LCP's response to FCA Quarterly Consultation CP26/17

10 July 2026

This document sets out LCP's response to the Financial Conduct Authority's Quarterly Consultation CP26/17 Chapter 2 on the topic of "Simplifying climate disclosure requirements for investment products".

Who we are

LCP is a firm of financial, actuarial, and business consultants, specialising in pensions, investment, insurance, energy, health and business analytics. We have over 1,200 people in the UK, including over 180 partners and around 250 qualified actuaries.

About 80% of our work is advising trustees and employers on all aspects of their pension arrangements, including investment strategy. The remaining 20% relates to insurance consulting, energy, health and business analytics. We have around 430 investment clients.

LCP is authorised and regulated by the Financial Conduct Authority for some insurance mediation activities only and is regulated by the Institute and Faculty of Actuaries under the Designated Professional Body (DPB) regime for a range of investment business activities.

Executive summary of our views

Although we broadly support the intent behind these proposals, we have concerns that the proposed changes may reduce the availability and consistency of climate-related data available to institutional investors. In particular, narrowing the set of mandatory metrics and removing public reporting requirements risks making it more difficult for UK pension schemes to meet their regulatory reporting obligations and to assess and manage climate-related risks effectively.

Question	Summary of response
2.1	We consider it important that disclosures cover not only which climate-related risks and opportunities are financially material, but also how these are managed at the product level.
2.2	No comment.
2.3	We agree that products currently in scope should remain in scope and suggest extending coverage.
2.4	We suggest: • expanding the minimum set of required metrics beyond Scope 1, 2 and 3 emissions; • requiring managers to provide sufficient contextual information for investors to interpret metrics, including coverage and calculation methodology; • entitling all institutional clients, not only those with formal disclosure obligations, to receive climate-related data to support risk management.
2.5	No comment.

Responses to consultation questions

Question 2.1: Do you agree with replacing public TCFD product reports with a more flexible approach tailored to the needs of retail investors? If not, please explain why and what alternative approach you would suggest.

We are broadly supportive of the proposal to replace public TCFD product reports with a more flexible approach. However, we believe that if such an approach is adopted, then in addition to disclosing which climate-related risks and opportunities may materially affect financial performance of a certain product, managers should also be required to disclose how these risks and opportunities are managed for the product. This information would be valuable for both retail and institutional investors when assessing the credibility and robustness of a manager's approach to climate change.

Question 2.2: Do you foresee any practical or operational challenges with the proposed approach? If so, please specify which aspect and explain why.

No comment.

Question 2.3: Do you agree that all products in scope of the current TCFD product reporting rules should be subject to the proposed rules for communicating with institutional clients? If not, please explain why and what alternative approach you would suggest.

Yes. We agree that all products in scope of current public and on-demand TCFD product reporting requirements should be subject to the proposed rules for communicating with institutional clients.

To further support our clients' ability to meet their regulatory reporting obligations, we suggest expanding the scope to managers with under £5bn AUM and to feeder funds.

Question 2.4: Do you agree with reducing the metrics to scope 1, 2 and 3 GHG emissions data (at a minimum) and the supporting guidance? If not, please explain which aspect you disagree with, why, and what alternative approach you would suggest.

We are concerned that the revised approach may reduce the availability of climate-related data for our clients. This could make it more difficult for them to obtain metrics to help them understand and manage their exposure to climate-related risks and, where applicable, to meet their disclosure obligations.

Although our clients typically do not directly rely on public reports to obtain climate-related data, the overlap with public reporting requirements currently increases the likelihood that managers will collect this data and provide it in response to private requests. Without this overlap, data availability may decline and reduce our ability to verify that a manager's stated approach to managing climate-related risks is consistent with the resulting portfolio characteristics.

We believe that the proposed rules and guidance about providing climate-related information on request are too narrow. Specifically, by limiting them to situations where information is required to satisfy a client's climate-related financial disclosure obligations, they do not cover information needed by investors for their risk management purposes (beyond that needed for any disclosure obligations).

While we agree that Scope 1, 2 and 3 GHG emissions should form a minimum baseline for product-level reporting, we consider that the proposed set of mandatory metrics is too narrow to meet the needs of institutional investors. We believe managers should be required to produce a slightly wider set of metrics and strongly encouraged to provide other information where this is reasonably practicable and permitted under data licenses.

We support around 25 pension scheme clients on complying with the metrics requirements of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (as amended) ("TCFD reporting"). They must report on total emissions, an emissions intensity metric, an alignment metric, and an additional metric, as a minimum.

Most of these clients report the following set of metrics (with emissions metrics reported separately for Scope 1+2 and Scope 3):

- Total GHG emissions attributable to their investments
- Carbon footprint (total emissions per amount invested), noting that this can be calculated from total emissions provided the £ value of the investment and emissions data coverage is also known at the relevant date
- Proportion of investments (by value) with targets validated by the Science Based Targets initiative (SBTi)

- Emissions data quality (proportion of investments by value with reported and estimated emissions data)

We therefore suggest that these metrics are required for managers to produce.

For risk management purposes, our clients also increasingly want to receive information on forward-looking climate transition metrics, physical climate risk metrics and the manager's engagement with issuers on climate-related topics. In relation to forward-looking metrics, we expect clients will want to move beyond SBTi targets to a more holistic assessment of assets' alignment with net zero pathways, such as the alignment maturity scale defined in the Paris Aligned Investment Initiative's Net Zero Investment Framework (which also has the advantage of being applicable to wider range of asset classes). We would like managers to be strongly encouraged to provide such reporting where feasible and to continue to develop the range of climate data they can provide.

Additional comments on specific wording in the consultation document:

2.19 says "We consider that scope 1, 2 and 3 GHG emissions data allow clients to calculate other climate metrics as needed under their own climate disclosure obligations". However, under the FCA proposals as set out, managers aren't obliged to provide data coverage figures or explain their treatment of missing data. Without this, investors lack the context to accurately interpret numbers provided by managers and to ensure consistency when collating information provided by different managers. For instance, whether or not managers gross up emissions figures for missing data affects the interpretation of the emissions data provided. Therefore, managers should be required to provide information on data coverage and how emissions figures have been calculated.

2.3.5 R (1): As set out above, we believe that clients should also be able to request climate-related information to assist with climate-related risk management (which we regard as part of all institutional investors' risk management obligations) regardless of their regulatory disclosure requirements.

2.3.7A G says information should be provided in "within a reasonable period of time". We support the expectation that data should be provided in a timely manner. What is "reasonable" is currently left open to interpretation. We would normally expect provision within one month, subject to the timing of data reporting by underlying entities.

2.3.8 G: As set out above, we believe that this should be extended to include climate or carbon-related information (not just data) which is reasonably required in order to manage climate-related risks (not just to satisfy financial disclosure obligations).

2.3.9 R: The struck-out requirements include "relevant contextual information such as explaining how the metrics should be interpreted and their associated limitations, for example, if particular assumptions or proxies have been used". We suggest this is retained, as we argue in relation to 2.19 above.

Question 2.5: Do you agree with the proposed consequential amendments? If not, please specify which amendments you disagree with, why, and what alternative approach you would suggest.

We have no additional comments on the proposed consequential amendments. The key issues are addressed in our response to Question 2.4.