Investment Property Forum

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Hana Workspaces
70 St. Mary Axe
London EC3A 8BE

email ipfoffice@ipf.org.uk web www.ipf.org.uk

Sue Forster
email sforster@ipf.org.uk tel 07880 729624

By email: pensions.governance@dwp.gov.uk

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**Climate and investment reporting: setting expectations and empowering savers – consultation on policy, regulations and guidance**

The Investment Property Forum (IPF) welcomes the opportunity to respond to the above consultation.

IPF is a national membership organisation of senior professionals, all active in the property investment and finance market. The organisation has a diverse membership of around 2,000, which includes fund managers, investment agents, accountants, bankers, lawyers, researchers, academics, actuaries and other related professionals.

The IPF's Mission is to enhance the understanding and efficiency of property as an investment, including public, private, debt, equity and derivatives, for its members and other interested parties, including government. The IPF has a dedicated ESG Special Interest Group (established in 2006), the members of which have engaged in previous government consultations and participated in working groups in relation to the development of guidance, e.g., on the implementation of MEES.

We are not a lobby organisation but one of our key priorities is to identify where legislation or regulation has, or will have, an impact on the market and to alert government and our members to any adverse or beneficial issues.

## IPF Response

Having considered the 15 questions in the consultation paper, we have limited our response to Question 1 as the others are either outside the scope of the IPF or we do not have any specific comments on the matter covered.

***Q1. We propose to amend the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 to require trustees of schemes in scope to measure and report their scheme's Paris-alignment by adding a requirement for them to select and calculate a portfolio alignment metric and to report on that metric in their TCFD report.***

***Do you agree with this policy proposal?***

We support the broad requirement for trustees of schemes in scope to measure and report their scheme's Paris-alignment by adding a requirement for them to select and calculate a portfolio alignment metric and to report on that metric in their TCFD report.

The challenge for schemes is selecting an appropriate metric for investments in real estate as an asset class. It is important that there is an alignment with the FCA proposals set out in consultation

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CP 21/17. While this FCA consultation also proposes an approach based on TCFD recommendations, the alignment in proposals needs to follow through to matters of detail, such that schemes can use the information provided by asset managers. The information reported by asset managers and investment funds has to be consistent with the requirements of those schemes for their own reporting, and that the reporting across investment funds is consistent so that schemes can aggregate the reports from different investment funds and portfolios in calculating their own reporting metrics. Without this ability, the reporting requirements will be impractical. In our responses to consultation CP 21/17, we and other real estate industry trade bodies provided the FCA a supporting paper suggesting a possible approach to metrics for the real estate asset class, a copy of which is attached. We believe that it is also an appropriate approach for pension schemes.

The FCA in CP 21/17 suggested that further engagement with industry will take place. In our response, we and The Association of Real Estate Funds (AREF) proposed a discussion to address specific issues for real estate as an asset class. We understand that this has now been arranged, and will include the DWP, and the IPF will also be sending representatives.

Furthermore, the requirements of DC pension schemes also need to be taken into account in the proposals set out in FCA discussion paper DP21/4 on Sustainability Disclosure Requirements (SDR) and product labels. One specific point worth highlighting is that some DC schemes invest in real estate through funds that are eligible investments for retail investors so it is important that such funds provide the information that DC schemes need to meet their obligations.

We note the publication of guidance for trustees of occupational pension schemes, *Governance and reporting of climate-related risks and opportunities,* by The Pensions Regulator on 16 December. We hope that this will be updated to reflect any changes that arise from this DWP consultation.

Please do contact me should you wish to discuss any of the above in further detail.

Sue Forster

**Sue Forster**
**Chief Executive, Investment Property Forum**

NOTE: File attached.
Appendix - Metrics for Commercial Real Estate ("CRE") - Alignment in response to FCA CP21/17.