Institute and Faculty of Actuaries

Ethical and professional guidance on climate change

A Guide for Members

by the Regulatory Board

www.actuaries.org.uk

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This Guide imposes no new obligations upon Members or their employers. Rather the Institute and Faculty of Actuaries ("the IFoA") hopes that the Guide will be a useful tool for its Members.

This Guide does not constitute legal advice, nor does it necessarily provide a defence to allegations of Misconduct. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its contents.

1. Introduction

1.1. "We are a profession specialising in risk management, and climate change is one of the greatest risks facing our world today". [1]

1.2. Climate-related issues represent a material risk to the future economic stability affecting environmental, societal and governance matters.[2] The IFoA has therefore undertaken to support its Members in their understanding of climate risks and opportunities and to encourage their incorporation into actuarial advice.

1.3. As professionals who assess risks and advise on long-term investments, and the financing of pension schemes and insurers, actuaries are particularly well placed to consider how climate change might impact our lives, our health and our economy. Members may be involved in assessing the risks but may also play a vital role in influencing the advancement of sustainable investment.

1.4. This non-mandatory guidance seeks to provide Members with the following:

- An understanding of how climate change matters might be relevant to their individual practice;
- A summary and explanation of their regulatory responsibilities in connection with climate risk, including some practical examples of the ethical and professional issues facing Members;
- An introduction to the opportunities open to actuaries in this area;
- Sign-posting to further learning, including both academic discussion and practical guidance on the work of actuaries in climate-related and sustainability matters.

[1] IFoA Climate Change Statement

[2] IFoA Risk Alert, 2017

2. Relevance to actuarial practice

2.1. 'Climate change' is the term typically used to describe the effect on the planet of global warming, caused by the emission of greenhouse gases. The direct consequences of climate change are understood to include rising sea levels, declining biodiversity, drought and extreme weather events. As such, climate change has the potential to impact human health, mortality, the economy and financial stability.

2.2. 'Sustainability' has been defined as a way in which we can '[meet] the needs of the present without compromising the ability of future generations to meet their own needs[3]'. Given the consequences of climate change, sustainability requires that development is achieved in a way that does not negatively impact the planet. This aim is embodied in the Paris Agreement, which recognises that in order to limit climate change, the global economy must transition to 'net zero' (no net greenhouse gas emissions) by the year 2050.

2.3. The issue of climate change and the ambition for a sustainable environment is relevant to everyone, as the consequences of a failure to manage climate change will affect the whole of the world's population.

2.4. For many members of society, the significance of climate change may seem distant and nebulous, as might their understanding of how it may affect their lives, and how they might themselves influence these changes. However, many Members of the IFoA will find that their routine consideration of risk factors includes consideration of the impact of climate change and sustainability issues. In addition, some Members will be well positioned to influence improvements in sustainability through their work, and their interaction with other professionals.

2.5. All actuaries providing advice to pension schemes, employers or trustees should have an awareness of how climate risk and sustainability issues may affect their work. For example, they may potentially impact investment values, investment returns, funding strategies, mortality and other demographics, and sponsor covenants over the medium to longer terms.

2.6. As with pensions, actuaries working in life assurance and health should have an awareness of how climate change and sustainability issues may affect their work.

2.7. Actuaries working in general insurance should have regard to a range of climate and sustainability related risks, including property claims, business continuity risks arising from climate change, and possible liabilities arising from action or inaction. In respect of general insurance in particular, actuaries may wish to take into account the specific time horizon in order to establish whether the long-term risks associated with climate change or sustainability measures should be accounted for.

2.8. Actuaries working in finance and investment should consider whether climate change might impact on investment risks and returns and may therefore wish to take into account climate change when advising on investment strategy. Any actuary exerting influence on investment strategy plays a key role in influencing the direction of sustainable investment and ultimately the future of climate change.

2.9. Any actuaries engaging at Board level will have the opportunity to influence corporate strategy on investment and compliance with climate-related disclosures, such as those mandated by the legislation stemming from the Task Force on Climate-related Financial Disclosures ("TFCD"). Climate disclosures made by all types and scale of business serve to highlight the impact of climate change on markets and investment, and crucially, the impact of these investments on climate change. As well as highlighting exposure to climate risk, they should enable meaningful discussion on exposure, and can lead to opportunities for industry collaboration and policy development.

[3] The World Commission on Environment and Development, 1987

3. Professional obligations and climate change

3.1. The previous section summarises some of the areas of practice in which climate change and sustainability matters may be relevant to Members. This section considers the risks and challenges arising from climate change and sustainability risks and how these might be addressed by Members, with reference to their ethical, professional, and regulatory obligations.

3.2. The IFoA's current standards framework is made up of:

- The Actuaries' Code ('the Code');
- Actuarial Profession Standards ('APSs');
- Non-mandatory guidance.

3.3. The IFoA also requires Members carrying out work that is within UK geographic scope to comply with the Financial Reporting Council's (FRC's) Technical Actuarial Standards (TASs).

3.4. The following sections focus particularly on how the principles within the Actuaries' Code could apply in respect of climate change and sustainability.

The Actuaries' Code

3.5. The Code is the overarching ethical code of the IFoA. It sets out principles with which all Members must comply and aims to build and promote confidence in the work of actuaries and in the actuarial profession. The Code always applies to Members' conduct in relation to an actuarial role and also applies to other conduct if that conduct could reasonably be considered to reflect upon the actuarial profession.

3.6. The Code does not define 'actuarial role'; however, this is likely to include circumstances where a Member is performing a role that requires, or benefits from, specific actuarial skills.

3.7. Some areas of consideration for Members with regards to climate change and sustainability are outlined below. This is not intended to be a comprehensive look at the Code's requirements, but rather an outline of how some of the principles can relate to climate change and sustainability.

Principle 1: Integrity

3.8. Under the first Principle of the Code:

> **"Members must act honestly and with integrity."**

3.9. As highlighted above, some Members, through their work, will play an influential role in the management of insurance companies, pension schemes, investments and other businesses. These entities will typically be subject to corporate responsibilities relating to climate change and sustainability reporting and Members may have a significant role in contributing to that reporting.

3.10. At a most basic level, in line with the Communications principle discussed below, Members must ensure the accuracy of any claims or statements for which they are responsible, and should take reasonable steps to avoid any exaggeration or over-statement of an organisation's sustainability efforts.

3.11. In respect of reporting, one study has shown that while significant detail is included in climate change narratives, this data is not effectively carried through to the reports on corporate finances. This leads to an uncertainty as to whether financial projections have taken account of all the climate risks recognised within the climate change narrative. Members may be able to encourage wider discussion at Board level to ensure the reflection of risk is appropriate across the levels of reporting, and that TFCD reports are therefore seen as a meaningful and reliable tool, rather than a regulatory hurdle.

3.12. In addition to financial reporting, Members may become involved in discussions regarding climate change policies within their organisation and, perhaps, at a broader level within industry. In discussing climate considerations, Members should do so in a balanced and informed manner, and do so with integrity – neither intentionally misleading nor avoiding the complexity and uncertainty associated with potentially long-term time horizons.

Principle 2 – Competence and care

3.13. Principle 2 of the Code provides that:

> **"Members must carry out work competently and with care."**

3.14. The four amplifications to this principle within the Code are all directly relevant to climate change and sustainability.

3.15. The Code requires Members to ensure that they have an appropriate level of relevant knowledge and skill to carry out a piece of work. It is for individual Members to determine how much knowledge they require in respect of climate change and sustainability issues. Members are not necessarily climate scientists and it is not expected that they develop this specialism. However, as set out above, all Members involved in managing risk, particularly those spanning a medium to long-term time period, will require to have an understanding of how climate change and sustainability might affect the risks they are managing and their mitigations.

3.16. As with any piece of work, Members should ensure that they are clear as to the requirements of the user. They should also ensure that they understand their expected role in the project. They should then determine whether they have the necessary skills and expertise to provide the advice required by their client. Any identified gaps can be addressed through the undertaking of professional development or by seeking additional support from others. Members should excuse themselves from carrying out any work (or a part of it) if they do not have the requisite skills to carry out the work competently.

Principle 3 – Impartiality

3.17. Principle 3 of the Code provides that:

> **"Members must ensure that their professional judgement is not compromised, and cannot reasonably be seen to be compromised, by bias, conflict of interest, or the undue influence of others."**

3.18. Members should be aware of the potential for both ethical and technical bias in relation to their work, and this includes any advice provided relating to climate risk or sustainability.

3.19. Bias can result from a familiarity of working in a certain way, or applying certain methodologies, which might lead Members to overlook, for example, new developments in scientific understanding of the risks posed by climate change, or developments in relevant actuarial techniques. A fixed mindset in respect of climate change can lead to unreliable results in assessing future climate risks. Similarly, the risk of 'groupthink' in respect of the impacts of climate change can influence a Member's ability to think progressively about emerging methods.

3.20. Members should be aware of any pressure from employers, or other users, to present findings or other work in a particular way. The Impartiality principle, as with the Integrity principle, requires that Members are open and transparent about their work, and careful not to mislead regulators or corporate boards. This is of particular relevance to climate-related reporting, and the assessment of investment risk.

Principle 4: Compliance

3.21. Principle 4 of the Code provides that:

> **"Members must comply with all relevant legal, regulatory and professional requirements."**

3.22. In order to comply with their obligations under the Compliance principle, Members need to be aware of, and understand, the relevant laws, regulations and standards which apply to the work they are undertaking.

3.23. Climate change and sustainability are fast moving areas of regulatory development and Members should be careful to stay up to date with requirements that affect their work. Members should recognise that these requirements will vary depending on legal jurisdiction and that the requirements that apply are not necessarily those that apply in the geographic location of where the work is carried out. Guidance to help members determine which actuarial standards apply is available on the IFoA's website.

3.24. The IFoA Sustainability Hub is a useful resource for members seeking to stay up to date with changes to policy and regulation.

Principle 5: Speaking up

3.25. Principle 5 of the Code provides that:

> **"Members should speak up if they believe, or have reasonable cause to believe, that a course of action is unethical or is unlawful."**

3.26. Members should have regard to relevant legal or regulatory requirements, which are likely to include guidelines on Environmental, Social and Governance (ESG) matters, affecting their work. Members should speak up if they believe a particular course of action is non-compliant with the principles set out in these policies or guidance.

3.27. The fourth amplification to this principle is particularly relevant to climate change and the identification of climate risk. This amplification requires that:

- "Members must take reasonable steps to ensure users are aware of any substantial issues with a piece of work for which they are responsible or in which they have had significant involvement, if those issues might reasonably influence the decision-making or judgement of users."

3.28. As with many aspects of actuarial work, the complexity of climate science and sustainability issues, and the inherent uncertainty of modelling future outcomes and deriving liabilities, means that Members providing advice in respect of climate risk will need to consider carefully the impact of their advice on decision-making, and the extent to which the uncertainties in the advice should be communicated.

3.29. As noted above, expertise in creating climate scenarios is developing as new climate data is established. However, Members using climate scenarios should be aware of the risks of underestimating the likely impact of climate change. Under-estimation may result from the use of inaccurate data, overly optimistic assumptions, or pressure to produce conservative results. Where Members are aware of such under-estimation, or where Members have concerns about the result of relatively benign estimations, they should speak up. Speaking up may involve challenging colleagues or fellow Members involved in producing the work, or it may involve the voicing of these concerns to the user of the advice.

3.30. Members providing advice in respect of climate-related disclosures should also be aware of their responsibilities under the Code to Speak Up. This would require Members to voice any concerns they may reasonably hold in relation to the accuracy or completeness of those disclosures.

Principle 6: Communication

3.31. Principle 5 of the Code provides that:

> **"Members must communicate appropriately."**

3.32. The requirements of the Code relating to communication, mean that Members should ensure that they understand fully the purposes of their instruction, and that they adequately communicate the results of their work, including any limitations to the accuracy of the findings. Members should ensure they are clear in communicating to users the extent to which they have, or have not, considered climate change risks and sustainability issues within their work.

3.33. In circumstances where Members are providing advice on any long-term, systemic risk, they should take care to communicate to users the basis of the estimates used. When providing advice, Members should exercise judgement as to how climate scenarios have been incorporated (or not) into their analysis and how they have allowed for the uncertainty around these scenarios. All of these variables should be communicated to the user, and the potential implications of these decisions should be made clear.

3.34. Members should consider using narratives to complement calculations and to aid interpretation by users. For example, where using climate risk scenarios to assess future impacts, Members should explain what the various scenarios involve, and what they do not include. Where some scenarios have been excluded or discounted, the reasoning for this decision should be explained to the user.

APS X1: Applying Standards to Actuarial Work

3.35. APS X1 sets out principles to be applied by Members to determine which standards they must or should be applying to a piece of work, stating that Members should ensure that their 'Actuarial Work' is carried out in a way that is substantially consistent with the International Actuarial Association (IAA)'s International Standard of Actuarial Practice (ISAP) 1 and, for work within the UK geographic scope, the FRC's Technical Actuarial Standards (TASs). TAS 100 provides that users are entitled to place an appropriate level of reliance on advice provided by Members.

3.36. Where in-scope, TAS 100 requires Members to 'identify and consider all relevant material factors and relevant material risks that may affect or have the potential to influence their technical actuarial work and which the practitioner might reasonably be expected to know about at the time of carrying out the work.' This is amplified with the statement that relevant material factors, which 'have the potential to influence the technical actuarial work either directly or indirectly', may include, among other things, climate change.

3.37. It is therefore essential that users understand that the assessment of climate risk is inherently uncertain. Members should communicate effectively with users the limitations of their advice or findings.

APS X2: Review of Actuarial Work

3.38. APS X2 requires Members 'to consider whether to apply Work Review to Actuarial Work for which they are responsible'. Further, 'individual(s) undertaking Work Review, … must be in a position to do so, and be seen to do so, with objectivity'. The Guidance to APS X2 reminds members to ensure that the individual carrying out work review or independent peer review must have the 'appropriate experience and expertise' to conduct the review. The requirement to ensure competence in relation to climate change and sustainability therefore applies equally to the reviewers of work, where they are IFoA members. It may be appropriate to seek assistance from non-members for review if they have the appropriate experience and expertise in this area.

IFoA Risk Alerts

3.39. The IFoA has, to date, issued two climate and sustainability related risk alerts, which continue to be relevant, and which highlight important considerations for Members.

3.40. In May 2017, the Risk Alert focussed on ensuring that Members are clear in their communications the extent to which they have taken account of climate-related risks in any relevant decisions, calculations or advice.

3.41. In April 2022, the Risk Alert highlighted the risk that Members may not appropriately consider or communicate the impact of climate change and sustainability related issues in their work. It highlighted the role that actuaries can play in shaping financial systems and encourages Members to consider whether they need further expert support in allowing for climate change. The Risk Alert emphasises that actions taken in respect of climate risk can serve to mitigate the impact of climate change. It further highlights that individual and collective action is required.

4. Opportunities for Members in respect of climate-related issues

4.1 Actuaries are experts in identifying and managing risk. They are practised in developing ways in which to predict the impact of unknown future events, and they can hold positions of significant influence within the financial system.

4.2 The financial system is critical to the development of sustainable practices and the mitigation of climate change. IFoA Members are therefore well positioned to support positive change through collaboration, innovation and advocacy.

4.3 Through their work, Members might advocate for consistent policy frameworks that continue to ensure sustainable benefits. This influence might be exercised at Board-level, or beyond.

4.4 Furthermore, actuaries are centrally placed to support those at financial risk, both from the effects of climate change, and the effects of climate change mitigations, by helping to identify these risks in advance, and help shape a sustainable future.

5. Additional resources

Case studies

5.1 Appendix A provides Case Studies which aim to assist Members in understanding how their professional obligations are put into practice when providing advice or recommendations in respect of climate change and sustainability. Some discussion points are provided which we hope will be useful for Members.

Guidance and resources on the IFoA website

5.2 The IFoA has various other non-mandatory guidance and other resources that Members may find helpful when undertaking climate change and sustainability related work, including:

- Guidance to support the Actuaries' Code - This is a tool for Members to use their own judgement in determining how to comply with the provisions of the Code. It contains information about each of the six principles within the Code and gives Members a general overview of the broad principles.
- IFoA Sustainability Hub – this area of the IFoA's website provides links to climate-related learning resources and reports, as well as highlighting relevant news and developments.
- IFoA Sustainability and Lifelong Learning page – a collation of current thinking on sustainability topics.
- IFoA's Virtual learning Environment – the IFoA's online learning platform includes the Climate and Sustainability Course.
- The Sustainability Board's Climate Change Reading List aims to support Members in their self-directed learning.

6. Further question and information

6.1 The content of this Guidance will be kept under review and for that reason we would be pleased to receive any comments you may wish to offer on it. Please direct any comments to:

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Appendix A: Case Studies and discussion points

Case study 1

"A" is an actuary who is sceptical of climate change. They recently read a study that claimed there was no trend in rainfall extremes and droughts, and they believe that human activity plays a lesser role in climate changes than is reported.

"A" works for a life insurance provider and is asked to model trajectories for future life expectancy. They are asked by their manager to include figures that have been modelled by "B", another actuary in the team with expertise in climate change. This data appears to show life expectancy as decreasing. "A" asks their manager whether the figures are correct, and the manager confirms their belief that the data is accurate.

Being determined that the theory of a decreasing life expectancy must be incorrect, "A" decides to discount the figures, and use previous superseded figures instead.

Discussion questions

- What was the basis of A's scepticism?
- Why might A have difficulty in believing the results of the models?
- What steps might A have taken to improve their knowledge of basic climate change facts?
- What types of bias might A be displaying?
- How does the Actuaries' Code apply here?
- In being sceptical about climate change, is A in breach of the Code?
- In failing to use the figures provided by B, is A in breach of the Code?
- What further actions might A have taken to address their concerns?

Suggested discussion points

- The Actuaries' Code, Principles 2 (Competence and Care) and 3 (Impartiality) would be particularly relevant here.
- Guidance to Principle 3 of the Code states that impartiality can be described as the principle that decisions ought to be based on objective criteria, rather than on the basis of bias, prejudice, or preferring to benefit one person over another for improper reasons.
- A is entitled to hold sceptical views but has a duty of impartiality and should be careful of confirmation bias in their consideration of B's models.
- A's scepticism could be valuable in providing challenge to the judgement and opinions of others.
- Principle 2 of the Code may also be relevant if A is carrying out this work without the requisite knowledge of how to apply basic climate related facts. A might seek to expand on this knowledge by considering the resources available on the IFoA website, and through A's own workplace.
- A might have explained their concerns to a colleague and manager and sought further explanation for the figures. A could have asked B about how their work had been reviewed under APS X2 to help with their understanding.

Case study 2

"C" is a Scheme Actuary who has been working on the scheme's forthcoming TCFD report with the scheme's investment consultant, who is not an IFoA Member. The consultant advises that they have carried out an initial risk assessment to ascertain the impact of climate change on investment returns. They advise that they have applied a 3-degree warming scenario and that they have calculated that the value of returns in that scenario would reduce by 0.3% per annum.

"C" notes that this seems low, but is inexperienced in climate risk modelling. "C" is unsure of the methodology used and is conscious that the report is due next week.

"C" considers discussing these concerns with the client, but is worried that doing so would breach the Actuaries' Code, which requires them to treat the consultant with respect.

In order to ensure the report is completed on time, "C" uses the returns provided by the consultant in their projections, which are then included in the TCFD report.

Discussion questions

- What impact may such an approach to valuation have on the client's decision-making?
- Was it acceptable for C to adopt the consultant's returns figures?
- Discuss C's reluctance to raise their concerns with the client due to the need to treat the consultant with respect (ie Code Amplification 1.1)
- What steps might C have taken in these circumstances?
- How does the Code's principles on competency apply to this situation?
- How does the Code's principles on communication apply to this situation?
- How would the answers to the above points change if the investment consultant was an IFoA member?
- What steps might the Code require the consultant to take in this scenario?

Suggested discussion points

- C should consider their professional obligations with regard to the use of data.
- In accordance with TAS 100*, they should seek to ensure data is sufficiently accurate, complete and appropriate.
- They also need to consider their obligation under the Actuaries' Code to carry out work competently. This would require them to be satisfied with the suitability of the data to be relied upon. It may be necessary for C to undertake further investigation to ascertain and understand the methodologies used.
- Whilst Principle 1 (Integrity) of the Code requires C to show respect for others, this does not mean that C should accept the work of all others without appropriate challenge.
- Even when working with other IFoA Members, C should raise any queries or concerns with their work, in a respectful and professional manner. If the investment consultant is an IFoA member, C could seek further assurance by asking about how the work had complied with the relevant TASs and how it had been reviewed under APS X2.
- C should consider Principle 6 (Communication) of the Code, which requires them to take responsibility for their work. Doing so should prompt C to consider whether they are satisfied with the data being used or whether further work should be undertaken. Further, C should consider whether sufficient information is provided within the report to reflect the methodologies used and to explain any limitations.

* For work within UK Geographic Scope. Otherwise, members must apply APS X1 to determine the appropriate standards to apply to their work.

Case study 3

"D" is a pricing actuary working on a suite of general insurance products. "D" is asked to provide pricing advice in relation to the designing of a new home insurance product. "D" is aware of the high level of competition in this market and feels under some pressure to keep prices as low as possible.

"D" is provided with some climate scenario analysis suggesting that certain postcodes may be at increased risk in the future due to flooding and coastal erosion. However, there is considerable uncertainty highlighted in the analysis.. "D" decides not to make any allowance in the product development for increased risk due to climate change.

Discussion questions

- How might D have dealt with the limitations in the data available?
- What should D have discussed or communicated to their managers (the users of the work)?
- Should D have had their work reviewed by a colleague?
- How might D have done things differently?

Suggested discussion points

- D might consider whether the uncertainty could be reduced by the use of a larger data source.
- D should consider whether their work is technical and if so, should ensure compliance with TAS 100 and TAS 200.
- In accordance with APS X2, D should have regard to the circumstances in deciding whether Work Review is required, and whether it should be in the form of an independent peer review.
- Principle 3 (Impartiality) of the Actuaries' Code requires D to ensure that their judgement is not compromised by the undue influence of others. Whilst D is aware of the commercial pressures, they should ensure that their advice is provided on an impartial basis and is not compromised by these pressures.
- Principle 6 (Communication) of the Code would require D to communicate the limitations of their advice. Where D is aware of factors relating to climate risk but has disregarded these, that should be communicated to the users.

Case study 4

"E" works as an in-house actuary at a multi scheme pension provider. The pension scheme documentation states that they will not invest in companies or products that support unethical or environmentally damaging activities.

When "E" looks at a schedule of this year's investment holdings, they notice that the provider holds a modest investment in FossilFunders plc – a company that "E" knows funds new coal mines and has been linked to unlicensed fracking.

"E" is new to this role and anxious not to displease their managers. "E" asks a colleague about the investment and is informed that the FossilFunders stock has been held for many years, since before the fund documentation was changed. The plan is to sell the stock, which is illiquid, but only when a buyer can be found. "E" takes no further action.

Discussion questions

- How are the principles of the Code relevant here?
- Who might E have discussed this with?
- What action should E take if this situation continues?

Suggested discussion points

- Principle 1 (Integrity) of the Actuaries Code requires E to act with integrity and Principle 3 (Impartiality) of the Actuaries' Code requires E to ensure that their judgement is not compromised by the undue influence of others. Whilst E wishes to please their managers, they should ensure that their advice is not compromised by this desire.
- E may find it helpful to discuss this issue with one of their managers. This might alleviate E's concerns, or it might clarify to E that they should speak up in accordance with Principle 5 (Speaking up) of the Code.
- The Code does not prescribe to whom E should speak up and there may be various opportunities within the company to raise queries or concerns.

Case study 5

"F" is a scheme actuary to a number of relatively small UK pension schemes, which are not subject to TCFD requirements. "G" is a recently qualified actuary working alongside "F" on many of these clients. Their employer's business model is to provide low-cost actuarial advice to such pension schemes and, consequently, much of the work is compliance oriented.

At an internal professionalism meeting, "G" tells the group that "G" has done a lot of background reading on climate risk and sustainability in their spare time, using resource materials on the IFoA's website.

"F" states that "F" has done minimal reading on climate risk as it has "little day to day impact on our clients. Furthermore, the trustees have told me that, unless it's legally required they don't want to hear about climate risk, as there are other far greater risks to manage. These schemes will have bought out anyway before climate change really causes problems."

"G" replies, "we can really help our clients here. I don't believe none of them have any appetite to look at this further. Anyway, trustees are coming under regulatory pressure to up their game on this. I've already done a lot of reading, and there are courses out there I can take to develop my expertise further."

Discussion questions

- How does the Code's principle on Competence and Care apply in F's situation? Should G challenge F here on F's lack of knowledge?
- Can G provide advice on climate risk and sustainability, despite F's lack of knowledge?
- Discuss whether F can assist with the work review of G's advice on climate risk and sustainability.
- Are any other Code principles relevant?

Suggested discussion points

- F must ensure that they fulfil their obligations under the Actuaries' Code to act with competence and care and that would include consideration of whether F is suitably knowledgeable about the assessment of climate risk.
- F may wish to consider how they can keep their competence up to date.
- F may be justified in their view that climate risk considerations are not relevant in these circumstances. However, F should be clear to communicate the reason for this.
- In accordance with Principle 4 (Compliance) of the Code, where clients require actuarial input to complete climate disclosures, F must keep up to date with emerging governance requirements.
- F and G should feel able to challenge each other with regard to what they consider to be a reasonable assessment of climate risk for each client.
- F should consider whether they are suitably experienced and knowledgeable to review advice that G might provide concerning assessment of climate risk.
- Whilst F is mindful of the employer's business requirements, Principle 3 (Impartiality) of the Code requires F to ensure that they are not subject to undue influence.
- If G remains concerned about the competence of F, G should consider the Speaking up requirements under the Code.