



Vanessa Leung
Director of Actuarial Policy
Financial Reporting Council (FRC)

19 April 2022

Sent by email to V.Leung@frc.org.uk

Dear Vanessa

ACTUARIAL REGULATION OF CLIMATE CHANGE AND SUSTAINABILITY

As you will be aware, we recently consulted upon proposals for changes to our regulatory framework on climate change and sustainability issues. We were grateful to receive a private response from the FRC to that consultation.

Those consultation responses were also considered alongside the findings of the IFoA's recent information gathering exercise, carried out by its Actuarial Monitoring Team, into actuarial involvement in climate related risk.

The Board concluded that while there is not, currently¹, a basis for introducing new mandatory requirements to the Actuaries' Code, there was an urgent need to take a range of steps to support actuaries in understanding the expectations already placed upon them in terms of their professional requirements in relation to climate related risks.

The Board therefore agreed that there should be a new Risk Alert published as soon as possible to highlight the risk to Members, as well as more opportunities developed for learning and development in these areas, by continuing the work already started to incorporate climate change and sustainability within the IFoA's career-long-learning provision. There was also an agreement that further actuarial professionalism materials and case studies on this topic should be produced annually.

The Board agreed that there should be formal non-mandatory guidance developed and published for actuaries to support the Actuaries' Code requirements. The Board also determined that it would seem to be appropriate for technical guidance to be introduced to support actuaries in this area and that it would be most effective if that guidance could be prepared jointly with the IFoA, recognising the difficulty in separating and distinguishing between 'technical' and 'ethical' matters in this area.

I am therefore writing to you in accordance with the relevant provisions of the Communications Protocol between the FRC and IFoA to advise that the Board, acting on behalf of the IFoA, would ask the FRC to consider introducing technical guidance in relation to this matter and would suggest that should be joint guidance with the IFoA. The Board also considers that this guidance is required urgently (within the next 6 months).

¹ The Board agreed to revisit this in 12-18 months.

We look forward to working closely with the FRC on this important area.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Neil Buckley". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Neil Buckley
Chair of the IFoA Regulatory Board