Employer Covenant Practitioners Association

# News Release

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*(Formerly the Employer Covenant Working Group)*

## ECPA raises confidentiality concerns in response to climate governance consultation

**31 August 2021: The Employer Covenant Practitioners Association ("ECPA") would welcome greater clarification as to how trustees and sponsors should report on climate-related risks and opportunities from a covenant perspective. This is critical in ensuring that climate-related risk is being managed in an integrated way. The ECPA understand that further guidance will be forthcoming and looks forward to providing input into that process.**

The ECPA response to the **TPR's consultation on Guidance on governance and reporting of climate-related risks and opportunities** says it would be helpful to understand the extent to which the Regulator expects employers to be able to limit the amount of information that they provide to trustees on the grounds of confidentiality given the public nature of trustees' reports.

**Commenting, Andy Palmer, Chair of the ECPA, said**:

"For some employers the impact of climate-related risks and opportunities on their covenant could be significant and require considerable investment to be made or significant strategic decisions to be taken. The commercial sensitivities around these matters could be such that public disclosure would be strongly resisted.

"It also would be helpful for TPR to reiterate the targets that trustees set should be scheme-specific and should not conflict with trustees' fiduciary duties, or the investment policies stated in the Statement of Investment Principles.

"An excessive focus on portfolio optimisation to meet targets at the expense of scheme objectives could be contrary to trustees' fiduciary duty under trust law. There is no expectation that trustees should set targets which require them to divest or invest in a given way, and the targets are not legally binding."

**For further details**:

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## About the Employer Covenant Practitioners Association (ECPA)

The **Employer Covenant Practitioners Association** was originally established in 2012 as the Employer Covenant Working Group (ECWG) to discuss issues relevant to providing financial advice to clients on matters connected with the employer covenant, to participate in discussions with bodies such as the Pensions Regulator and Pension Protection Fund and to raise standards in the employer covenant financial advisory industry generally.

As well as making representations to Government and other bodies on covenant issues arising from proposed changes in regulation and legislation, the Association has produced a number of guides for advisers and sponsors, including principles of covenant assessment for scheme valuations; guidance on transactions in distressed and non-distressed environments and developing best practise on Integrated Risk Management. All guides and a list of members are available at the Association's website https://ecpa.org.uk/

In 2019, following on from the growth in the work of the sector, the ECWG was re-branded as the Employer Covenant Practitioners Association.