this could run to many pages of detailed analysis. We therefore support the DWP's proposal to mandate a standalone disclosure, published on a website, with a link to this required to be included in the annual report. We note this means that, whilst not subject to audit, the TCFD disclosures would be reviewed by the scheme auditors, who would be under an obligation to raise an issue if there were any inconsistencies with the auditor's knowledge of the scheme. However, we note that some schemes will wish to seek independent assurance over their TCFD disclosures, which will have cost implications, and we also note that there needs to be a joined up approach with the FRC because large pensions schemes are now categorised as Other Entities of Public Interest, and so it is important for FRC to clarify whether such assurance services are within the permissible services list.

27. We note that DWP will continue to consider possible future audit requirements for these TCFD reports (see ch4, para 21). While we believe that audit and assurance will be important in ensuring that issuers comply with the regulations, we agree that at the moment expecting third-party assurance would be premature. Many issuers are still at an early stage of developing the management of their climate-related risks and opportunities. The requirement of third party assurance would be likely to encourage them to concentrate on disclosures. This could in turn stifle their efforts and innovation in developing suitable methods for reporting under the TCFD framework.

28. We also consider that schemes should be required to include some narrative in the Trustee's Annual Report and Accounts, and in other documentation eg, to provide a summary of the TCFD information in the annual benefit statement, rather than simply a link to the full and more detailed information located on the website. We would also support a requirement for a link and summary to be included in the summary funding statement as an additional way to signpost members to this information.

29. We note the FCA consultation proposes a 'comply or explain' basis in relation to the proposed required disclosures (see para 4.31 *et seq* on page 26) due to the fact that climate disclosures are evolving and input for modelling may not be readily available. DWP are proposing that scenario analysis and metrics/targets should be complied with 'as far as trustees are able', and we recommend that the DWP approach should mirror the FCA proposals more closely.

30. We also note that under Principle 7 of the Stewardship Code, institutional investors should report periodically on their stewardship and voting activities. The pension schemes that are within the scope of the DWP's proposals are likely to be signatories to the Stewardship Code so DWP need to ensure there are no inconsistencies and it would be beneficial to maximise synergies.

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?

31. It is important that any penalties are proportionate. In particular, we do not support mandatory penalties (even where there is a total failure to publish a TCFD report); it is important that TPR has discretion as any such non-compliance could be due to reasons out of the trustees' control (eg, a material issue with data supplied by the issuers). This would avoid similar issues to those that have arisen due to mandatory fines being required in relation to chair statements.

32. Moreover, we note that legal issues can arise in relation to mandatory fines and they are therefore not normally considered appropriate for professional regulation (we note Judge David Thomas said in the Moore Stephens Master Trust tribunal case (appeal reference number PEN/2018/0221) that he thought the lack of discretion under regulation 28(2) of the Governance Regulations (which imposes mandatory fines in relation to chair statements) was "harsh and inflexible" for TPR to "issue a penalty even if a failure was inadvertent and wholly excusable, commenting that in his view "this may raise questions about whether regulation 28(2) is ultra vires the statutory provision under which it was made".

33. A better outcome for failures to make disclosures might be for the trustees to address any underlying issues with, for example, their investment managers, rather than the trustees incurring a penalty.

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?

34. As we mention in our general comments above, we believe a more proportionate approach would be to include metrics/targets requirements in guidance (not regulations), with early voluntary adoption encouraged to enable larger schemes with more resources to establish best practice.

35. It is also important to recognise the ever increasing regulatory and cost burden being imposed on pension schemes and the overall question of cost/benefit. Trustees are currently going through the process now of revising SIPs, in many cases (especially at the smaller end of the spectrum) creating websites and preparing implementation statements. Even small schemes are seeing additional year one costs of £5k to £10k and there are, of course, on-

going costs. Therefore, the government need to specify clearly what metrics, governance considerations and disclosures they want, and the asset issuers then need to follow a standardised approach and methodology, which will allow scheme trustees to collate this information and make decisions and disclosures without incurring disproportionate costs.

36. It is therefore important for DWP to listen to the sector/industry as to what implementation timescales are possible; if these duties are brought in prematurely, before asset issuers are in a position to provide the upstream data and before clear standardised methodologies have been developed, then the costs will be greater and disproportionately so, because they will not be balanced against any benefit of schemes being able to adopt better governance/risk management and/or to provide meaningful disclosure (as this will not be possible in the very short term).

37. The likely costs will include consulting fees (which will be significant), especially if the duties are brought in under an unrealistically short timescale. Larger schemes will have the resources to pay consultants, but smaller schemes will not.

38. As mentioned at Q10 above, we note that some schemes will wish to seek independent assurance over their TCFD disclosures, which will have cost implications.

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?***

39. No comment.