

# Equality, diversity and inclusion

## – should pension schemes be doing more?

Society is, quite rightly, putting increasing pressure on businesses and employers to operate in a fair and inclusive way. The Pensions Regulator has also recently stated that one of its strategic objectives up to 2025 is to “promote high standards of diversity and inclusion among our regulated community”.

The Pensions Regulator’s focus is shifting to prompt scheme governing bodies to become more diverse and inclusive in their decision making. To achieve this and to help tackle inequality among savers, it is working with the industry, other agencies and central government. As a result, we think pension scheme trustees should consider whether they could be doing more in this area.

It has long been accepted that diversity on a board improves decision making. However, equality, diversity and inclusion in pensions goes much wider than that. It ranges from meeting the needs and demands of the membership, through to the reputational risk to the employer if you get it wrong.

### What is “ED&I”?



#### **Equality**

Equality is about ensuring that every member and everyone involved in the scheme has an equal opportunity to make the most of their talents and what the scheme offers to them.



#### **Diversity**

Diversity is about recognising what differentiates individuals and groups from each other. The Equality Act 2010 prohibits less favourable treatment on the basis of 9 ‘protected characteristics’, but diversity goes wider than this. It could include someone’s background, whether someone is a carer or, particularly in the context of decision making, cognitive skills or neurodiversity.



#### **Inclusion**

Inclusion is about embracing differences and allowing all individuals to fully participate in the scheme and its operation irrespective of their individual characteristics. Diversity achieves little without an inclusive environment.

## What aspects of your scheme should you think about?



### Benefits

- Do your scheme benefits offer equality to all?
- Are your survivor benefits fit for today's world?
- Is the employer aware of how the scheme operates discretionary benefits such as dependant's pensions?



### Governance

- Should you review your MNT selection process to make sure it meets your ED&I goals
- Do you collect diversity data about your trustees and trustee candidates?
- Do your committees benefit from the diversity on the Board?



### Decision making

- Do the Board and committees offer an inclusive environment for decision making?
- Does your training programme cater for diverse characteristics?
- Have you assessed your decisions for unconscious bias?



### Communications

- How accessible are your member communications?
- Do your website and electronic communications cater for diverse needs?
- What do you know about the literacy and numeracy of your membership?



### Advisers

- Do your adviser firms meet your ED&I standards?
- Do your advisers, individually and collectively, offer sufficient diversity?
- Do your investment managers have adequate diversity and inclusion in their decision making?



### Other areas

- How do your actuarial factors take diversity into account
- Are your AVC/DC investment options sufficiently inclusive?
- Do you consider diversity and inclusion when looking at the "S" in ESG?



We believe that a governing body made up of people who have a greater range of backgrounds, life experiences, expertise and skills will tend to lead to wider discussion.

*The Pensions Regulator 2021*

### What action could you take?

- ☐ Arrange ED&I focussed training
- ☐ Carry out an ED&I audit of your scheme and its governance
- ☐ Engage with Employer to align with its approach to ED&I
- ☐ Adopt an ED&I policy for your scheme



## The recognised and legally protected characteristics

Marriage and Civil Partnership

Disability

Religion or belief

Race

Sex

Age

Sexual orientation

Gender Reassignment

Pregnancy and Maternity