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# Net zero for pension schemes: from disclosure to action

Ruth Bryson, Royal London
Bobby Riddaway, HS Trustees Ltd.

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# Agenda

- The climate reporting landscape
- The Trustee Sustainability Working Group
- Royal London's Climate Transition Plan
- Actions for schemes of all sizes

# The climate reporting landscape

**2021-2023**
DWP and FCA introduce climate-related disclosures for large pension schemes, providers and asset managers

**2022-2023**
Industry develops voluntary Transition Plan Taskforce guidelines

Voluntary publication of transition plans begins

**2023-2025**
FCA Sustainability Disclosure Requirements introduces fund labels and additional disclosures for asset managers

**June 2025**
Government, DWP and FCA discussing the future of sustainability reporting and whether to mandate transition plans

# The current status quo is not helping us to understand the risks … or take effective actions

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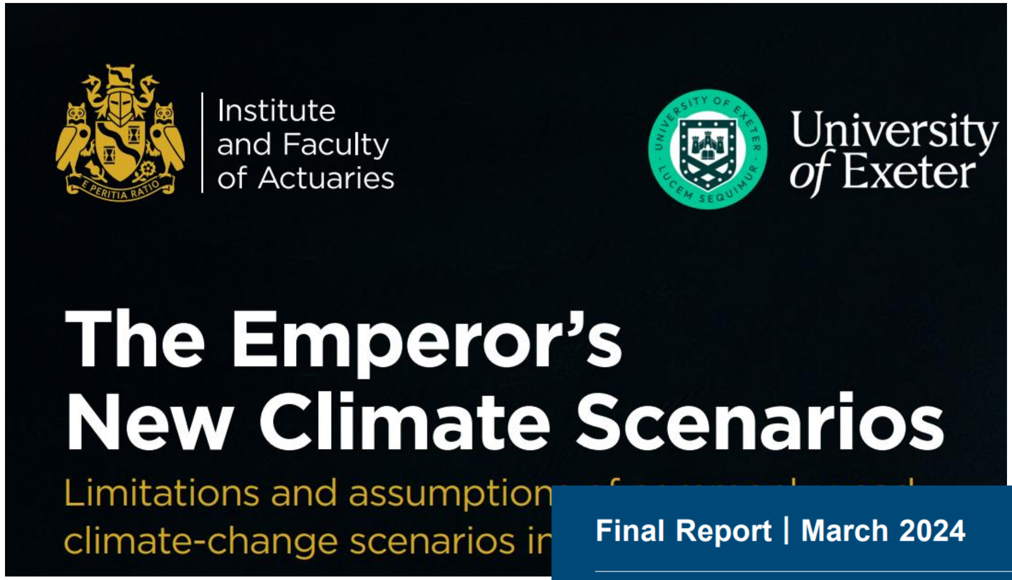
Disproportionate time spent on reporting

Tick-box approach with limited action

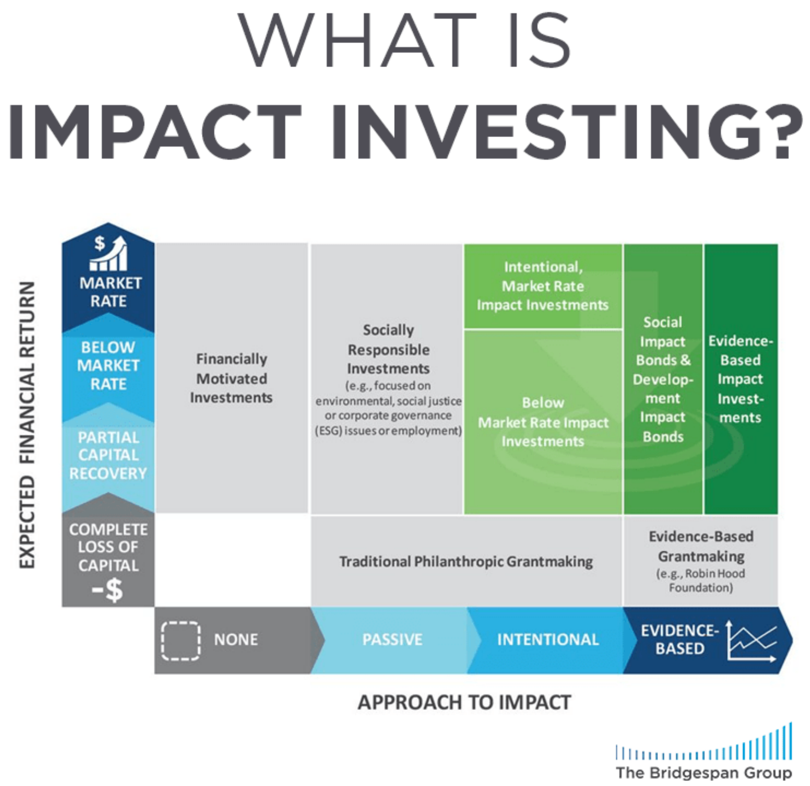
Underestimating the risks to member outcomes

Over-reliance on poorly understood modelling

# Some groups are encouraging new ways of thinking, but we need to collectively change our approach





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# Trustee Sustainability Working Group

Due to the long term frames all pension scheme trustees need to be concerned with sustainability issues. The Trustee Sustainability Working Party gives trustees a voice to ensure all decision makers become aware of what trustees can, and equally important, cannot achieve.

Peter Cameron Brown, ACFV

Delighted to collaborate with passionate, high-calibre professionals from across the pension ecosystem to raise the bar in tackling climate-induced systemic financial risks. It's inspiring to work with colleagues so focused on what truly matters and on making the most meaningful impact—all in a deeply collegial way.

Natalie Waller

I welcome the opportunity to discuss climate change and sustainability, the pressing issue of our time, across trustee firms. It is only with collective action that we can hope to make a real difference.

Natalie Winterfrost, Lawdeb

The TSWG is focussing on all the questions I keep asking consultants without getting a good answer. How do we better understand the risk our members are exposed to and can we do about it?

*APPT are delighted the TSWG is helping trustees to properly understand climate issues and take true action, whatever their scheme sizes. It's refreshing to join a group of knowledgeable people with the ability to create change.*

Sarah Marshall, APPT

I am confident TSWG will help investment consultants up their game when it comes to strategic advice re climate change. The output from much of the modelling is deeply unconvincing.

Mike Clark, Ario Advisory

John Flynn and I, representing member nominated trustees, on behalf of our beneficiaries, are very pleased to be part of a group keen to address the risks and the opportunities of climate change both in terms of pension values, but also of members' standard of living in retirement.

Maggie Rodger, AMNT

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# Royal London’s Climate Transition Plan

| Engagement for change | Net zero investments | Climate-aware investment solutions | Net zero operations |
| --- | --- | --- | --- |
| Companies we invest in | Halve emissions from our investments by 2030 compared to a 2020 baseline | Developing solutions that enable customers and clients to invest in the low-carbon transition | Achieving net zero direct operational emissions by 2030, and for our non-investment value chain by 2050 |
| Policymakers | Net zero emissions by 2050 ($tCO_2e$ /$m invested) | | |
| Industry | | | |

Our commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement, and that the required actions don’t go against our legal and regulatory obligations to our members and customers.

# Royal London’s Climate Transition Plan

**Areas where we expect to have most impact….**

**… through actions within our control**

| Engagement for change | Net zero investments | Climate-aware investment solutions | Net zero operations |
|---|---|---|---|
| Companies we invest in<br>Policymakers<br>Industry | Halve emissions from our investments by 2030 compared to a 2020 baseline<br>Net zero emissions by 2050 ($tCO_2e$ /\$m invested) | Developing solutions that enable customers and clients to invest in the low-carbon transition | Achieving net zero direct operational emissions by 2030, and for our non-investment value chain by 2050 |

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# Supporting actions for Royal London

Developing plausible short-term narrative climate scenarios

Embedding climate change in our Responsible Investment and Stewardship Policy Framework

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# What should pension schemes prioritise?

| Action area | Large schemes and providers | Medium schemes | Small schemes |
| --- | --- | --- | --- |
| **Reporting** | Fit for purpose scenario analysis | Fit for purpose scenario analysis | Review reporting and back initiatives |
| **Investing** | Work to widen fund availability | Check ESG characteristics of new funds | As for medium and back industry initiatives |
| **Policy advocacy** | Keep voice raised and get involved | Ensure consultants and asset managers involved | As for medium schemes |
| **Stewardship** | Revisit general program and ensure climate action fits | Focus on climate policies and ensure fit for purpose | Ask consultant about new industry initiatives |

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Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

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