
STATUTORY INSTRUMENTS

2022 No. 733

PENSIONS

The Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022

<i>Made</i>	- - - -	<i>30th June 2022</i>
<i>Laid before Parliament</i>		<i>4th July 2022</i>
<i>Coming into force</i>	- -	<i>1st October 2022</i>

The Secretary of State for Work and Pensions, in exercise of the powers conferred by sections 41A(1), (2), (3)(a) and (b), (4), (5) and (6), 41B(1) and (2), 124(1) and 174(2) and (3) of the Pensions Act 1995⁽¹⁾, makes the following Regulations.

In accordance with section 120(1) of the Pensions Act 1995, the Secretary of State has consulted such persons as the Secretary of State considers appropriate.

Citation, commencement, extent and interpretation

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022 and come into force on 1st October 2022.

(2) These Regulations extend to England and Wales and Scotland.

(3) In these Regulations “the Principal Regulations” means the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021⁽²⁾.

Amendment of the Principal Regulations

2.—(1) The Principal Regulations are amended as follows.

(2) In Part 1 of the Schedule (climate change governance etc. requirements)—

(a) in paragraph 15—

(i) at the end of sub-paragraph (b) omit “and”;

(ii) after sub-paragraph (b) insert—

(1) 1995 c. 26. Sections 41A and 41B were inserted by the Pension Schemes Act 2021 (c. 1), section 124(1) and (2). Section 124(1) of the Pensions Act 1995 is cited for the meaning it gives to “prescribed” and “regulations”.

(2) S.I. 2021/839.

- “(ba) one portfolio alignment metric; and”;
- (b) after paragraph 19, insert—
- “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.”;
- (c) in paragraph 21, after “paragraphs 18” insert “, 19A”;
- (d) in paragraph 26—
- (i) in the definition of “additional climate change metric”, at the end, insert “or a portfolio alignment metric”;
- (ii) after the definition of “greenhouse gas” insert—
- ““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;”.
- (3) In Part 2 of the Schedule, (information to be included in a report under regulation 6) in paragraph 27(n), after “paragraphs 18” insert “, 19A”.

Modification of the Principal Regulations

3.—(1) The following modifications apply in respect of trustees of a trust scheme who are required to comply with the requirements in Part 1 of the Schedule to the Principal Regulations before 1st October 2022, and who have not ceased to be subject to the requirements before that date.

(2) For the purposes of the amendments made by regulation 2(2)(a) of these Regulations, paragraph 15 of the Schedule to the Principal Regulations is to be read as if for “the first scheme year in respect of which the requirements of this Part apply” were substituted “the scheme year which is underway on 1st October 2022”.

(3) For the purposes of the amendments made by regulation 2(2)(b) and (c) of these Regulations, paragraph 21 of the Schedule to the Principal Regulations is to be read as if—

- (a) for “the first scheme year in respect of which the requirements of this Part apply” were substituted “the scheme year which is underway on 1st October 2022”;
- (b) for “that first scheme year” were substituted “that scheme year”;
- (c) for “any day before the requirements apply” were substituted “any day before the requirements under paragraph 19A apply”.

4.—(1) The following modifications apply in respect of trustees of a trust scheme who are required to comply with the requirements in Part 1 of the Schedule to the Principal Regulations before 1st October 2022 but who have ceased to be subject to the requirements before that date, where such trustees are subsequently required to comply with those requirements by virtue of regulations 3(4), 4(4) or 5(4) of the Principal Regulations.

(2) For the purposes of the amendments made by regulation 2(2)(b) and (c) of these Regulations, paragraph 21 of the Schedule to the Principal Regulations is to be read as if—

- (a) for “the first scheme year in respect of which the requirements of this Part apply” were substituted “the first scheme year in respect of which the requirements of paragraph 19A apply”;

- (b) for “that first scheme year” were substituted “that scheme year”;
- (c) for “any day before the requirements apply” were substituted “any day before the requirements under paragraph 19A apply”.

Transitional Provision

5.—(1) The amendment made by regulation 2(3) does not apply in respect of a scheme year which ends before 1st October 2022.

(2) For the purposes of this regulation, “scheme year” has the meaning given by regulation 2 of the Principal Regulations.

Signed by authority of the Secretary of State for Work and Pensions

30th June 2022

Guy Opperman
Parliamentary Under Secretary of State
Department for Work and Pensions

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments and modifications to the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (S.I. 2021/839) (“the Principal Regulations”). The Regulations also make transitional provision.

Regulation 2(2) amends Part 1 of the Schedule to the Principal Regulations (climate change governance etc. requirements) to introduce a requirement that trustees must select and calculate a portfolio alignment metric for the assets of their scheme.

A portfolio alignment metric is a metric which gives the alignment of the scheme’s assets with the goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels.

Regulation 2(3) amends paragraph 27(n) in Part 2 of the Schedule to the Principal Regulations (metrics information to be included in a report under regulation 6), to require that trustees include specified information about their portfolio alignment metric in the report they are required to produce and publish under regulation 6 of those Regulations.

Regulation 3 makes modifications to Part 1 of the Schedule to the Principal Regulations, for the purposes of amendments made to those Regulations by regulation 2 of this instrument, for trustees who were subject to the requirements in Part 1 of the Schedule to the Principal Regulations before the date on which this instrument comes into force and who have not ceased to be subject to the requirements before that date.

Regulation 4 makes modifications to Part 1 of the Schedule to the Principal Regulations, for the purposes of amendments made to those Regulations by regulation 2 of this instrument, for trustees who were subject to the requirements in Part 1 of the Schedule to the Principal Regulations before the date on which this instrument comes into force but who cease to be subject to the requirements before that date, where such trustees subsequently become subject to those requirements by virtue of regulation 3(4), 4(4) or 5(4) of the Principal Regulations.

Regulation 5 makes transitional provision. It provides that the amendment made by regulation 2(3) of this instrument does not apply in respect of a scheme year which ends before 1st October 2022 as trustees are not required to calculate a portfolio alignment metric in scheme years ending before that date.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen.