

**Institute and Faculty of Actuaries**  
**Regulatory Board - Approval Report**

<b>Subject</b>	Outcome of regulatory consultation on climate change and sustainability	
<b>Regulatory Board meeting</b>	8 February 2022	
<b>Previous Board Steer</b>	<b>Nov 2020</b>	The Board carried out a <b>deep dive</b> on climate change. <sup>1</sup>  The Board provided a <b>steer</b> on initial proposals from the GFEC Regulatory Task and Finish Group in relation to potential changes to the IFoA's regulatory framework.
	<b>May 2021</b>	The Board considered proposals to go out to consultation from the Green Finance Task and Finish Group. <b>The Board were supportive</b> of issuing a broad and open member consultation on the proposals, including some alternative options around the regulatory framework.  They provided a <b>steer</b> that the conclusion include options of wording within the Code, guidance and considerations around APSs, CPD and other support.
	<b>17-19 Aug 2021</b>	The Board provided a steer on the consultation document via email.
	<b>21 Sep 2021</b>	The Board met to consider the AMS information-gathering report on climate related risk.
<b>International Issues Considered?</b>	Yes (see para 27)	
<b>Author</b>	IFoA Executive	
<b>Purpose</b>	Approval	

**A: EXECUTIVE SUMMARY**

- This paper provides an update to Regulatory Board (the Board) on the outcome of the consultation on proposed changes to the regulatory framework on climate change and sustainability.<sup>2</sup>**

<sup>1</sup> Full previous meeting minutes are available on Boardpacks or can be provided on request to [gina.thomas@actuaries.org.uk](mailto:gina.thomas@actuaries.org.uk)

<sup>2</sup>For a reminder of the full consultation package, please visit this link on the [website](#).

2. It provides for discussion a summary of the feedback provided by the consultation respondents, as well as, for steer, a proposed direction of travel.
3. In summary, while the majority of respondents supported incorporating climate change and sustainability issues into the regulatory framework in some manner, the responses to the consultation questions and specific proposals raised were polarized as to the appropriate way to take that forward. The comments further suggested significant differences of opinions between the strong supporters of the proposals and respondents who were strongly in disagreement.
4. The majority of respondents (67% for Proposal A either disagreed or strongly disagreed) were not supportive of the specific proposals to include additional wording in the Actuaries' Code ('the Code').
5. However, the feedback did indicate majority support for further guidance (75% either agreeing or strongly agreeing), educational initiatives and that training would be useful such as in Professional skills, case-studies and educational CPD content.
6. **This paper also asks the Board to consider the feedback alongside the findings of the recent Actuarial Monitoring Scheme (AMS) information-gathering report on climate related risk and provide a steer on the Board's response to those findings.**
7. **Appendix 2 to this paper sets out the reflections of the IFoA Sustainability Board.**

**B: BACKGROUND**

8. As the Board will recall, IFoA Council previously endorsed a Council Taskforce report on climate-related risks which included 38 recommendations, ranging from immediate actions to longer term goals and overarching principles. The report identified six factors that drive the need for the IFoA to address climate related risk, including: financial risk, **regulatory expectations**, signatory commitments, public interest, new member interest and opportunities.
9. The report covered the ways that regulation can support these objectives and made recommendations for the Board to consider several elements of the regulatory framework including the Actuaries' Code, professional and technical standards, risk alerts, monitoring, the disciplinary scheme, practising certificates and CPD requirements.
10. Additionally, the IFoA is a signatory to the UK Government's Green Finance Education Charter (GFEC), which is part of its Green Finance Strategy, focused on aligning private sector financial flows with clean, environmentally sustainable and resilient growth. The GFEC includes some specific commitments relevant to the IFoA's public interest regulatory role and the TFG has been established to support the Board in meeting Charter Commitment 4:

	<b>Description</b>	<b>Deadline</b>
<b>Charter Commitment 4</b>	Undertake a review of professional Codes of Conduct, and related guidance, and update or augment these to reflect green and sustainable finance principles	By December 2021

11. The Board considered proposals brought by its GFTFG in May 2021, on consulting on changes to the Actuaries' Code and accompanying guidance to incorporate climate change and sustainability issues. Although there was not a consensus reached amongst Board members as to the regulatory approach that should be taken, they supported issuing a broader, more open consultation on the proposals, including some alternative options around the regulatory framework.
12. As a result, the consultation document was approved by the Board and published on 2 September 2021 (further information on the communications around the consultation can be provided by the Board Secretary).

**C: ENGAGEMENT WITH THE CONSULTATION**

13. There were **65** responses to the consultation, including 47 individual respondents and 10 organisations (7 responses representing both).<sup>3</sup> In comparison to the number of responses received for other recent regulatory consultations, such as the Practising Certificates Scheme Review (104), Review of APS P1 (17), CPD Scheme Review (220) and Review of GN30 (18), this appears to be an adequate response rate, although it falls short of the last consultation on changes to the Actuaries Code in 2017-2018 (103).
14. Of the respondents:
  - 89% were based in the UK, with other respondents from Australia, Hong Kong, USA and South East Asia.
  - 97% were members of the IFoA, with 91% holding Fellow memberships.
  - The majority of respondents, at 47%, worked in the pensions practice area, with 19% working in Life Assurance.
  - 42% of respondents worked for an actuarial consultancy organisation and 23% worked for an insurance company or reinsurer.

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<sup>3</sup> Please note that one respondent skipped this question.

**D: RESPONSES TO THE CONSULTATION**

	Question	Summary	Category of respondents
1.	<p><b>To what extent do you agree that the IFoA should explicitly reference climate change and sustainability in its regulatory and professional requirements?</b></p>	<p><b>60%</b> of respondents either agreed or strongly agreed with this question. Respondents commented that actuaries should be taking appropriate account of this issue and that incorporating it into the framework would encourage behaviour change, benefit users and be in the public interest.</p> <p>From the respondents who disagreed with this question, the reasoning provided mainly focussed on proposals for changes to the Code or the potential introduction of a specific Actuarial Profession Standard (APS). There did not appear to be specific objections within this particular question to the concept of encouraging further educational material and support for Members.</p>	<p><b>Individuals:</b> 24 agreed and 23 disagreed.</p> <p><b>Employers of actuaries:</b> 13 agreed and 4 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 agreed.</p>

2.	<p>To what extent to you agree with option A that amplification 2.1 (competence and care principle) of the Actuaries' Code should be amended to include 'climate change and sustainability', as outlined above?</p>	<p><b>67% of respondents either disagreed or strongly disagreed with this proposal.</b></p> <p>Of the respondents that did agree, some also flagged in comments that they did not believe the addition would be, in principle, a good fit with the overall purpose and nature of the Code.</p> <p>For those who disagreed, comments included that while climate change and sustainability issues are of significant importance, their disagreement with this specific proposal centred on this not being appropriate for a Code that is principles based. Some respondents' comments included that they felt this was either:</p> <ul style="list-style-type: none"> <li>- a technical issue,</li> <li>- already covered within the existing Code,</li> <li>- something which would risk lessening the importance of other material issues that Members consider within their work.</li> </ul> <p>Some respondents raised concerns over the current lack of knowledge and competency in this area, and felt it was not needed for their role. Members highlighted the difference between themselves as experts in the implications of climate change and sustainability for actuarial purpose – not climate change and sustainability issues as a subject matter.</p> <p>One respondent suggested the introduction of a further IFoA Risk Alert. The purpose of a Risk Alert is to draw Members attention to specific issues where the IFoA is asking them to think carefully about the consequences of actions that they are taking. This topic however is an ongoing and developing issue for Members.</p>	<p><b>Individuals:</b> 15 agreed and 31 disagreed.</p> <p><b>Employers of actuaries:</b> 6 agreed and 10 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 strongly disagreed</p>
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3.	<p>To what extent do you agree with option A that amplification 6.3 (communication principle) of the Actuaries' Code should be amended to include 'climate change and sustainability', as outlined above?</p>	<p><b>72% of respondents either strongly disagreed or disagreed with this proposal.</b></p> <p>The reasoning provided largely mirrored the comments given in the question above regarding the Code's purpose and nature being principles based.</p> <p>Some respondents agreed with communicating on climate change to raise awareness and commented a need to communicate on the impacts of climate change within their actuarial work, as opposed to more generally or in isolation.</p>	<p><b>Individuals:</b> 13 agreed and 34 disagreed.</p> <p><b>Employers of actuaries:</b> 6 agreed and 10 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 strongly disagreed.</p>
4.	<p>To what extent do you agree with option B that amplification 2.1 (competence and care principle) of the Actuaries' Code should also be amended to include 'new and emerging risks', as outlined above?</p>	<p><b>25% of respondents agreed with this option.</b></p> <p>From those that agreed, their reasoning included that the wording would encompass other emerging areas such as data science and provide what they saw as necessary flexibility.</p> <p>The reasoning for those disagreeing reflected the comments provided for option A, including that this addition to the Code would be too wide-ranging. There was some disagreement within the responses as to whether the addition would be too vague and unhelpful, with others preferring its generic nature as more akin to the principles-based nature of the Code.</p> <p>Some respondents who disagreed also felt that this would detract from the importance of highlighting climate change and sustainability specifically.</p>	<p><b>Individuals:</b> 14 agreed and 33 disagreed.</p> <p><b>Employers of actuaries:</b> 2 agreed and 14 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 strongly disagreed.</p>

5.	<p>To what extent do you agree with option B that amplification 6.3 (communication principle) of the Actuaries' Code should be amended to include 'new and emerging', as outlined above?</p>	<p><b>78% of respondents either disagreed or strongly disagreed with this proposal.</b></p> <p>The reasoning provided on both sides were very similar with the first question on Option B above. Some respondents felt that this requirement would be too subjective and difficult to apply in practice.</p>	<p><b>Individuals:</b> 12 agreed and 34 disagreed.</p> <p><b>Employers of actuaries:</b> 2 agreed and 14 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 strongly disagreed.</p>
6.	<p>To what extent do you agree with Option C and the IFoA issuing specific non-mandatory guidance on climate change and sustainability issues that highlights the resources available and illustrates ways to fulfil the requirements of the Code?</p>	<p>75% of respondents either strong agreed or agreed with this proposal.</p> <p>55% of respondents indicated that they would like to see guidance instead of the changes to the Code (with some feeling this would be more proportionate), with the remaining indicating that they would prefer to see guidance in addition to changes to the Code.</p> <p>There were helpful comments in terms of what guidance in particular would be helpful, as well as support for case-studies. However, some suggestions blurred the line between technical and ethical guidance.</p>	<p><b>Individuals:</b> 34 agreed and 12 disagreed.</p> <p><b>Employers of actuaries:</b> 12 agreed and 4 disagreed.</p> <p><b>Membership and representative bodies:</b> 2 agreed.</p>
7.	<p><b>Option D to introduce a specific Actuarial Profession Standard (APS) on climate change and sustainability issues</b></p>	<p>There was not a specific question within the consultation on this as it did not contain a draft APS for respondents to consider. However, from the feedback provided, there was no overall consensus amongst respondents as to whether they felt that an APS would be workable or proportionate.</p> <p>Some respondents suggested that a discussion around whether a standard is appropriate should await the outcome of the FRC TAS Review and the BEIS consultation.</p>	
8.	<p><b>Are there additional areas of non-mandatory guidance you would like to see on climate change and sustainability?</b></p>	<p>Suggestions included linking anything to be introduced with the FRC's changes to the TASs. Some suggestions on guidance blurred the line between technical and ethical, while other respondents were looking for practical advice as to how to account for climate change within technical actuarial work.</p>	

		<p>Within the overall feedback, many respondents commented that they supported the development of further educational initiatives such as qualifications and the IFoA certification that is in development. They commented that further training would be useful such as Professional skills training, case-studies and educational CPD content. Some respondents also felt that further IFoA led research would be helpful.</p>
<p>9.</p>	<p><b>What, if any, impact do you think the proposals (either in Options A, B, C or D, please specify) would have on users of actuarial work and public confidence in actuarial standards?</b></p>	<p>The majority of comments to this question stated that the specific proposals would not have a material impact on work for users. Some comments included that the proposals would have limited impact as the requirement to consider these issues, where relevant, is already part of the professional requirements.</p> <p>Other respondents raised concerns that users or the public may interpret any change as associating climate change and sustainability as more significant than other relevant risks or issues.</p> <p>Several members stated a concern around introducing any mandatory requirements without further guidance and education.</p> <p>For the respondents that agreed it would make a positive impact, comments included that this would be somewhat limited.</p>

15. The full responses and comments to the consultation can be provided upon request to the Board Secretary.

**FINANCIAL REPORTING COUNCIL**

16. The FRC published a position paper in 2021 summarising the responses to their call for feedback on the TASs and sets out their planned revisions. They specifically sought views on areas such as climate change and informal feedback suggested that there are concerns on whether climate change risks are adequately considered when actuaries are performing Technical Actuarial Work and whether these are the only non-traditional risks which the profession should be concerned about. As a result, they confirmed that they will consult on proposals to revise the TASs to ensure that they consider all relevant risks in a proportionate way.
17. The FRC provided a private response to the consultation and within this, raised concerns in relation to some of the proposed options. This response can be found at **Appendix 1**.
18. The FRC commented in particular on options A and B of the consultation and suggested that introducing these specific topics into the Code would be a technical matter and therefore within the remit of the FRC. They also suggested that these proposals would be against the principles based nature of the existing Code.
19. They agreed with the proposal of introducing non-mandatory guidance on climate change and how this interacts with the existing requirements of the Code and added that this would need to complement anything introduced by the FRC following its TAS review.

20. Subsequently, the Executive had a meeting with the FRC Actuarial policy team on 18 January 2022 to discuss their response and seek an update on their TAS Review. They confirmed that they will be aiming to address this area by issuing technical guidance which they feel is more suited to dealing with practical and specific areas and can be more easily updated when required, compared to any mandatory standards.

21. [redacted]

**E: FURTHER WORK**

**AMS CLIMATE RISK INFORMATION-GATHERING EXERCISE**

22. Since publication of the consultation, the AMS report on Climate-related risk has been published.

23. This report concluded that, in many organisations, actuaries are among those leading the thinking on climate-related risk. However, there is more limited consideration of climate-related risk in many significant areas of actuarial work (for example valuation, reserving, and capital work), where actuaries commented it was not clear what impact it currently has, or that it is immaterial compared to other risks.

24. This provides current evidence therefore that suggests some actuaries do not understand the importance of, and are not factoring climate-related risk into their work, which the Board needs to address, respond to and take ownership of this issue in their response to the findings.

25. The report outlined conversations with organisations who called on the IFoA, and others, to do more in this space suggesting a focus on:

- **Education and lifelong learning:** the inclusion of climate-related risk in the pre-qualification syllabus and stand-alone post-fellowship qualifications, to address the current skills gaps for actuaries and increase their confidence when advising senior management, clients and customers
- **Reading materials:** the report noted that the Sustainability Board practical guides have provided a useful primer for actuaries in different practice areas, however given the extent of material available it is difficult to know where best to focus (note the RPD toolkit on climate change and sustainability, launched around the same time as the review was being carried out, aims to help members in this area; there has also been the recent of the climate change curated library).
- **Preventing 'greenwashing':** reinforcing that actuaries have a role to speak up about greenwashing, in line with the Speaking Up Principle of the Code.
- **Modelling and metrics:** setting of expectations around what actuaries can and should do on climate-related risk modelling to add value and drive consistency.
- **Being a thought-leader in the field:** recognising the international nature of the membership and wide-ranging issues faced in different territories.

**FINANCIAL SERVICES REGULATORS**

26. Financial services regulators have requirements to consider climate change and sustainability issues or risks within their own regulatory frameworks. The report detailed current legal and regulatory requirements in the UK which many IFoA Members are subject to, such as:

- **Pensions**

- Regulations<sup>4</sup> introducing implementation statements explaining climate-change policies for schemes with more than 100 members either providing pure DC benefits, or providing both DB and DC benefits.
- a consultation<sup>5</sup> on the Pensions Regulator's new combined code of practice including an expectation that trustees of all pension schemes should be integrating climate-related risks and opportunities into their risk management and governance arrangements.
- Regulations<sup>6</sup> requiring TCFD-aligned activities including scenario analysis and development of climate-related metrics for largest pension schemes (£5bn+) and authorised master trusts from 1 October 2021 (with £1bn+ schemes following a year later).

- **Banks and insurers**

- the PRA have an objective to ensure the financial system is resilient to climate-related and financial risks and promote TCFD aligned climate disclosure. They have set climate-related supervisory expectations<sup>7</sup> for banks and insurers on the management of climate-related financial risks, covering governance, risk management, scenario analysis and disclosure. A 'Dear CEO letter'<sup>8</sup> sets out how firms should embed their approaches to managing climate-related financial risks by the end of 2021.
- In a report<sup>9</sup> dated 28 October 2021, the PRA found that since the setting of these expectations, there has been a step change among senior executives and boards at firms, with some firms clearly setting out how they embed climate-related financial risks. This year, the PRA will switch its supervisory approach on these expectations from assessing implementation to actively supervising against them, recognising that the approach by firms will need to evolve, as industry-wide understanding continues to develop.
- The PRA and FCA Climate Financial Risk Forum<sup>10</sup> shares best practice across the industry to advance response to the financial risks from climate change.

27. Outside the UK, local approaches to climate related issues and regulation may differ, and any suggested amendments to the IFoA regulatory framework would apply equally to Members working inside and outside the UK.

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<sup>4</sup> [www.legislation.gov.uk/uksi/2019/982/contents/made](http://www.legislation.gov.uk/uksi/2019/982/contents/made)

<sup>5</sup> [www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice](http://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice)

<sup>6</sup> [www.legislation.gov.uk/uksi/2021/839/contents/made](http://www.legislation.gov.uk/uksi/2021/839/contents/made)

<sup>7</sup> [www.bankofengland.co.uk/prudential-regulation/publication/2018/enhancing-banks-and-insurers-approaches-to-managing-the-financial-risks-from-climate-change](http://www.bankofengland.co.uk/prudential-regulation/publication/2018/enhancing-banks-and-insurers-approaches-to-managing-the-financial-risks-from-climate-change)

<sup>8</sup> [www.bankofengland.co.uk/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change](http://www.bankofengland.co.uk/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change)

<sup>9</sup> [www.bankofengland.co.uk/prudential-regulation/publication/2021/october/climate-change-adaptation-report-2021](http://www.bankofengland.co.uk/prudential-regulation/publication/2021/october/climate-change-adaptation-report-2021)

<sup>10</sup> [www.bankofengland.co.uk/climate-change/climate-financial-risk-forum](http://www.bankofengland.co.uk/climate-change/climate-financial-risk-forum)

28. Any steps taken by the Board in relation to the IFoA's regulatory framework would also need to complement the various requirements of industry regulators to ensure proportionality and avoid duplication or conflicting expectations.

#### **EXTERNAL COMPARISONS**

29. Work has been carried out to consider possible similar initiatives by external bodies who are signatories to the UK GFEC and/or the Professional Bodies Climate Charter.
30. It was found that organisations related to building, engineering and development have a focus on sustainability, either within their Codes or Rules, or guidance, generally in relation to how that applied in the course of their technical work:
- **Chartered Institution of Civil Engineering Surveyors**<sup>11</sup> code includes that a member shall 'avoid causing unnecessary damage or harm to the environment and, where possible, make a positive contribution towards the delivery of sustainable development'.
  - **The Energy Institute**<sup>12</sup> states 'Members will have due regard for the need to protect the environment and to provide energy services in a way that is safe and sustainable. They will make a systematic assessment of environmental, health and safety risks related to their work, their individual legal liability and the requirements of the jurisdiction in which they work, and seek to manage and communicate this effectively.'
  - **Royal Institution of Chartered Surveyors** states 'Members and firms, when advising clients about projects, encourage solutions that are sustainable in that they minimise harm and deliver balanced economic, social and environmental benefits.'
31. The majority of financial institutions, including ICAS, ICAEW, CIMA and ACCA, researched in this group do not appear to have similar rules or initiatives underway. Some have focussed on introducing qualifications in sustainable finance or similar:
- **The Chartered Banker Institute**<sup>13</sup> launched the 'world's first' benchmark green finance qualification – the certificate in Green and Sustainable Finance. This helps individuals to develop their understanding of, and apply, green and sustainable finance principles and practice in their roles.
  - **Chartered Financial Analyst Society**<sup>14</sup> has a certificate in climate and investing which 'delivers the knowledge and skills required by investment professionals to understand climate as it relates to investing and how to integrate climate change considerations into the investment process'.
  - **The Chartered Institute for Securities and Investment's** Code of Conduct<sup>15</sup> includes 'Respect others and the Environment – to treat everyone fairly and with respect, supporting opportunity for all, embracing diversity and inclusion and ensuring that the environmental impact of your work is considered'. The CISI is a professional body that set ethical standards for practitioners in securities and investments.

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<sup>11</sup> [www.cices.org/](http://www.cices.org/)

<sup>12</sup> [www.energyinst.org/](http://www.energyinst.org/)

<sup>13</sup> [www.charteredbanker.com/qualification/certificate-in-green-and-sustainable-finance.html](http://www.charteredbanker.com/qualification/certificate-in-green-and-sustainable-finance.html)

<sup>14</sup> [www.cfauk.org/#gsc.tab=0](http://www.cfauk.org/#gsc.tab=0)

<sup>15</sup> [www.cisi.org/cisiweb2/cisi-website/integrity-ethics/code-of-conduct](http://www.cisi.org/cisiweb2/cisi-website/integrity-ethics/code-of-conduct)

## IFoA SUPPORT FOR MEMBERS

32. The developing IFoA lifelong learning [offering](#) includes guidance as well as educational initiatives:
- [CPD RPD Toolkit: Climate change and sustainability](#): intended to be used in a Reflective Practice Discussion as part of the reflective process in identifying learning objectives and considering how those can be met through activities and other learning opportunities
  - [Sustainability and Climate Risk course](#): this will introduce the main concepts of climate risk and sustainability that are relevant to actuaries, what impact they might have on actuarial work and how to apply these concepts.
  - [Climate change curated library \(resources are regularly reviewed by members and new items added as required\)](#)
  - [Sustainability Board practical guides](#)
  - The education and lifelong learning team have worked to incorporate climate change and sustainability into specific subject areas across the curriculum and ensured the use of scenarios in this area within examination questions. They intend to work with the Sustainability Board to help inform the syllabus and learning materials going forward.

## F: PROPOSED DIRECTION OF TRAVEL

33. The consultation feedback indicates polarised views on how to incorporate climate change and sustainability issues into the regulatory framework. Although the response rate is not particularly high, it does suggest there is not a significant amount of support for changing the code to reflect sustainability issues.
34. The feedback does suggest there is a demand for practical guidance and advice on incorporating these issues and risks into technical actuarial work which would help drive consistency around modelling and metrics in particular, as advised by the climate risk report. It appears that wider industry understanding and approaches on climate-related issues is continuing to evolve and develop.
35. The Board should consider how best to address the immediate evidence provided within the climate-risk report and raise the profile/urgency of this issue. In particular, the Board should take ownership in how to 'gap fill' appropriate behaviours in Members, in a proportionate manner, and consider what regulatory initiatives would complement existing support and contribute to early thinking around good practice, in the public interest.

<b>It is recommended that:</b>	
<b>1.</b>	There are no new or additional mandatory regulatory requirements (such as a change to the Code or APS) introduced at this stage and that the focus, instead, is on reinforcing the importance of climate change through other channels and on providing guidance and support to members (described further below).  <b>BUT</b>

	the Board should commit to re-visiting further potential regulatory action in the next 12-18 months, if appropriate, taking into account wider IFoA climate-related work and an increased amount of knowledge within the membership.
<b>2.</b>	the consultation feedback is shared with the IFoA education and lifelong learning team to support their consideration of ways to incorporate this area into the pre-qualification syllabus. This would support further work and address the concern on how to increase the knowledge and skills gap.
<b>3.</b>	the Executive engage further with the FRC on how climate change and sustainability issues are incorporated into the TASs.
<b>4.</b>	It is further recommended that the Executive work with the FRC to explore and develop non-mandatory guidance for our Members on how they can approach climate related issues in the context of the existing requirements of the Code. It is recognised that it may be difficult to 'ring fence' the ethical and technical nature of this topic and that a joined up approach with the FRC, with clear and consistent messaging, would be of most benefit to the membership.
<b>5.</b>	professionalism and case-study materials are produced by the Board's Professional Skills Sub Committee based on the current requirements of the Code, to help fill the identified skills gap. The PSSC are currently developing 2 video case-studies for launch in September 2022 and are looking to produce a mini case-study for the March 2022 content. It is recommended that they develop content annually on sustainability issues.

36. These recommendations acknowledge that there is an evolving understanding of climate-related issues and would allow the Board to focus on helping to develop good practice and encouraging behaviours with Members, in a proportionate manner, representing a considered and appropriate 'gap filling' approach. This is aligned to our climate change statement<sup>16</sup> and 2017 Risk Alert<sup>17</sup>, recognising that the profession requires a lead and guidance on this issue and emphasises a need for all members to consider these issues appropriately.
37. In the meantime, the current regulatory expectations within the existing Code, under Principles 2 and 6 (specifically referenced within the consultation), will ensure that Members continue to have an appropriate level of relevant knowledge and skills to carry out their work in this area, when required, and communicate on these issues appropriately, which can be explored in recommendation 2 above.
38. A further option for consideration by the Board would be to include minor updates to the existing guidance to the Code (as detailed within the consultation proposals) and produce communications to members reminding them of their existing obligations and the matters contained within the previous Risk Alert

<sup>16</sup> IFoA Climate change statement 2021: [www.actuaries.org.uk/climate-change-statement](http://www.actuaries.org.uk/climate-change-statement)

<sup>17</sup> 2017 Risk Alert - climate related risks: [www.actuaries.org.uk/system/files/field/document/Risk%20Alert%20-%20Climate%20Change%20FINAL.pdf](http://www.actuaries.org.uk/system/files/field/document/Risk%20Alert%20-%20Climate%20Change%20FINAL.pdf)

**G: SUSTAINABILITY BOARD VIEWS**

39. The Chair and Executive have had discussions with members of the IFoA Sustainability Board, including the Sustainability Board Chair and the Green Finance Task and Finish Group, to discuss their reflections on the consultation feedback and climate-related risk report. Their views are provided at **Appendix 2**. This letter has been drafted by the Sustainability Board, representing their views.

**H: CONCLUSION**

40. The Board are asked to:
- a. Approve the proposed direction of travel and recommendations, following consideration of the consultation feedback and findings of the climate-related risk report; and
  - b. Provide a steer on the recommendations.

**Appendices**

**Appendix 1:** Private FRC response to the consultation

**Appendix 2:** Letter from the Sustainability Board