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## UK Pensions Regulator Launches Regulatory Initiative to Monitor Climate and ESG Non-compliance by Trustees

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On February 22, 2023, the UK's Pensions Regulator (TPR) **announced** the launch of a new initiative aimed at tightening regulation around ESG data published by trustees, as part of a wider campaign to assess whether trustees are properly discharging their ESG and climate change reporting duties. Among other things, TPR "is checking whether trustees of schemes with more than 100 members (unless exempt) have published a statement of investment principles (SIP) that details the policies controlling how a scheme invests, including consideration of financially material ESG and climate factors," and whether the SIP has been implemented. TPR also will seek to ensure that authorized schemes and those with relevant assets of £1 billion or more publish an annual report in compliance with requirements of the Taskforce for Climate-Related Disclosures framework. The regulator **previously published guidance** for trustees regarding climate-related governance and reporting. Trustees of schemes that fail to comply can be subject to an enforcement action and a fine of up to £50,000.

**Taking The Temperature:** The new initiative announced by TPR is in line with the increasing focus by the regulatory sector in the UK, such as by the Financial Conduct Authority (FCA), on the accuracy of statements related to climate transition plans and sustainability. More generally, we have previously commented on how the UK government and regulators have taken a number of recent steps to address climate issues. These include an **assessment**, commissioned by the Department for Business, Energy & Industrial Strategy, into how the UK might meet its net zero obligations "in a more affordable and efficient manner, one which is pro-business, pro-enterprise and

pro-growth;" a **proposed amendment** to the UK's Financial Services and Markets Bill pursuant to which the Prudential Regulation Authority could be empowered to review appropriate risk weighting and capital requirements associated with a financial institution's exposure to fossil fuel exploration, exploitation and production; the issuance of guidance from the **Competitions Markets Authority** and the **Advertising Standards Authority** concerning the antitrust implications of industry climate collaborations and greenwashing, respectively; and the FCA's **establishment** of an ESG Advisory Committee tasked with supporting the FCA Board in "executing oversight of ESG-related issues relevant to the FCA as a corporate entity and as a regulator."