FCA consultation CP26/17 – Chapter 2: Simplifying climate disclosure requirements for investment products

Response from Nest Corporation 13th July 2026

About Us

Nest exists to build financial peace of mind for all. We were established in 2010 as part of the automatic enrolment programme to help people save for retirement. Unlike any other pension scheme in the UK, Nest has a legal obligation to accept any employer that wishes to use us to discharge their auto-enrolment obligations – 1.2 million have signed up to use Nest.

Over the last decade, Nest has grown to be one of the largest pension schemes in the UK. We are operating at scale as a high-quality, low-cost pension scheme helping over 14 million members save for their retirement. Many are low to moderate earners who may be saving into a pension for the first time. We currently manage £67.9bn on their behalf.

Nest is built around the needs and behaviours of our members, from our approach to responsible investment to our focus on customer service. We now occupy a place in the market as a major Master Trust, helping to drive up standards and best practice across the industry. Nest has great potential for delivering pensions to mass-market consumers for many years to come, leveraging our scale to deliver value through the combination of low costs, our market-leading investment strategy and modernised services, all overseen by strong trustee governance.

Response

Introductory comments

We welcomed the opportunity to engage with the Financial Conduct Authority (FCA) as part of its review of climate-related disclosures last year and the chance to provide further feedback on this consultation. Overall, we support the FCA's proposals to make the disclosure regime more proportionate and decision useful. As institutional clients, we have found that product-level reporting from managers does not meet our information requirements in full, requiring additional ad hoc reporting from managers. We believe it is important to retain reporting obligations but allow more flexibility for firms to report in a way that meets the needs of their clients. Our response primarily highlights some areas where expectations of firms could be further clarified, and where provisions for clients to request material and decision-useful climate-related information could be strengthened.

Chapter 2: Simplifying climate disclosure requirements for investment products

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.

Yes, we are broadly supportive of the proposal to replace the current regime with a more flexible approach. We are also supportive of the proposal for climate-related risks and opportunities to be included alongside other risk and return information as part of the product summary for products in scope of the Consumer Composite Investment (CCI) regime.

However, we have some concerns about the framing of the proposed rule ESG 2.3.1BR on considering periodically whether climate risks and/or opportunities **could be** materially relevant to the financial performance or return of the product. In our view, based on the scientific evidence and research that we have seen to date, climate change is a systemic risk and therefore is likely to be financially material across a wide range of investment products. We also note that the consultation paper states that consumer representatives thought retail investors are generally interested in knowing how climate change could impact their investments but find current TCFD product reports too long and complex.

Our concern is that the language in this section is overly vague and could allow firms to avoid disclosures by stating that these risks and opportunities are not financially material, without providing a rationale for this decision. We would encourage the FCA to instead consider a requirement for firms to clearly explain why climate risks and/or opportunities have been judged **not** to be financially material, as well as setting out some expectations of what this materiality assessment should entail.

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

We are not best placed to answer this question as consumers rather than producers of the relevant reports.

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 with this proposal.

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 agree with the proposal that scope 1, 2 and 3 GHG emissions data should form a minimum reporting requirement. However, this does not meet our reporting obligations under the Pension Schemes Act 2021. Specifically, pension schemes subject to these requirements also need to produce an alignment metric, and this cannot be calculated from scope 1, 2 and 3 GHG emissions alone. In Nest's case, we have chosen binary target measurement, disclosing the proportion of our holdings with a net-zero or Paris-aligned target verified by the Science Based Targets initiative (SBTi). We agree that the FCA should not be too prescriptive in determining additional metrics that firms should disclose to institutional clients, as there is still significant variation in metrics in areas such as alignment or climate solutions. However, in our view, there should be a stronger basis for clients to request additional metrics from firms. We welcome the provision for firms to provide other metrics if reasonably required by the client for their climate reporting through ESG 2.3.8G but suggest that this should be a rule rather than guidance. We would also expand the scope of this rule beyond information required by the client for reporting, to include other climate risks and opportunities considered material by either the firm or the client.

We also have some concerns about the proposal for clients to only make one request per product per year. Nest receives climate-related data from several of our managers more often than this, in some cases on a quarterly basis. At a minimum, we would encourage the FCA to add that firms may disclose this information more frequently to clients on a voluntary basis.