

SCHEDULE

Regulations 3 to 6

PART 1

Climate change governance etc. requirements

Governance

1. Trustees must establish and maintain oversight of the climate-related risks and opportunities which are relevant to the scheme.

Commencement Information

I1 Sch. para. 1 in force at 1.10.2021, see **reg. 1(1)**

2. Trustees must establish and maintain processes for the purpose of satisfying themselves that—
- (a) any person who undertakes scheme governance activities otherwise than as a trustee, takes adequate steps to identify, assess and manage any climate-related risks and opportunities which are relevant to the governance activities they are undertaking; and
 - (b) any person who is not a legal adviser of the trustees and who advises or assists the trustees with respect to scheme governance activities, takes adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters in respect of which they are advising or assisting.

Commencement Information

I2 Sch. para. 2 in force at 1.10.2021, see **reg. 1(1)**

Strategy

3. Trustees must, on an ongoing basis, identify climate-related risks and opportunities which they consider will have an effect over the short term, medium term and long term on the scheme's investment strategy and where the scheme has a funding strategy, the funding strategy.

Commencement Information

I3 Sch. para. 3 in force at 1.10.2021, see **reg. 1(1)**

4. For the purpose of paragraph 3, the time periods which comprise the short term, medium term and long term are such time periods as the trustees determine are appropriate taking into account the scheme's liabilities and its obligations to pay benefits.

Commencement Information

I4 Sch. para. 4 in force at 1.10.2021, see **reg. 1(1)**

5. Trustees must, on an ongoing basis, assess the impact of the climate-related risks and opportunities which they have identified on the scheme's investment strategy and where the scheme has a funding strategy, the funding strategy.

Changes to legislation: There are currently no known outstanding effects for the The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. (See end of Document for details)

Commencement Information

I5 Sch. para. 5 in force at 1.10.2021, see **reg. 1(1)**

6. Trustees must, as far as they are able, undertake scenario analysis which considers the matters in paragraph 7 in at least two scenarios where there is an increase in the global average temperature and in one of those scenarios the global average temperature increase selected by the trustees must be within the range of 1.5 degrees Celsius above pre-industrial levels to and including 2 degrees Celsius above pre-industrial levels.

Commencement Information

I6 Sch. para. 6 in force at 1.10.2021, see **reg. 1(1)**

- 7.** For the purposes of paragraph 6, the matters are—
- (a) the potential impact on the scheme’s assets and liabilities of the effects of the global average increase in temperature and of any steps which might be taken (by governments or otherwise) because of the increase in temperature in these scenarios;
 - (b) the resilience of the scheme’s investment strategy in these scenarios; and
 - (c) where the scheme has a funding strategy, the resilience of the funding strategy in these scenarios.

Commencement Information

I7 Sch. para. 7 in force at 1.10.2021, see **reg. 1(1)**

- 8.** The scenario analysis required by paragraph 6 must be undertaken—
- (a) in the first scheme year in respect of which the requirements of this Part apply to the trustees; and
 - (b) thereafter in accordance with paragraph 11.

Commencement Information

I8 Sch. para. 8 in force at 1.10.2021, see **reg. 1(1)**

9. For the purposes of paragraph 8(a), trustees may rely on scenario analysis undertaken on any day, or days, in the first scheme year in respect of which the requirements of this Part apply, including any day before the requirements apply.

Commencement Information

I9 Sch. para. 9 in force at 1.10.2021, see **reg. 1(1)**

10. Trustees must, in each scheme year except the first scheme year in respect of which the requirements of this Part apply, review the most recent scenario analysis they have undertaken and determine whether it is appropriate to undertake new scenario analysis to ensure they have an up to date understanding of the matters set out in paragraph 7 in at least two scenarios as set out in paragraph 6.

Commencement Information

I10 Sch. para. 10 in force at 1.10.2021, see **reg. 1(1)**

11. Where—

- (a) the trustees have determined in accordance with paragraph 10 that it is appropriate to undertake new scenario analysis; or
- (b) the trustees have not undertaken scenario analysis in the two previous scheme years,

the trustees must undertake new scenario analysis which meets the requirements specified in paragraphs 6 and 7.

Commencement Information

I11 Sch. para. 11 in force at 1.10.2021, see **reg. 1(1)**

Risk management

12. Trustees must establish and maintain processes for the purpose of enabling them to identify and assess climate-related risks which are relevant to the scheme.

Commencement Information

I12 Sch. para. 12 in force at 1.10.2021, see **reg. 1(1)**

13. Trustees must establish and maintain processes for the purpose of enabling them to manage effectively climate-related risks which are relevant to the scheme.

Commencement Information

I13 Sch. para. 13 in force at 1.10.2021, see **reg. 1(1)**

14. Trustees must ensure that the processes required by paragraphs 12 and 13 are integrated into their overall risk management of the scheme.

Commencement Information

I14 Sch. para. 14 in force at 1.10.2021, see **reg. 1(1)**

Metrics and targets

15. Trustees must in the first scheme year in respect of which the requirements of this Part apply and, where applicable, in a first scheme year of re-application, select a minimum of—

- (a) one absolute emissions metric;
- (b) one emissions intensity metric; ^{F1}...
- [^{F2}(ba) one portfolio alignment metric; and]
- (c) one additional climate change metric,

to calculate in relation to the scheme's assets.

Textual Amendments

- F1** Word in Sch. para. 15(b) omitted (1.10.2022) by virtue of [The Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022 \(S.I. 2022/733\)](#), regs. 1(1), **2(2)(a)(i)** (with reg. 3)
- F2** Sch. para. 15(ba) inserted (1.10.2022) by [The Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022 \(S.I. 2022/733\)](#), regs. 1(1), **2(2)(a)(ii)** (with reg. 3)

Commencement Information

- I15** Sch. para. 15 in force at 1.10.2021, see [reg. 1\(1\)](#)

16. Trustees must from time to time, as appropriate to the scheme, review metrics which they have selected in accordance with paragraph 15 or 17.

Commencement Information

- I16** Sch. para. 16 in force at 1.10.2021, see [reg. 1\(1\)](#)

17. Where, following a review in accordance with paragraph 16, the trustees determine that it is appropriate to replace one of their selected metrics, they must select a replacement metric of the same type to calculate in relation to the scheme's assets.

Commencement Information

- I17** Sch. para. 17 in force at 1.10.2021, see [reg. 1\(1\)](#)

18. Subject to paragraph 19, trustees must in each scheme year, as far as they are able—
- (a) obtain the scope 1, scope 2 and scope 3 greenhouse gas emissions attributable to the scheme's assets;
 - (b) use the data obtained to calculate their selected absolute emissions metric and selected emissions intensity metric; and
 - (c) use the metrics they have calculated to identify and assess the climate-related risks and opportunities which are relevant to the scheme.

Commencement Information

- I18** Sch. para. 18 in force at 1.10.2021, see [reg. 1\(1\)](#)

19. In the first scheme year in respect of which the requirements of this Part apply, the trustees are not required to obtain the scope 3 greenhouse gas emissions attributable to the scheme's assets.

Commencement Information

- I19** Sch. para. 19 in force at 1.10.2021, see [reg. 1\(1\)](#)

^{F3}19A. Trustees must in each scheme year, as far as they are able—

- (a) obtain the data required to calculate their selected portfolio alignment metric;

- (b) use the data obtained to calculate that metric in relation to the scheme's assets; and
- (c) use the metric they have calculated to identify and assess the climate-related risks and opportunities which are relevant to the scheme.]

Textual Amendments

- F3** Sch. para. 19A inserted (1.10.2022) by [The Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022 \(S.I. 2022/733\)](#), regs. 1(1), **2(2)(b)** (with regs. 3, 4)

20. Trustees must in each scheme year, as far as they are able—

- (a) obtain the data required to calculate their selected additional climate change metric;
- (b) use the data obtained to calculate that metric in relation to the scheme's assets; and
- (c) use the metric they have calculated to identify and assess the climate-related risks and opportunities which are relevant to the scheme.

Commencement Information

- I20** Sch. para. 20 in force at 1.10.2021, see [reg. 1\(1\)](#)

21. For the purposes of paragraphs 18 [^{F4}, 19A] and 20 trustees may, in the first scheme year in respect of which the requirements of this Part apply, rely on data obtained, calculations performed, and identification and assessment of climate-related risks and opportunities undertaken on any day, or days, in that first scheme year, including any day before the requirements apply.

Textual Amendments

- F4** Word in Sch. para. 21 inserted (1.10.2022) by [The Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022 \(S.I. 2022/733\)](#), regs. 1(1), **2(2)(c)** (with regs. 3, 4)

Commencement Information

- I21** Sch. para. 21 in force at 1.10.2021, see [reg. 1\(1\)](#)

22. Trustees must in the first scheme year in respect of which the requirements of this Part apply, and, where applicable, in a first scheme year of re-application, set a target for the scheme in relation to one of the metrics which they have selected to calculate.

Commencement Information

- I22** Sch. para. 22 in force at 1.10.2021, see [reg. 1\(1\)](#)

23. Trustees must in each scheme year, including the first scheme year in respect of which the requirements of this Part apply and, where applicable, in a first scheme year of re-application—

- (a) measure, as far as they are able, the performance of the scheme against the target they have set in accordance with paragraph 22 or 24; and
- (b) taking into account that performance, determine whether the target should be retained or replaced.

Commencement Information

I23 Sch. para. 23 in force at 1.10.2021, see **reg. 1(1)**

24. Where trustees have determined in accordance with paragraph 23(b) that a target should be replaced, they must set a new target for the scheme in relation to one of the metrics which they have selected to calculate.

Commencement Information

I24 Sch. para. 24 in force at 1.10.2021, see **reg. 1(1)**

General and interpretation

25. Where this Part provides that trustees must meet a requirement “as far as they are able”, the trustees are required to take all such steps as are reasonable and proportionate in the particular circumstances taking into account—

- (a) the costs, or likely costs, which will be incurred by the scheme; and
- (b) the time required to be spent by the trustees, or any person to whom the trustees have delegated responsibility,

in taking such steps.

Commencement Information

I25 Sch. para. 25 in force at 1.10.2021, see **reg. 1(1)**

26. In this Part—

“absolute emissions metric” means a metric which gives the total greenhouse gas emissions attributable to the scheme’s assets;

“additional climate change metric” means a metric relating to climate change which is not an absolute emissions metric or an emissions intensity metric [^{F5}or a portfolio alignment metric];

“emissions intensity metric” means a metric which gives the total greenhouse gas emissions attributable to the scheme’s assets per unit of currency;

“emissions” in relation to a greenhouse gas has the meaning given by section 97 of the Climate Change Act 2008⁽¹⁾;

“first scheme year of re-application” means the first scheme year in respect of which the requirements of this Part are re-applied to the trustees in accordance with regulation 3(4), 4(4) or 5(4) and where this occurs more than once, it means the first scheme year in respect of which the requirements are re-applied to the trustees on each of those occasions;

“greenhouse gas” has the meaning given by [^{F6}section 92(1)(a) to (f)] of the Climate Change Act 2008;

[^{F7}“portfolio alignment metric” means a metric which gives the alignment of the scheme’s assets with the climate change goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels;]

“scheme year” has the meaning given by regulation 2;

(1) 2008 c. 27.

“scope 1” in relation to greenhouse gas emissions means all direct emissions from the activities of an entity or activities under its control;

“scope 2” in relation to greenhouse gas emissions means indirect emissions from electricity purchased and used by an entity which are created during the production of energy which the entity uses;

“scope 3” in relation to greenhouse gas emissions means all indirect emissions from activities of the entity, other than scope 2 emissions, which occur from sources that the entity does not directly control.

Textual Amendments

- F5** Words in Sch. para. 26 inserted (1.10.2022) by The Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022 (S.I. 2022/733), regs. 1(1), **2(2)(d)(i)**
- F6** Words in Sch. para. 26 substituted (3.2.2023) by The Climate Change (Targeted Greenhouse Gases) Order 2023 (S.I. 2023/118), arts. 1(2), **4(1)**
- F7** Words in Sch. para. 26 inserted (1.10.2022) by The Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022 (S.I. 2022/733), regs. 1(1), **2(2)(d)(ii)**

Commencement Information

- I26** Sch. para. 26 in force at 1.10.2021, see **reg. 1(1)**

PART 2

Information to be included in a report under regulation 6

- 27.** A statement describing—
- how the trustees maintain oversight of climate-related risks and opportunities which are relevant to the scheme;
 - the role of any person who otherwise than as a trustee undertakes scheme governance activities, in identifying, assessing and managing any climate-related risks and opportunities which are relevant to those governance activities and the process by which the trustees satisfy themselves that the person is taking adequate steps to identify, assess and manage the climate-related risks and opportunities;
 - the role of any person who, otherwise than as a legal adviser of the trustees, advises or assists the trustees with respect to scheme governance activities and the process by which the trustees satisfy themselves that the person is taking adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters in respect of which they are advising or assisting;
 - the climate-related risks and opportunities which the trustees have identified in accordance with paragraph 3;
 - the time periods which the trustees have determined should comprise the short term, medium term and long term in accordance with paragraph 4;
 - the impact of the climate-related risks and opportunities assessed in accordance with paragraph 5 on the scheme’s investment strategy and, where the scheme has a funding strategy, the impact of those risks and opportunities on the funding strategy;

Changes to legislation: There are currently no known outstanding effects for the The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. (See end of Document for details)

- (g) the most recent scenarios which the trustees have analysed in accordance with paragraphs 6 and 7;
- (h) the potential impacts on the scheme's assets and liabilities which the trustees have identified in the most recent scenarios they have analysed in accordance with paragraphs 6 and 7 and, if the trustees have not been able to obtain data to identify potential impacts for all of the assets of the scheme, why this is the case;
- (i) the resilience of the scheme's investment strategy and where the scheme has a funding strategy, the resilience of the funding strategy, in the most recent scenarios the trustees have analysed in accordance with paragraphs 6 and 7;
- (j) in cases where paragraph 10 applies and the trustees have determined not to undertake new scenario analysis, the trustees' reasons for this determination;
- (k) the processes which the trustees have established in accordance with paragraph 12 for identifying and assessing climate-related risks which are relevant to the scheme;
- (l) the processes which the trustees have established in accordance with paragraph 13 for managing climate-related risks which are relevant to the scheme;
- (m) how the processes required by paragraphs 12 and 13 are integrated into the trustees' overall risk management of the scheme;
- (n) the metrics which the trustees have calculated in accordance with paragraphs 18 ^[F8], 19A] and 20 and, if the trustees have not been able to obtain data to calculate the metrics for all of the assets of the scheme, why this is the case;
- (o) the target which the trustees have set in accordance with paragraph 22 or paragraph 24 and the performance of the scheme against that target as measured in accordance with paragraph 23(a).

Textual Amendments

F8 Word in [Sch. para. 27\(n\)](#) inserted (1.10.2022) by [The Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022 \(S.I. 2022/733\)](#), regs. 1(1), **2(3)** (with reg. 5)

Commencement Information

I27 [Sch. para. 27](#) in force at 1.10.2021, see [reg. 1\(1\)](#)

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.