

Equality, Diversity and Inclusion



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Do you have a good mix of people on the board?

How many pension trustee boards have asked themselves this question? It is certainly something that the UK Pensions Regulator is encouraging trustees to think about, with the publication of its guidance for pension schemes aimed at helping them improve equality, diversity and inclusion (EDI) at trustee level.

What is EDI?

Equality: This relates to everyone having the same opportunities, regardless of their background

Diversity: This relates to valuing the differences between individuals

Inclusion: This relates to ensuring that everyone is heard and feels able to contribute fully

The Regulator notes that equality, diversity and inclusion are interlinked. Having a good mix of individuals with different life experiences might mean that a governing body is more 'diverse', but if any of them do not feel respected or heard then the governing body will not benefit from the full talents and experiences of all of its members.



Why does EDI matter?

The Regulator highlights a number of potential benefits of improving EDI. These include:

- Wide discussion encourages new thinking and approaches
- More effective decision-making that reflects members' needs and values
- Improved value for money for savers
- Deeper understanding of issues that have a real-life influence on savers' outcomes
- Greater understanding, insight and empathy for scheme beneficiaries
- Improved member communications

Where to start?

It is likely that some trustee training will be required on what EDI might look like on practice. The UK Pensions Regulator recommends that an EDI policy is developed and maintained by a pension scheme's governing body. As well as setting out the scheme's approach to EDI, creating the policy will also help the trustees to identify areas where they may want to make changes.

The role of the chair in driving and promoting EDI

The Regulator expects the chair of the trustees to be key to implementing EDI, including:

- Ensuring that EDI policies are developed and followed.
- Leading progress towards meeting EDI objectives and any agreed EDI actions.
- Identifying any skills gaps to meet the needs of upcoming priorities and challenges and reflecting these in the recruitment for the governing body.
- Promoting an open and inclusive culture and making adjustments to meetings as required.
- Giving and receiving feedback on decisions before finalising an action plan to generate shared responsibility.

What might EDI look like in practice?

It starts with succession planning and recruitment of new members to the trustee board, where it will be important to consider a wide variety of candidates. Once selected, a new trustee will need training tailored to their individual needs.

It may be necessary to make some practical changes to enable everyone to carry out their role to their full potential. This may include adjustments for those with disabilities or health conditions, but equally it could be as simple as changing the time of a meeting to enable everyone to attend.

Conclusions

EDI helps to develop an inclusive environment in which diverse characteristics are welcomed and harnessed in a way that is mutually beneficial to individuals and their organisations.

A key driver for embracing EDI generally is that it should encourage wider discussions and ultimately lead to better decisions. While the Regulator's guidance is targeted at UK schemes, some aspects may be helpful to local trustee boards as well.

