HM Treasury

Interim Report

Interim Report of the UK's Joint Government-Regulator TCFD Taskforce

Department for Business, Energy & Industrial Strategy

FCA

Department for Work & Pensions

The Pensions Regulator

November 2020

HM Treasury

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Foreword

An introduction from John Glen MP, Economic Secretary to the Treasury and City Minister

The UK has a long history of innovation and resilience in the face of adversity, and we are global leaders in the fight against climate change. While the near-term economic pressures of the COVID-19 pandemic are considerable, in the long term our nation's health, prosperity and stability depends on successfully delivering the transition to a net zero carbon emissions economy.

As the first major economy to legislate for net zero, the UK has led the way globally on tackling climate change. We will use our COP26 Presidency to deliver on the promise of the Paris Agreement, helping to ensure that firms across the world can seize the opportunities presented by the low-carbon transition.

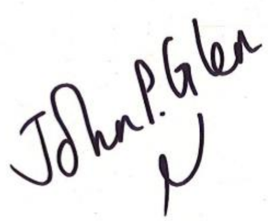
Financial disclosures are a key part of tackling climate change. We were one of the first countries worldwide to endorse, in 2017, the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) – aimed at ensuring climate-related risks and opportunities are priced into financial decision-making. In our 2019 Green Finance Strategy we outlined how we would use the UK's status as a global financial hub to drive the greening of the international financial system, and set an expectation that all UK listed issuers and large asset owners would be making disclosures in accordance with the TCFD's recommendations by 2022. At the time we said we would consider the case for mandatory requirements to ensure the economy moves to full TCFD-aligned disclosure.

Since the Green Finance Strategy, the UK has led the charge on how to achieve economy-wide climate-related financial reporting that is standardised and useful to decision making. Many British companies are reporting at least partially in line with TCFD disclosure requirements, and earlier this year saw consultations published by the Financial Conduct Authority (FCA) and the Department for Work and Pensions (DWP) proposing reporting requirements for premium-listed companies and certain occupational pension schemes. This is vital progress.

However, the climate change challenge is so great that we must take decisive action now. That is why I am delighted that the Government has announced that we intend to introduce fully mandatory climate-related financial disclosure requirements across the UK economy by 2025, with a significant portion of mandatory requirements in place by 2023. This puts us at the forefront of action on green finance globally.

This landmark Report sets out an ambitious and proportionate pathway to meeting that commitment, which will ensure that the right information is available across the economy – from companies in the real economy, to financial services firms, to end-investors – for tackling climate change.

The UK is well known as a global leader on high-quality regulation and as a centre for Green Finance. The consistent and comparable climate-related financial disclosure requirements that we will implement across the economy are vital to ensuring that investors and businesses can make informed decisions about climate risks and opportunities. The approach outlined in this document, and the Government's commitment to mandatory disclosure requirements – working with business and regulators – cements that. We must now deliver on it.



JOHN GLEN

Economic Secretary to the Treasury and City Minister

Introductions from the organisations on the UK's Joint Government-Regulator TCFD Taskforce

I am delighted to see publication of this Roadmap, which is the result of the collaboration across UK Government and regulators. The Bank of England has, over recent years, highlighted the risks the financial system faces from climate change. More recently, our supervisors have set expectations for how firms should manage their climate-related financial risks, including their approach to disclosure. I hope that UK firms will lead the way by responding with credible and detailed disclosures. Over time, this will support more efficient markets and facilitate an orderly transition to zero net emissions.

Andrew Bailey, Governor of the Bank of England and Chair of the Prudential Regulation Committee
Bank of England and Prudential Regulation Authority

Building back greener will not be possible without giving investors and companies all the tools they need to manage climate change-related risks.

Today's Roadmap is an important part of our work to strengthen the UK's position as a global leader on green finance – essential to reach net zero emissions by 2050.

Lord Callanan, Minister for Climate Change and Corporate Responsibility
Department for Business, Energy & Industrial Strategy

In August, I consulted on proposals to introduce new governance and disclosure requirements on occupational pension schemes. These would require trustees to embed climate change as a financial risk into their governance, strategy and risk management processes, in line with the TCFD.

With the Department for Work and Pensions being the first Government Department to consult on such measures, I am pleased to have played a key part delivering a joined-up approach to climate change across Government and regulators.

It is vital that the publication of this Roadmap is not the end of close collaboration between regulators and Government on climate change but the start. We must – and we will – continue to work together to ensure all market participants receive the data and information they need to price in climate change risk and make the necessary changes to their investment strategy. In doing so, we can also ensure that the UK economy is prepared to take advantage of the opportunities, and mitigate the risks, that the transition to Net Zero by 2050 will present.

Guy Opperman MP, Minister for Pensions and Financial Inclusion
Department of Work and Pensions

Supporting the flow of accurate climate-related information along the investment chain is vital if we are to encourage better business, risk and investment decisions, and help the markets allocate capital to the right projects at the right price. That is why the FCA will consult next year on measures that extend our current proposals for TCFD-aligned disclosures to a wider scope of listed issuers. We will also develop proposals for client-focussed disclosures by asset managers, life insurers and FCA-regulated pension schemes. We look forward to continued coordination with Government and regulatory partners as we take this work forward.

Nikhil Rathi, Chief Executive Officer
Financial Conduct Authority

The FRC is pleased that BEIS will consult on requiring Taskforce on Climate-related Financial Disclosure (TCFD) reporting by Public Interest Entities. We welcome this report and strongly support the direction of travel towards mandatory reporting. The FRC also welcomes the proposals by the IFRS Foundation which would see the development of global standards to ensure consistency and comparability of reporting over the longer-term. As an interim step we believe that Public Interest Entities should voluntarily report against the TCFD recommended disclosures supported by the Sustainability Accounting Standards Board metrics for their sector.

Sir Jonathan Thompson, Chief Executive Officer
Financial Reporting Council

I welcome the Roadmap as a vital tool for trustees as they implement the TCFD recommendations, and future regulations, and give greater consideration to the risks and opportunities of climate change. Occupational pension schemes need information from other organisations involved in the Roadmap to effectively manage and disclose climate risk, and practice good stewardship. The coordinated approach laid out in the Roadmap is the step change needed in how organisations think about climate change and will help deliver better outcomes for workplace savers in later life.

Charles Counsell, Chief Executive Officer
The Pensions Regulator

Chapter 1

The case for mandatory TCFD-aligned disclosures

1.1 While we continue to focus on the pandemic, tackling climate change remains a priority for government, industry and regulators, both in the UK and internationally.

1.2 Efforts to rebuild the global economy need to focus on supporting a 'green recovery'; a clean, inclusive and resilient recovery with concern for our environment at its heart. As co-president of COP26, the UK is committed to leadership in increasing climate ambition and upholding the Paris Agreement and the 2030 Agenda for Sustainable Development as crucial frameworks for guiding the recovery from the COVID-19 pandemic.

1.3 High-quality disclosure about how organisations and assets will be impacted by – and impact – environmental change will improve transparency, encouraging better informed pricing and capital allocation. This in turn should drive investment in more sustainable projects and activities.

1.4 To support complete, high-quality disclosures that will be useful in decision-making the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) published a set of recommendations in 2017 (Box 1).

1.5 The TCFD's recommendations will be key in improving organisations' disclosures of climate-related financial risks and opportunities to support efficient and informed capital allocation in the transition to a lower-carbon economy.

1.6 The UK Government was one of the first to endorse the TCFD's recommendations. In its Green Finance Strategy last year, the Government set an expectation that all listed issuers and large asset owners would be disclosing in line with the TCFD's recommendations by 2022.

1.7 An officials-led UK Taskforce of regulators and Government departments was established to consider how the expectation in the Green Finance Strategy could be met. This is chaired by HM Treasury and attended by the following organisations: the Department for Business, Energy and Industrial Strategy (BEIS); the Department for Work and Pensions (DWP); the Local Government Pension Scheme (LGPS); the Bank of England (the Prudential Regulation Authority (PRA)); the Financial Conduct Authority (FCA); the Financial Reporting Council (FRC); and the Pensions Regulator (TPR).

The pandemic has highlighted the need to rise to the challenge ahead of us…

1.8 The Government is working towards a recovery from the pandemic that is clean and resilient, preparing the UK economy to meet tomorrow's challenges. The aim is to foster a recovery that will reduce risk and increase the UK's resilience to the threat posed by climate change.

1.9 Tackling climate change should contribute to the UK's economic recovery. The UK has already shown that growing the economy while cutting emissions *is* achievable; over the past three decades the UK economy has grown by 75% while cutting emissions by 43%.[1] The UK intends to build on this progress to ensure a 'green recovery' from the COVID-19 pandemic.

Box 1. Taskforce on Climate-related Financial Disclosures (TCFD)

The TCFD is a private sector led group convened by the Financial Stability Board in 2015 to "develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material risks".

The TCFD's final report, published in June 2017, sets out overarching recommendations in four thematic areas: governance; strategy; risk management; and metrics and targets. Beneath these sit 11 recommended disclosures that provide more granular detail on the information to be disclosed under each of the recommendations.

The design and structure of the recommendations are intended to provide the market with decision-useful, forward-looking information on how organisations are addressing climate-related risks and opportunities in their activities.

In delivering the TCFD's final report, the chair of the TCFD, Michael Bloomberg, anticipated that the widespread adoption of the recommendations would help ensure that "the effects of climate change become routinely considered in business and investment decisions", and help organisations "better demonstrate responsibility and foresight in their consideration of climate issues". In doing so, implementation of TCFD-aligned disclosures will promote "smarter, more efficient allocation of capital, and help smooth the transition to a more sustainable, low-carbon economy".

The financial sector has a crucial role to play, but better climate-related information is needed…

1.10 Banks, insurers, asset owners and asset managers are well placed to identify the risks and the opportunities of climate change. The financial system can therefore play a key role in accelerating the economy-wide transition to net-zero emissions, both by financing the transition and by addressing systemic financial risks to support a more resilient economy.

1.11 Markets need the right information if they are to align their activities with the transition of the UK and global economy as the UK seeks to deliver on its climate targets. A better flow of information on the risks and opportunities posed by climate change will ensure informed and efficient capital allocation, and encourage a more orderly transition by helping to channel investment to organisations that are supporting the transition to a lower-carbon economy.

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[1] Please see: BEIS (2020). Final UK greenhouse gas emissions national statistics; ONS (2020). Gross Domestic Product: chained volume measures.

1.12 If information on organisations' climate-related exposures is incomplete or of poor quality, the future risks to individual financial firms and to financial stability could be considerable.

There has been considerable progress, but many organisations are not yet making sufficiently complete or high-quality climate-related disclosures…

1.13 The TCFD's recommendations have already attracted considerable support internationally. More than 1400 organisations worldwide – spanning non-financial and financial organisations – have now formally indicated their support for the recommendations.

1.14 Despite widespread endorsement of the TCFD's recommendations, many organisations are not yet making the decision-useful disclosures that markets and other stakeholders need to inform their business, risk and investment decisions. The latest TCFD status report concludes that, while there has been a lot of progress, there is more work to do.

1.15 This is consistent with evidence included in recent consultations by the Financial Conduct Authority (FCA) and the Department for Work and Pensions (DWP).

- The FCA observed that, even where companies have established governance, strategy and risk management arrangements that help directors to assess the impacts of climate change on their businesses, they often do not fully describe the nature and scope of these arrangements in their disclosures. The FCA referenced research findings showing that, in 2019, on average across the TCFD's 11 recommended disclosures, only around a third of (premium-listed) companies were making the relevant reports.

- The Minister for Pensions and Financial Inclusion wrote to 50 of the largest occupational pension schemes in October last year, requesting information on their climate strategy and disclosure. Only 13 per cent of respondents were making disclosures in line with all of the TCFD's recommended disclosures, or expressed a clear intention to be doing so in the next year. There was a similar message in recent analysis of asset owners' and asset managers' disclosures by the UN Principles for Responsible Investment.

1.16 More progress is being made in those sectors where regulatory action has already been taken. In particular, banks and insurers have already begun to take action in response to the Bank of England's Supervisory Statement (SS3/19), issued by the Prudential Regulation Authority (PRA) in April 2019.

1.17 A 'Dear CEO Letter', published by the PRA in July 2020, observed that "most firms are making good progress in developing approaches to identify, assess, manage, report and disclose climate-related financial risks and have started to embed them in associated governance and control structures". However, the PRA still observed that "best practice continues to evolve" and highlighted a number of gaps between firms' intentions and the PRA's supervisory expectations.

The UK Taskforce is charting a path towards mandatory TCFD-aligned climate-related disclosures to help accelerate progress…

1.18 Given the urgency of the climate threat, a voluntary approach to climate-related financial disclosure may not be sufficient. The Government and regulators have concluded that the UK should consider moving towards mandatory TCFD-aligned disclosures across non-financial and financial sectors of the UK economy over the next five years, with most action occurring over the first three years, to help accelerate progress.

1.19 Mandatory TCFD-aligned disclosures would require that organisations provide decision-useful information to help:

- (i) build awareness of climate-related risks, opportunities and impacts across the economy
- (ii) integrate assessment and management of these risks, opportunities and impacts
- (iii) inform investment decisions, improving market effectiveness through more efficient pricing and allocation of capital, empowering stewardship and driving economic change to support the transition to a lower carbon economy and resilience to physical climate risks
- (iv) stimulate the development of green financial products – and competition between providers of these products – with follow on benefits for consumers.

Presenting a Roadmap towards mandatory TCFD-aligned disclosures…

1.20 In the next section, the UK Taskforce presents a Roadmap towards mandatory TCFD-aligned disclosures, which sets out a series of indicative milestones over the coming years. It charts a path towards comprehensive and high-quality information on how climate-related risks and opportunities are being managed across the UK economy.

1.21 A number of companies and financial services firms have already made significant investments in the resources and tools they need to integrate climate risk into their business, risk and investment decisions. However, the UK Taskforce recognises that some organisations are still developing their capabilities – particularly where disclosures rely on data analysis, modelling and scenario analysis.

1.22 The Roadmap recognises that quality TCFD-aligned disclosure is a journey for every organisation and that different sectors may need to go at different paces.

Setting objectives beyond disclosures…

1.23 In promoting the TCFD's recommendations, the UK Taskforce aims not only to improve the flow of information, but also to foster a step change in how organisations think about climate-related risks and opportunities.

1.24 Spanning governance, strategy, risk management and metrics and targets, the TCFD's recommendations encourage organisations to behave more strategically, to manage risks better and to ensure they are fit for the future.

Ongoing work with industry and international government and regulatory counterparts…

1.25 Organisations in the UK Taskforce are committed to continuing their work with industry and international counterparts to provide guidance and clarify expectations in this area.

1.26 As part of this, the Government – in consultation with regulators – will aim to drive progress in the Private Finance Agenda for UN Climate Summit (COP26) in November 2021 that the UK is leading with Italy.

Chapter 2

A Roadmap towards mandatory climate-related disclosures

The Roadmap sets out an indicative path towards mandatory TCFD-aligned disclosures…

2.1 The Roadmap sets out an *indicative* path for the introduction of regulatory rules and legislative requirements over the next five years, with most action occurring over the first three years. It illustrates how coverage of disclosures could increase each year as potential new measures come into force, subject to the outcomes of relevant regulators' and Government departments' consultation processes and other statutory requirements, such as cost-benefit analysis.

2.2 The Roadmap presents a coordinated strategy for seven categories of organisation: listed commercial companies; UK-registered companies; banks and building societies; insurance companies; asset managers; life insurers and FCA-regulated pension schemes; and occupational pension schemes.[2]

2.3 A coordinated approach across these categories of organisation will help to ensure that the right information on climate-related risks and opportunities is available across the investment chain – from companies in the real economy, to financial services firms, to end-investors.

2.4 With clarity on the indicative path towards mandatory disclosures, organisations in each category should consider taking the necessary steps now to build their capabilities and iteratively refine their climate-related data and resulting disclosures.

2.5 The UK Taskforce recognises the challenges that organisations face in the current environment. However, if these steps are taken now, the UK Taskforce expects that by 2023 climate reporting will be more comprehensive, removing obstacles that arise from the flow of information along the investment chain. An important focus of the regulators' work over the coming years will be to help facilitate this evolution in climate disclosure.

It is anticipated that implementation measures will be introduced, incrementally, by relevant regulators and Government departments…

2.6 The design and institutional scope of proposals in each category of organisation, and the implementation milestones, are necessarily indicative in the Roadmap. In each case, the details of implementation will be determined by the relevant regulator or Government department – subject, among other

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[2] This scope aligns broadly with the sectoral scope envisaged by the TCFD. The composition of each category is described in more detail in the notes on each category-level Roadmap in Figure 2, with further detail in the Annex.

things, to consultation and cost-benefit analysis. Consultation processes are ongoing and, in some cases, are yet to begin.

2.7 For some categories of organisation, it is anticipated that disclosure obligations will be introduced – at least initially – with some flexibility in the compliance basis to take account of known data limitations or other challenges.

2.8 For example, organisations may provide a reasoned explanation if they have not made complete disclosures; alternatively, the relevant regulations may allow for disclosures to be made on an "as far as able" basis. Where this is the case, details are provided in the Annex.

The implementation path presented in the Roadmap builds on initial steps already taken…

2.9 Initial steps to introducing TCFD-aligned disclosures have already been taken in respect of certain listed companies, banks and building societies, insurance companies and occupational pension schemes. These actions, taken by the FCA, the Bank of England (through the PRA) and DWP, respectively, are reflected in the Roadmap.

2.10 Building on these initial steps, the Department for Business, Energy and Industrial Strategy is planning to consult on measures for UK-registered companies. The FCA is also proposing further measures for asset managers, life insurers and FCA-regulated pension schemes. Though not reflected in the Roadmap, the Ministry of Housing, Communities and Local Government (MHCLG) also intends to consult in 2021 on implementation in the Local Government Pension Scheme by 2023.

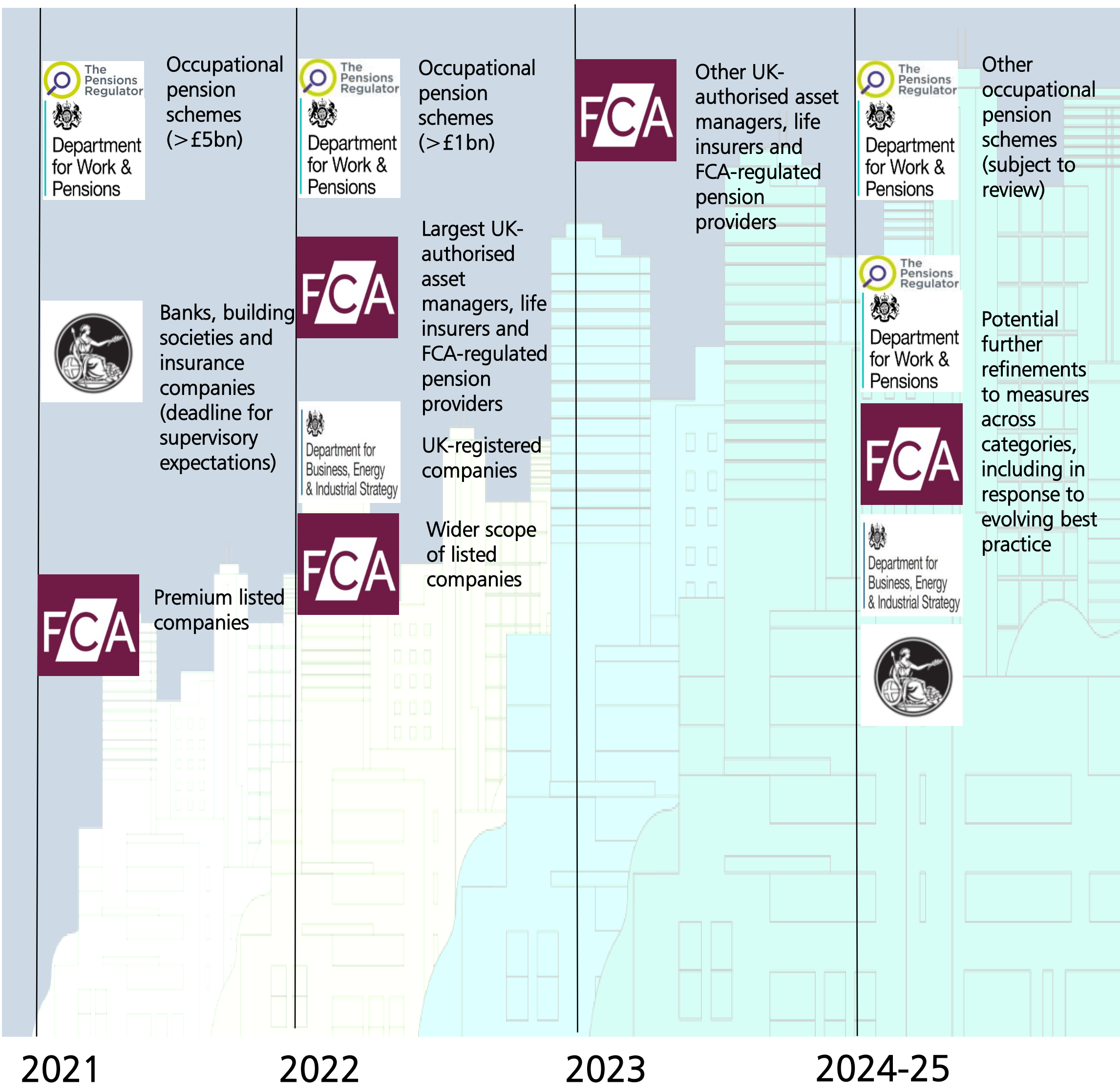
The Roadmap sets out a series of actions to be taken by regulators and Government departments over the next five years…

2.11 Figure 1 presents a consolidated timeline of planned or potential regulatory actions or legislative measures over the next five years. The figure shows that measures are planned in each of the seven categories of organisation, with most of these expected to come into force by 2023, subject to the outcomes of relevant consultation processes and other statutory requirements.

2.12 Further details of these actions are presented in the category-level Roadmaps in Figure 2.

Figure 1. Roadmap towards mandatory TCFD-aligned disclosures

Timeline of planned or potential regulatory actions or legislative measures



The Roadmap illustrates rising coverage of disclosures over the next three years…

2.13 Figure 2 illustrates how the coverage of supervisory expectations, disclosure rules or legislative requirements is expected to rise over the coming years. The bars denote the percentage coverage of regulatory disclosure rules or legislation (pink) or the PRA's supervisory expectations (blue) at each point in the timeline. Where these measures are subject to the outcome of current or planned consultations, this is indicated in Figure 2.[3] See Box 2 for further interpretation of the figures.

[3] The percentage coverage of disclosures in each category is calculated with reference to a relevant measure of assets, market capitalisation or turnover. To reflect the different nature of the organisations in each category, the measure differs across the seven categories. For listed commercial companies, the UK Taskforce has used market capitalisation; for large private companies (which is a subset of the 'UK-registered companies' category, for the purposes of Figure 2(b)), the UK Taskforce has used turnover; for banks, building societies and insurance

Box 2. Interpretation of the Roadmap

Note that there is some overlap between the categories.[1] For instance, some banks, building societies and insurance companies are also listed commercial companies or UK-registered companies and may fall within the scope of the proposals of one or both of those categories. Figures 2(c) and (d) indicate the percentage of banks', building societies' and insurance companies' assets that may become subject to those proposed requirements. No additional regulatory requirements are proposed at this time specifically for the bank, building society or insurance sectors; the PRA continues, through its supervisory expectations and engagement, to embed climate-related financial reporting for these firms by end-2021. The PRA will review disclosures after this deadline and determine whether additional measures are required.

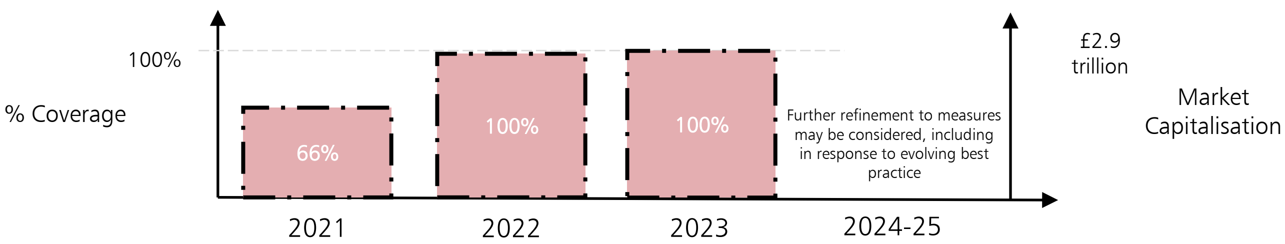
There is also likely to be some overlap in coverage between asset managers, life insurers and FCA-regulated pension schemes and firms that will be covered by disclosure expectations either as listed issuers or at the group level as insurance companies under the PRA's supervisory expectations. However, the focus of potential dedicated disclosures for asset managers, life insurers and FCA-regulated pension schemes (in Figures 2(e) and (f)) is on information that will be decision useful to clients and end investors.

This is consistent with guidance developed by the TCFD for asset owners and asset managers, which emphasises that the principal source of climate exposure for these organisations is likely to be the assets they manage on behalf of clients and end investors, rather than their own balances sheets.

[1]Relevant regulators and Government departments are coordinating their various implementation measures and are committed to ensuring that partially overlapping measures are coherent and complementary.

Figure 2. Roadmaps towards mandatory TCFD-aligned disclosures for each category of organisation

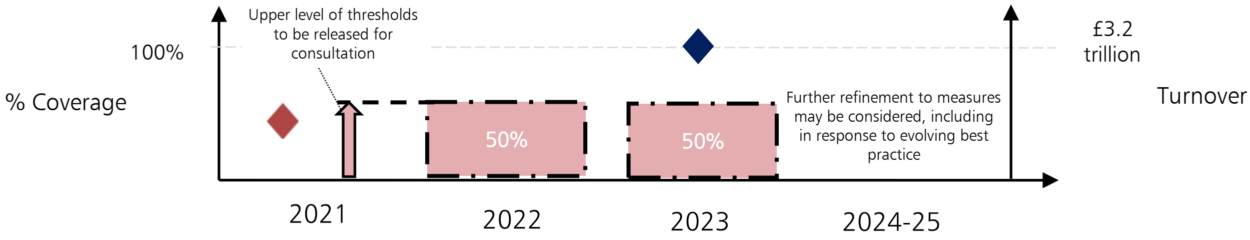
(a) Listed commercial companies



Note: This category of organisation comprises all premium listed commercial companies, and all issuers of standard listed shares (excluding listed funds) on the FCA's Official List. The maximum potential coverage is calculated, for illustrative purposes, as the total market capitalisation of these issuers (based on end-September 2020 figures). The bars represent the indicative percentage of the total market capitalisation of this category that could be covered by the disclosures at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Note that implementation of TCFD-aligned disclosures for listed open- and closed-ended investment companies will be considered alongside implementation for asset managers. Source: FCA Official List, London Stock Exchange; UK Taskforce calculations.

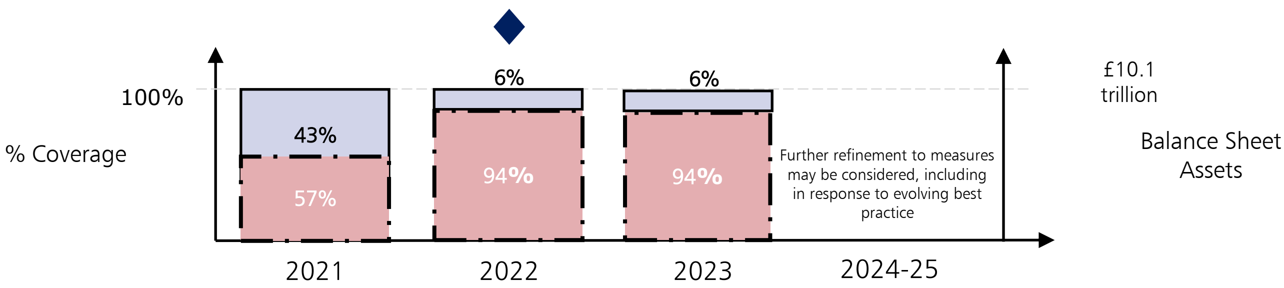
companies, the measure applied is balance sheet assets; and for asset managers, life insurers, FCA-regulated pension schemes and occupational pension schemes, the measure is assets under management or asset value.

(b) *UK-registered large private companies*



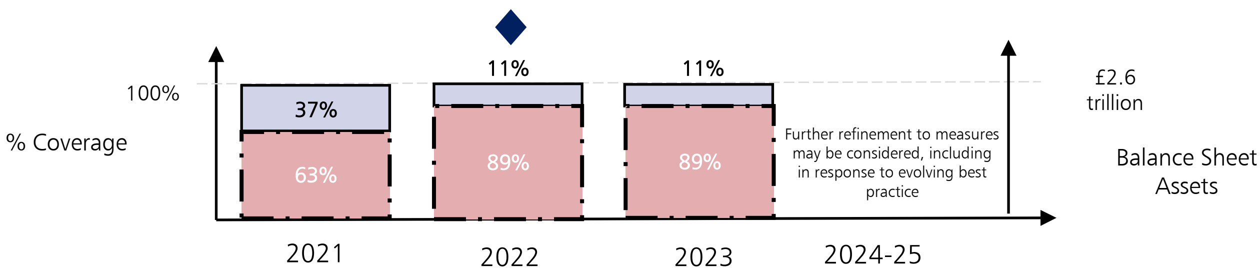
Note: This figure presents the Roadmap for a subset of UK-registered companies, focussing specifically on large private companies. The maximum potential coverage of UK-registered large private companies is calculated as the total turnover of private companies above the thresholds of a 'medium company' set by the Companies Act (and based on current figures). The bars represent the indicative percentage of large private companies that could be covered by disclosure requirements at each point in the timeline, subject to the outcome of future policy development, consultation, and other regulatory processes. The proposed regulations would also cover UK-registered companies more broadly, including listed companies and other publicly quoted companies. UK-registered companies that are also covered by the FCA's proposed Listing Rule are captured in Figure 2(a). Source: UK Taskforce calculations.

(c) *Banks and building societies*



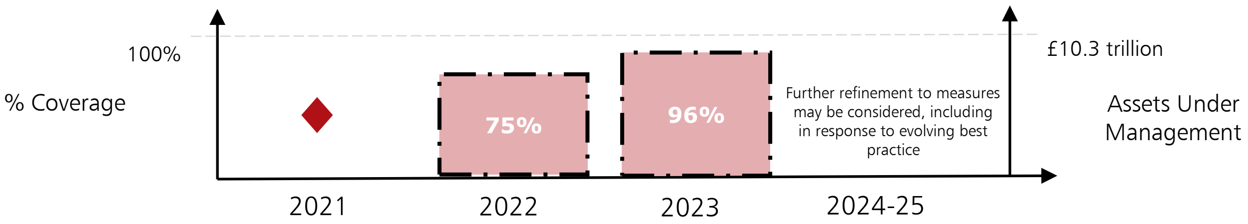
Note: This category of organisation includes all UK PRA-regulated banks, building societies, PRA-designated investment firms, and their groups. The maximum potential coverage is calculated, for illustrative purposes, as the total balance sheet assets of these organisations at 31 December 2019. All of these organisations are subject to PRA supervisory expectations to disclose their climate-related financial risks and opportunities by end-2021. The PRA will review disclosures after this deadline and determine whether additional measures are required. The percentage coverage under regulation/legislation (pink) represents an indicative percentage of balance sheet assets that could be additionally covered at each point in the timeline by the proposed disclosure requirements for listed commercial companies and UK-registered companies, detailed in Figures 2(a) and 2(b) above. These proposed disclosure requirements are subject to the outcome of future policy development, consultation, and other regulatory processes. Source: UK Taskforce calculations.

(d) *Insurance companies*



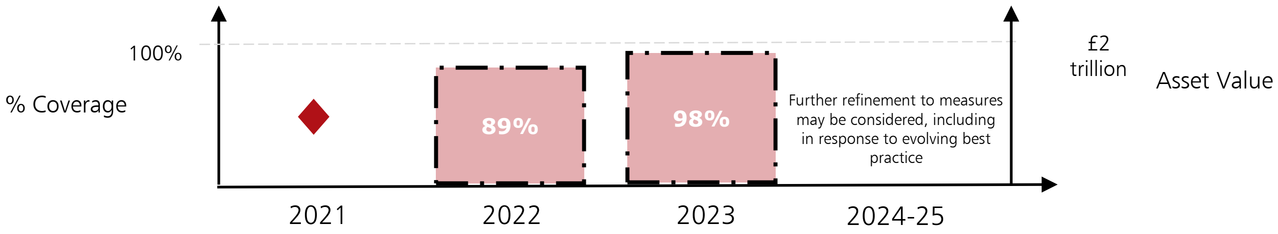
Note: This category of organisation includes all UK PRA-regulated insurance and reinsurance firms and groups. The maximum potential coverage is calculated, for illustrative purposes, as the total balance sheet assets of these organisations at 31 December 2019. All of these organisations are subject to PRA supervisory expectations to disclose their climate-related financial risks and opportunities by end-2021. The PRA will review disclosures after this deadline and determine whether additional measures are required. The percentage coverage under regulation/legislation (pink) represents an indicative percentage of balance sheet assets that could be additionally covered at each point in the timeline by the proposed disclosure requirements for listed commercial companies and UK-registered companies, detailed in Figures 2(a) and 2(b) above. These proposed disclosure requirements are subject to the outcome of future policy development, consultation, and other regulatory processes. Source: UK Taskforce calculations.

(e) Asset Managers



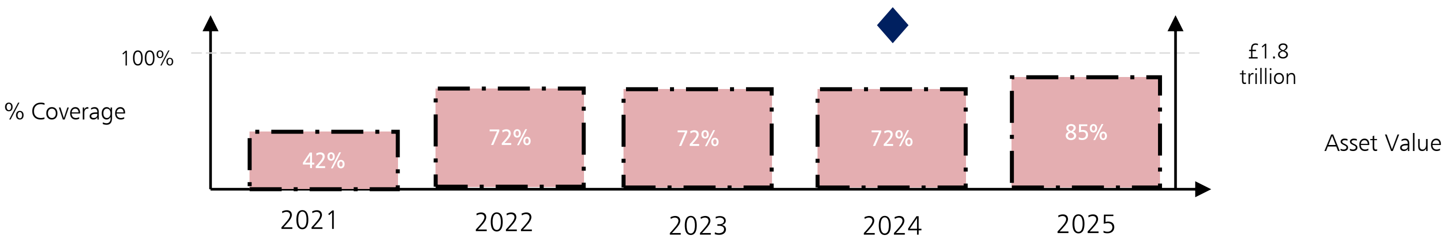
Note: This category of organisation comprises UK-authorised asset managers, defined as (i) Markets in Financial Instruments Directive (MiFID) investment firms who provide portfolio management services; (ii) alternative investment fund managers (AIFMs), including small authorised AIFMs that have managing permissions; (iii) UCITS management companies; and UCITS funds without an external management company. Note that the required disclosures would be directed towards clients and end-investors, rather than shareholders. The maximum potential coverage in the figure represents, for illustrative purposes, these firms' total assets under management (based on most recent illustrative regulatory returns data). The bars represent the indicative percentage of the total assets under management of this category that could be covered by disclosure requirements at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Note that implementation of TCFD-aligned disclosure requirements for listed open- and closed-ended investment companies will be considered in parallel. Source: FCA-regulated firms' regulatory returns; UK Taskforce calculations.

(f) Life insurers and FCA-regulated pension schemes

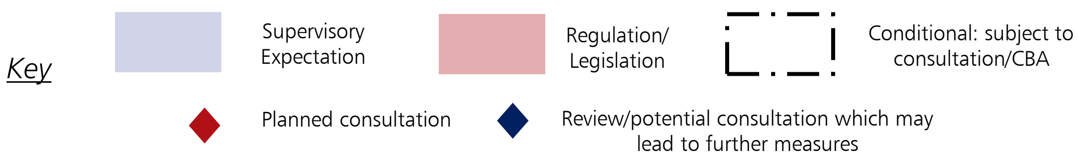


Note: This category of organisation comprises life insurers and FCA-regulated pension scheme providers. The maximum potential coverage in the figure represents, for illustrative purposes, the total asset value of these firms' long-term life insurance businesses (based on most recent data). Note that the required disclosures would be directed towards clients and end-investors, rather than shareholders. The bars represent the indicative percentage of this total asset value that could be covered by disclosure requirements at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Source: Regulated life insurers' regulatory returns to the PRA under Solvency II; UK Taskforce calculations

(g) Occupational Pension Schemes



Note: This category of organisation comprises all occupational pension schemes that are regulated by DWP. The maximum potential coverage in the figure is for illustrative purposes only and represents the total asset value of all schemes based on current data. The bars represent the indicative percentage of this total asset value that could be covered by the regulations at each point in the timeline subject to the outcome of consultation and review. The data excludes Public Service Pension Schemes, Small Self-Administered Schemes (SSASs) and Executive Pension Schemes (EPSs). Source: Data provided to The Pensions Regulator via scheme returns. DWP have consulted on a proposal to carry out a review in 2024 on extending the scope of measures adopted to some schemes with less than £1bn in assets. For illustrative purposes, Figure 2(g) shows an increased indicative coverage of occupational pension scheme assets of 85%.



Chapter 3

Key considerations in developing the Roadmap

3.1 While implementation measures will be taken by the relevant regulator or Government department, the UK Taskforce is promoting a coordinated, measured and proportionate approach across sectors.

3.2 To this end, the UK Taskforce has identified some common key considerations that are likely to be relevant to matters such as scope, the design of disclosure expectations and the phasing of implementation.

Regulators and Government departments will assess organisational characteristics to ensure proportionate implementation…

3.3 Within any category of organisation, a number of organisational characteristics could impact the costs and benefits of TCFD implementation. The relevant regulator or Government department will need to assess these when developing a measured, proportionate approach.

3.4 For instance, the *benefits* of mandatory disclosures are likely to increase with an organisation's size (e.g. a listed company's market capitalisation, or an investor's assets under management), its wider connections to the real economy or societal impact, or the level of dependence on its information by others in the investment chain (e.g. investors or clients).

3.5 In general, UK Taskforce member organisations recognise that it may not be proportionate for smaller or less connected organisations to undertake detailed disclosure at this time. However, some smaller organisations, such as financial services firms with monoline business models, may attract high concentrations of climate risk. It is therefore important that such firms develop their understanding of these risks.

3.6 On the *cost* side, it may take longer for smaller, less connected or less complex organisations to put relevant processes in place to meet these disclosures. Smaller organisations may also have access to fewer resources and less expertise. The proportional cost may therefore be higher for such organisations.

3.7 Taking these matters into account, each sectoral regulator should consider thresholds for the implementation of disclosures within each category of organisation.

Over time, it is likely to be necessary to set more detailed disclosure expectations…

3.8 UK Taskforce member organisations agree that the TCFD's principles-based recommendations form a sound basis to enhance climate-related disclosures across the UK economy.

3.9 However, to promote consistent, comparable and enforceable disclosures, it may become necessary to supplement the principles-based approach with more detailed expectations – particularly in relation to quantitative disclosures (e.g. metrics, targets and scenarios). The UK authorities may in due course consider implementing more specific, detailed disclosure requirements. As set out below, these would optimally be achieved through international disclosure standards, as they are developed.

3.10 In the meantime, as appropriate, the relevant regulator or Government department may consider issuing guidance or non-binding expectations. For instance, organisations may be encouraged to have regard to relevant metrics in existing reporting frameworks when making TCFD-aligned disclosures. UK Taskforce member organisations will separately continue to work with international counterparts to influence and promote standard-setting initiatives, including ahead of the UN Climate Summit.

A phased implementation approach may be appropriate in some cases…

3.11 In some sectors, it may be appropriate to phase the introduction of mandatory disclosures, perhaps by initially introducing rules or requirements with some flexibility in the compliance basis – e.g. to allow issuers and firms additional time to develop their capabilities and fill data gaps. Other factors may also impact the timing of moving towards mandatory disclosures. The following matters will be taken into account by the relevant regulator or Government department:

(i) *Capabilities and data*. Capabilities are still evolving in some sectors, and data challenges still need to be resolved; a phased approach may therefore be necessary, at least for some of the quantitative disclosures.

(ii) *Legislation*. Where new legislation is required to implement new requirements – either in the target sector or an interdependent sector – legislative timelines will be taken into account in developing the implementation timeline.

(iii) *Consultation processes*. Sectoral regulators need to consult publicly on proposed new rules, and fulfil other statutory requirements such as cost-benefit analysis, necessarily extending the implementation timeframe.

(iv) *Implementation lead-times*. Even once potential new disclosure rules/ requirements are finalised, in-scope organisations may need to be granted a lead time to build systems, controls and processes to support compliance.

The strategy in some sectors will build on existing expectations…

3.12 Furthermore, in implementing their strategies, UK Taskforce member organisations will take account of existing expectations. If measures are already in place, but have not yet had time to mature, this may justify a delay to the implementation of supplemental requirements.

3.13 For instance, in the banking and insurance sectors, climate-related financial disclosures are already reflected in existing PRA policy, in the form of Supervisory Statement 3/19 (SS3/19). The deadline for full embedding of the supervisory expectations outlined in SS3/19 is 31 December 2021. The PRA will perform a review of firms' published disclosures in 2022, which it will use to inform its decision whether to introduce further measures to improve quantity, quality or consistency.

3.14 Similarly, PRA-regulated firms are required to disclose material risks within their Pillar 3 disclosure, but may choose to disclose climate risks through a combination of audited financial statements, the annual report and Pillar 3 disclosures.

Chapter 4
Next steps

UK regulators and Government departments will progress strategies in the Roadmap…

4.1 In the coming years, UK Taskforce member organisations will take forward the strategies outlined in the seven category-level roadmaps, subject to consultation and other statutory requirements.

4.2 The UK Taskforce will continue to monitor the progress of the cross-sectoral implementation strategy to ensure that a coordinated approach is maintained. As part of this, the UK Taskforce will continue to meet, exchanging views on challenges faced by organisations within the scope of their respective rules and sharing best practice.

4.3 The Government will provide an update on progress in the 2022 refresh of the Green Finance Strategy.

UK Taskforce member organisations will continue to work with industry to assist implementation…

4.4 Continued close engagement with industry will be essential as organisations build and evolve their capabilities to meet the climate change challenge.

4.5 As an example, the FCA and the PRA jointly established and co-chair the Climate Financial Risk Forum (the Forum), which brings together senior industry representatives and financial regulators to advance financial sector responses to the financial risks and opportunities presented by climate change.

4.6 In June 2020, the Forum published a well-received industry guide that should help firms assess and report on their climate-related risks. Over the next year, the Forum is looking to refine and build upon the recommendations in the guide, and to undertake a thematic piece of work on metrics, data and methodologies.

Comparability of disclosures is important – both within the UK and internationally…

4.7 Disclosures are most useful if they permit comparison within and across sectors, and are consistent over time. This means they can be more reliably used in decision-making.

4.8 As noted, the UK Taskforce expects that it may be necessary, in due course, to consider setting more detailed expectations for disclosures to supplement TCFD recommendations. This would enhance consistency and comparability across UK organisations. But given the interlinkages between UK organisations and the global economy, it is not enough for disclosures to be comparable across UK organisations. It is also important to be able to compare UK organisations with those in other jurisdictions.

Common disclosure standards could play an important role in ensuring comparability...

4.9 The TCFD has led the way in setting a framework for climate jurisdictions, and in improving the quality and coverage of disclosures, but it is not a standard-setting body.

4.10 To achieve a high level of comparability across jurisdictions, consistent disclosures are required. The UK Taskforce considers that, if arrived at sufficiently quickly, this would optimally be achieved through international standards for climate-related and other sustainability disclosures. To this end, the UK Taskforce strongly supports the International Financial Reporting Standards (IFRS) Foundation's proposal to create a new, global Sustainability Standards Board, as well as complementary work underway on harmonisation by an alliance of voluntary standard-setting organisations.

UK regulators and Government departments will continue to work with international organisations to support a consistent approach to climate disclosures...

4.11 UK Taskforce member organisations are engaged in a number of international initiatives with a focus on disclosures.

4.12 For example, the Bank of England supports the Network for Greening the Financial System on its recommendation for the development of an internationally consistent disclosure framework and also backs the FSB's and TCFD's efforts to enhance the quality and quantity of disclosures.

4.13 The FCA is also co-chairing a workstream on companies' sustainability disclosures launched in the summer by the Taskforce on Sustainable Finance that the International Organisation for Securities Commissions (IOSCO) established following the publication of a report on securities regulators' role in sustainable finance.

4.14 The report observed issues arising from multiple and diverse sustainability standards, and significant gaps in climate reporting, including among TCFD signatories. IOSCO is engaging closely with the standard-setting initiatives referenced above.

As and when progress is made towards international standards for climate disclosures, UK Taskforce member organisations will consider how these might be implemented in the UK...

4.15 Any future international standards on climate disclosure would be most valuable if they were applied in a consistent manner, and with consistent timing, across relevant sectors of the UK economy.

4.16 UK Taskforce member organisations will therefore closely monitor any developments on this issue and consider in due course an appropriate process for possible endorsement and implementation of international standards.

Annex A

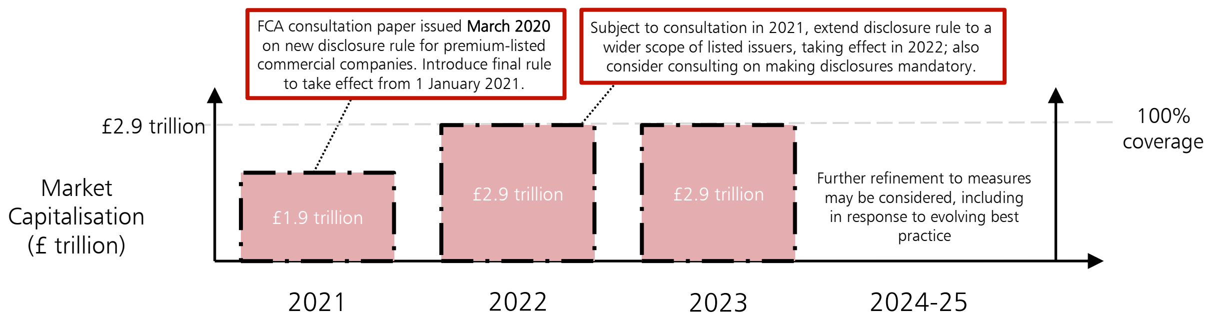
Summary of the implementation approach by category

Listed commercial companies

FCA

Strategy and Status	**Strategy:** Include TCFD-aligned disclosure rules in FCA Listing Rules. UK-registered listed companies that meet certain criteria may also be subject to proposed Companies Act provisions (see Annex for 'UK-registered companies' below). **Status:** FCA consulted on initial proposals (CP 20/3), March 2020. FCA proposed a new TCFD-aligned disclosure rule for commercial companies with a UK premium listing. Consultation closed 1 October. Generally positive feedback. **Next steps:** Aiming to finalise rules and publish Policy Statement by end-2020. BEIS' planned consultation in 2021 on proposed obligations in the Companies Act 2006 may capture certain UK-registered listed companies within its scope (see below). FCA will consult on proposed new rules for a wider scope of listed issuers in the first half of 2021, coordinating as appropriate with BEIS, and will also consider consulting on making the disclosures mandatory.
Proposed scope	**Initial:** Commercial companies with a UK premium listing on the FCA's Official List. As of end-September 2020, this scope included 467 in-scope companies, with a market capitalisation of £1.9 trillion (including some banks and insurers). **Future:** Extend to a wider scope of listed commercial companies; to be determined. For illustrative purposes, the figure below presents an extended scope including all issuers of standard listed shares on the FCA's Official List (excluding listed funds). This includes a further 213 issuers; market capitalisation of approx. £950 billion. Note that disclosures for listed open-/closed-ended investment companies will be considered alongside those for asset managers.
Mechanism	**Listing Rules:** Proposed rules in the FCA's Listing Rules Sourcebook. Initial rule will require commercial companies with a UK premium listing to state whether they have disclosed in line with the TCFD's recommendations or to explain why disclosures have not been made. Future proposed rules would apply to a wider scope of issuers. Also considering consulting on making the disclosures mandatory.
Phasing of implementation	**Phase 1:** Further to consultation, the FCA plans to implement the new TCFD-aligned disclosure rule for commercial companies with a UK premium listing to take effect from 1 January 2021. The FCA is considering providing guidance on the limited circumstances in which the FCA would expect an issuer to provide an explanation, rather than make disclosures. **Phase 2:** The FCA will consult in the first half of 2021 on proposed new rules for a wider scope of issuers, coordinating as appropriate with BEIS' consultation on TCFD-aligned disclosure obligations in the Companies Act. The FCA will also consider consulting on making the disclosures mandatory.

Timing and coverage – listed commercial companies



Note: This category of organisation comprises all premium-listed commercial company issuers of equity, and all issuers of standard listed shares (excluding listed funds) on the FCA's Official List. The maximum potential coverage is calculated, for illustrative purposes, as the total market capitalisation of these issuers (based on end-September 2020 figures). The bars represent the indicative percentage of the total market capitalisation of this category that could be covered by the disclosures at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Source: FCA Official List, London Stock Exchange; UK Taskforce calculations.

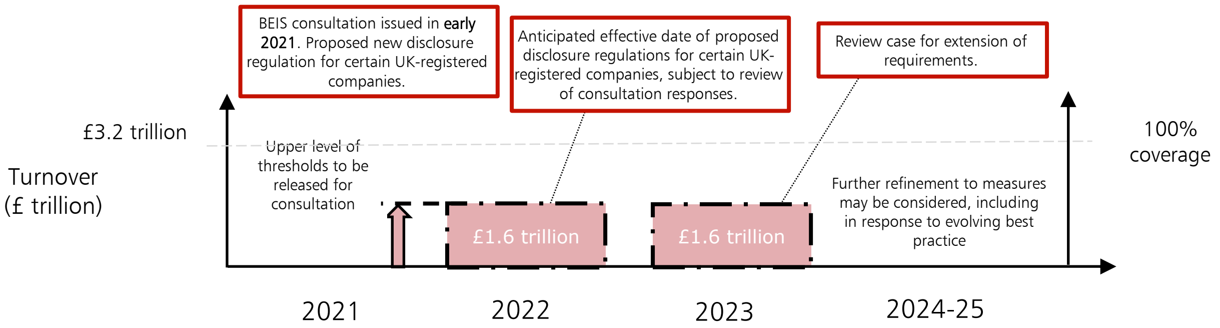
Supervisory Expectation | Regulation/ Legislation | Conditional: subject to consultation/CBA

UK-registered companies

BEIS

Strategy and Status	**Strategy:** Require companies registered in the UK, including very large private companies, to make TCFD-aligned disclosures in their annual report and accounts. Obligation to be included in the Companies Act 2006. Scope of provisions will also include certain UK-registered companies that are above the thresholds for a medium company, and listed (see 'Listed Commercial Companies' Annex above) or otherwise publicly quoted. **Status:** BEIS developing detailed policy proposals. Engaging in pre-consultation. **Next steps:** BEIS expects to issue public consultation on new Companies Act 2006 obligations in early 2021. Regulations laid in Commons and (subject to Parliamentary time) made in mid-2021.
Proposed scope	**Initial scope:** Companies registered in the UK, including very large private companies. Scope yet to be determined; under consideration as part of pre-consultation. Two options under consideration are: • Those asked to report against a corporate governance code such as the Wates Principles. This would cover approximately £1.6 trillion of turnover by private companies. • Those that may fall within a revised definition of Public Interest Entities (PIEs) as a result of wider audit and corporate governance reforms. This may include certain listed, other publicly quoted and private companies. Scope is yet to be determined, so turnover has not been estimated in this Roadmap. • Further scope options may be consulted upon. **Future scope:** Review the case for expanding the scope of the regulations in 2023.
Mechanism	**Regulation:** Proposed new regulation in the Companies Act 2006. Specifically, the Government will consult on requiring TCFD disclosures in the Strategic Report of companies' annual report and accounts, and further options may be consulted upon.
Phasing of implementation	**Phase 1:** Subject to the outcome of consultation, cost-benefit analysis, and regulations being made in the Commons, regulations will come into force in 2022. **Phase 2:** The Government would consult further before expanding the scope of the regulations following the review in 2023.

Timing and coverage – UK-registered large private companies



Note: This figure presents the roadmap for a subset of UK-registered companies, focussing specifically on large private companies. The maximum potential coverage of UK-registered large private companies is calculated as the total turnover of private companies above the thresholds of a 'medium company' set by the Companies Act (and based on current figures). The bars represent the indicative percentage of large private companies that could be covered by the disclosures at each point in the timeline, subject to the outcome of future policy development, consultation, and other regulatory processes. The proposed regulations would also cover UK-registered companies more broadly, including certain listed companies and other publicly quoted companies. UK-registered companies that are also covered by the FCA's proposed Listing Rule are captured in Figure 2(a).
Source: UK Taskforce calculations.

Supervisory Expectation | Regulation/ Legislation | Conditional: subject to consultation/CBA

Banks, building societies and insurance companies

PRA

Strategy and Status

Strategy: To support implementation of existing and new measures to optimise the quality and consistency of climate disclosure.

Status: The PRA has powers relating to firms' Pillar 3 (P3) disclosures, which include requirements relating to capital adequacy and other risks that firms face. Existing rules mandate P3 disclosures for material risks, so the PRA is working intensively to optimise P3 disclosure by supporting firms in building their risk identification and assessment capabilities and improving the representation of the resultant data in their P3 reporting.

In April 2019, the PRA issued Supervisory Statement 3/19 (SS3/19), followed in July 2020 by a letter from the PRA's CEO to firms, which included sector-wide feedback on progress against SS3/19 implementation and a 31 December 2021 deadline for full embedding. These set out the PRA's expectations for firms to disclose their risks from climate change. The majority of the largest PRA-regulated firms are also likely to be subject to proposed disclosure requirements from the FCA and BEIS (subject to consultation and cost-benefit analysis). These supervisory expectations and proposed disclosure requirements are reflected in the 'timing and coverage' charts below.

Next steps: The PRA will perform a review of firms' published disclosures in 2022, which it will use to inform its decision whether to introduce further measures to improve quantity, quality or consistency. If such measures are required the PRA would expect to consult.

Proposed scope

Initial scope: All PRA-regulated banks, building societies and insurance companies are currently subject to the supervisory expectations set out in SS3/19. That equates to 214 banks (total assets: £10.1 trillion); and 264 insurers (total assets: £2.6 trillion), where:

- 'banks' refers to UK banks, building societies, PRA-designated investment firms, and their groups; and
- 'insurers' refers to UK insurance and reinsurance firms and groups (i.e. those in scope of Solvency II including the Society of Lloyd's and managing agents and non-Solvency II firms).

Future scope: If the PRA's 2022 review concludes further measures are required, the PRA would expect to consult on their scope. As such, the charts below do not include any new mandatory requirements that may be put in place as a result of the 2022 review.

In 2021, the indicative percentage coverage of PRA-regulated firms' group total assets subject to proposed disclosure requirements via the listing rules and Companies Act, subject to consultation, could be approximately 57% (banks) and 63% (insurers). Those figures are expected to rise in 2022 to approximately 94% (banks) and 89% (insurers).

Mechanism

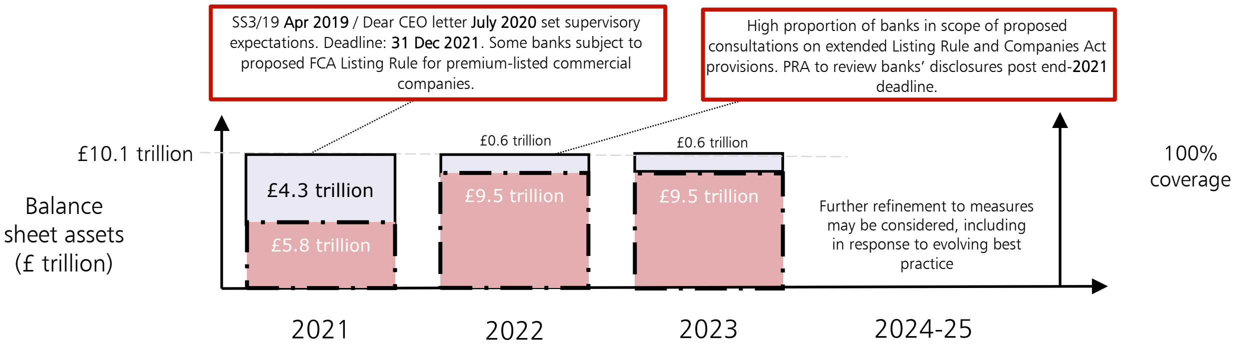
PRA Rules: The PRA may consider the targeted use of its general rule making power to require PRA firms to make TCFD disclosures (e.g. where other regulatory initiatives do not already require such disclosures). If the PRA decides to make rules it would be required to consult publicly and provide a cost-benefit analysis.

Phasing of implementation

Phase 1: Period to 31 Dec 2021: PRA supports firm's development of disclosure capabilities.

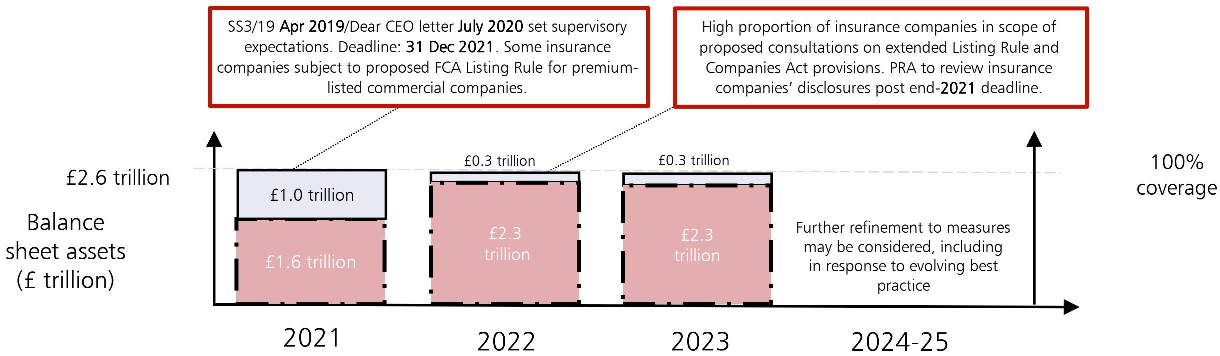
Phase 2: Period from 1 January 2022: PRA reviews quality of firms' 2021 disclosures. If mandatory requirements found to be necessary, public consultation and implementation will follow.

Timing and coverage – banks and building societies



Note: This category of organisation includes all UK PRA-regulated banks, building societies, PRA-designated investment firms, and their groups. The maximum potential coverage is calculated, for illustrative purposes, as the total balance sheet assets of these organisations at 31 December 2019. All of these organisations are subject to PRA supervisory expectations to embed risk reporting and disclose their financial risks from climate change by end-2021. The percentage coverage under regulation/legislation (pink) represents an indicative percentage of balance sheet assets that could be additionally covered at each point in the timeline by the proposed disclosures for listed commercial companies and UK-registered companies, detailed in the preceding Annexes. These proposed disclosures are subject to the outcome of future policy development, consultation, and other regulatory processes. Source: UK Taskforce calculations.

Timing and coverage – insurance companies



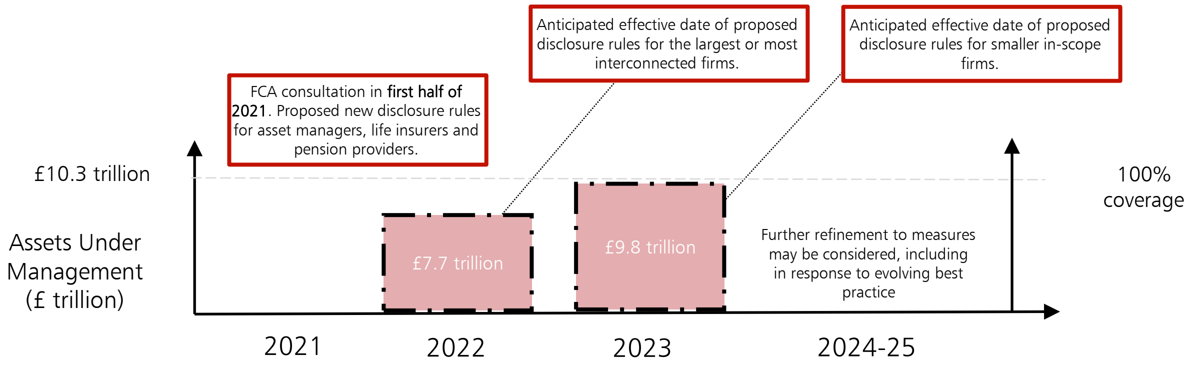
Note: This category of organisation includes all UK PRA-regulated insurance and reinsurance firms and groups. The maximum potential coverage is calculated, for illustrative purposes, as the total balance sheet assets of these organisations at 31 December 2019. All of these organisations are subject to PRA supervisory expectations to embed risk reporting and disclose their financial risks from climate change by end-2021. The percentage coverage under regulation/legislation (pink) represents an indicative percentage of balance sheet assets that could be additionally covered at each point in the timeline by the proposed disclosures for listed commercial companies and UK-registered companies, detailed in the preceding Annexes. These proposed disclosures are subject to the outcome of future policy development, consultation, and other regulatory processes. Source: UK Taskforce calculations.

Asset managers, life insurers and FCA-regulated pension schemes

FCA

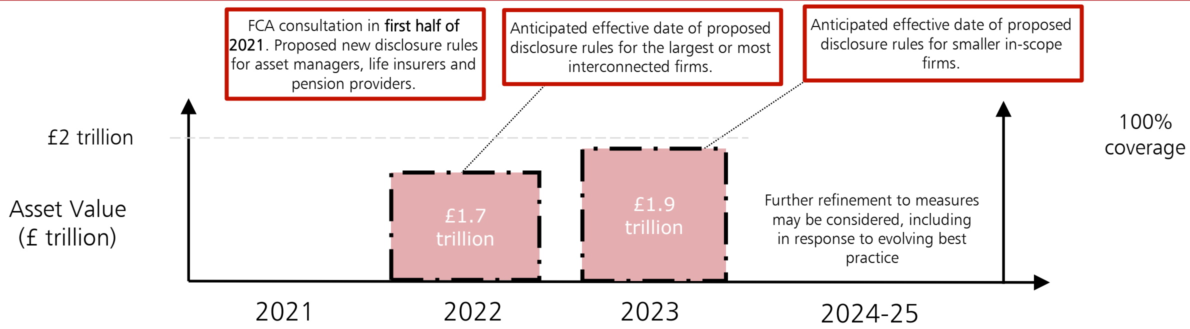
Strategy and Status	Strategy:	FCA intends to consult on potential TCFD-aligned disclosure rules directed at **clients and end-investors** for UK-authorised asset managers, life insurers and FCA-regulated pension providers.
	Status:	FCA is developing detailed policy proposals for consultation.
	Next steps:	Publish consultation paper in the first half of 2021.
Proposed scope	Scope:	The FCA is considering the appropriate scope of proposed rules, with a view to promoting TCFD-aligned disclosures **directed at clients and end-investors** by firms responsible for setting investment strategy and making investment decisions on behalf of institutional and retail investors. Note that implementation of TCFD-aligned disclosures for listed open- and closed-ended investment companies will be considered in parallel. The FCA will carefully refine the scope as detailed proposals are developed, considering applying thresholds to ensure that the obligations are proportionate. The figures presented below provide an *illustrative* scope of application.
Mechanism	Proposal:	Proposed new FCA rules for in-scope firms. The FCA is considering consulting on TCFD-aligned disclosure rules, directed towards providing decision-useful information to existing and prospective clients and end-investors. It is anticipated that proposals would include: disclosure of strategy, policies and processes at the firm level, covering relevant recommended disclosures; complemented by more targeted disclosures at the fund or portfolio level. The scope of funds or portfolios that may be captured under these proposals has yet to be determined; the FCA would expect to set a scope that prioritised the information needs of UK clients and end-investors. Given the global nature of the industry, there will be interactions with related international initiatives, including those that derive from the EU's Sustainable Finance Action Plan. Proposed TCFD-aligned requirements would as far as possible be consistent with and complementary to these initiatives.
Phasing of implementation	Timing:	Subject to consultation, cost-benefit analysis and other statutory requirements, the FCA would aim to finalise rules by the end of 2021, with these coming into force in 2022. The FCA will consider phasing the obligations, initially introducing fully TCFD-aligned disclosure rules for the largest or most interconnected firms. A longer implementation timeframe, or phased introduction of certain measures, will be considered for other in-scope firms.* **The figures below present, for illustrative purposes, phased timing of implementation, beginning in 2022 with UK-authorised asset managers with assets under management in excess of £50 billion; and life insurers and pension providers with policy asset values in excess of £25 billion. The high coverage reflects the concentrated nature of these markets. The figures assume that a threshold would be applied when the obligations were introduced for other in-scope firms in the second phase (2023) to exclude very small firms (subject to the outcome of consultation and cost-benefit analysis).*

Timing and coverage – asset managers



Note: This category of organisation comprises UK-authorised asset managers, defined as (i) MiFID investment firms who provide portfolio management services; (ii) alternative investment fund managers (AIFMs), including small authorised AIFMs that have managing permissions; (iii) UCITS management companies; and UCITS funds without an external management company. The maximum potential coverage in the figure represents, for illustrative purposes, these firms' total assets under management (based on most recent illustrative regulatory returns data). The bars represent the indicative percentage of the total assets under management of this category that could be covered by the disclosures at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Note that the required disclosures would be directed towards clients and end-investors, rather than shareholders. Source: FCA-regulated firms' regulatory returns; UK Taskforce calculations

Timing and coverage – life insurers/FCA-regulated pension schemes



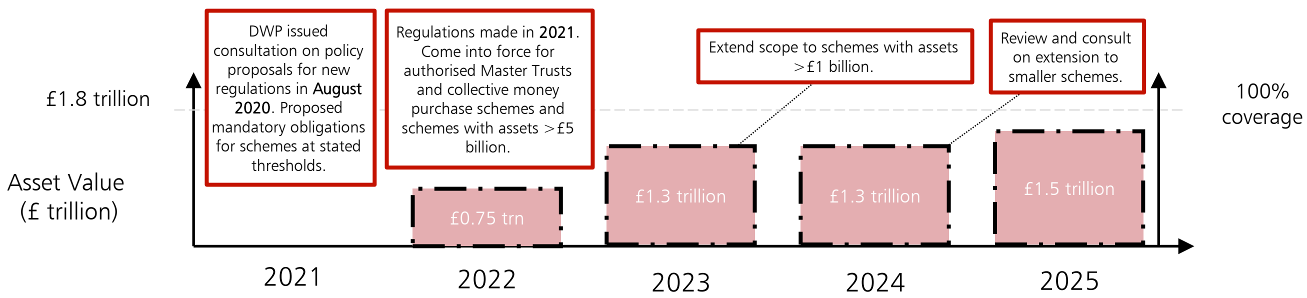
Note: This category of organisation comprises life insurers and FCA-regulated pension scheme providers. The maximum potential coverage in the figure represents the total asset value of these firms' long-term life insurance businesses (based on most recent data). The bars represent, for illustrative purposes, the indicative percentage of this total asset value that could be covered by the disclosures at each point in the timeline, subject to the outcome of future policy development, consultation and other regulatory processes. Note that the required disclosures would be directed towards clients and end-investors, rather than shareholders. Source: Regulated life insurers' regulatory returns to the PRA under Solvency II (2019); UK Taskforce calculations.

Occupational Pension Schemes

DWP
TPR

Strategy and Status	**Strategy:** Amendments to the Pension Schemes Bill, to include powers to make regulations and issue statutory guidance to implement TCFD. **Status:** Consultation on initial proposals, August 2020. Proposed new obligation for occupational pension schemes with more than £1 billion in assets under ownership, as well as authorised Master Trusts (defined multi-employer schemes) and authorised collective money purchase schemes to publish TCFD-aligned reports, as well as to meet underlying governance requirements, on a phased basis. **Next steps:** Consultation on draft regulations to follow in early 2021. Subject to consultation and Royal Assent, first governance requirements to apply from October 2021.
Proposed scope	**From Oct 2021:** All occupational pension schemes with ≥ £5bn in assets under ownership, all authorised Master Trusts (103 schemes, £750 billion) and all authorised collective money purchase schemes would be in scope of climate governance and TCFD-aligned requirements. **From Oct 2022:** All occupational pension schemes with ≥ £1bn in assets under management, all authorised Master Trusts (367 schemes, £1.3 trillion) and all authorised collective money purchase schemes would be in scope **2024:** Review and subsequently consult on proposals to bring schemes with less than £1 billion in assets into scope.
Mechanism	**New regulations:** Subject to consultation, and the Bill gaining Royal Assent, DWP proposes to make new regulations to map fully the TCFD recommendations into pensions law. This would include accompanying statutory guidance to outline the matters to which trustees must have regard in complying with the regulations.
Phasing of implementation	**As far as trustees are able:** Subject to consultation, DWP proposes to make regulations requiring compliance with all of the TCFD recommendations for those occupational pension schemes in scope. However, in relation to Scenario Analysis and Metrics & Targets, trustees would be required to comply "as far as they are able" when obtaining data.

Timing and coverage



Note: This category of organisation comprises all occupational pension schemes that are regulated by DWP. The maximum potential coverage in the figure is for illustrative purposes only and represents the total asset value of all schemes based on current data. The bars represent the indicative percentage of this total asset value that could be covered by the regulations at each point in the timeline subject to the outcome of consultation and review. The data excludes Public Service Pension Schemes, Small Self-Administered Schemes (SSASs) and Executive Pension Schemes (EPSs). Source: Data provided to The Pensions Regulator via scheme returns.

Supervisory Expectation
Regulation/ Legislation
Conditional: subject to consultation/CBA

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