

# 60-second summary

## Equality, diversity & inclusion—the Regulator's guide

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The Pensions Regulator has issued [guidance](#) on equality, diversity and inclusion (EDI) within pension schemes' governing bodies.

### Meanings

The Regulator quotes a definition of equality by the Equality and Human Rights Commission. It says that equality is about ensuring that everyone has the same opportunity to make the most of their lives and talents; that no-one should have poorer life chances because of the way they were born, where they come from, what they believe, or because they have a disability; and that certain groups of people have been discriminated against.

The guidance encourages trustees (and managers of public-sector schemes) to take a similar approach to the Pensions and Lifetime Savings Association when defining diversity, by (for example) recognising socio-economic and educational differences in addition to legally protected characteristics.

Finally, the Regulator says that 'inclusion' entails effective involvement, by creating an environment in which people can thrive and reach their full potential; and that, in an inclusive environment, diverse characteristics are harnessed in a way which is mutually beneficial to individuals and organisations, enabling the best decisions to be made.

### Overview

The guidance explains why EDI is important: it fosters 'robust discussion and effective decision-making'. The Regulator also discusses the barriers to diversity, and lays out the sorts of things that governing bodies can do quickly, as well as changes that may be longer-term aspirations. It acknowledges that trustees' actions will have to be appropriately tailored to the needs and characteristics of their schemes.

The Regulator emphasises the pivotal role of the trustee chairperson throughout, and how sponsoring employers can support the governing body's efforts. The recommendations are backed with examples.

### Getting started

The Regulator discusses training, formulation of EDI policies, and the desirability of establishing a plan for assessing performance (for example, by setting goals and reviewing progress annually). It suggests that employers can help by widening their pool of employer-nominated-trustee candidates, nurturing new trustees through shadowing and mentoring, advertising the positive effect of trusteeship on career development, and effective succession-planning for the trustee chairperson's role.

### Forward thinking

The guidance recommends that governing bodies plan for change by identifying any gaps in representation, experience and skills. Trustees might need to reconsider the size and composition of their board, perhaps making temporary changes whilst moving toward a smaller, more-diverse body, but bearing in mind the need for efficiency and the cost implications. The governing body can use the quest for new trustees as an

opportunity for reflection, and the chairperson can help by ensuring that there is a focus on EDI. The Regulator notes the importance of good succession planning for the chairperson and the other trustees. It suggests that selection panels may have advantages over member ballots when meeting EDI goals. It also mentions positive aspects to fixed-term appointments with a limit on the number of successive terms for which a trustee can serve, but suggests that governing bodies stagger the ends of trustees' terms in office, to minimise loss of valuable knowledge.

## Culture

The guidance extols the virtues of an inclusive culture within the governing body: encouraging full participation, understanding and accommodating personality differences and preferred working styles, and thoughtful adaptations for trustees' personal circumstances (for example health or caring responsibilities). It suggests how trustee chairs might improve intra-board relationships and cohesion, for example by soliciting the views of others before giving their own, being conscious of group dynamics and watchful for signs of disengagement, having one-to-one discussions with fellow trustees, recognising training needs, and using their advisers effectively. The trustee chairperson could also give other trustees opportunities to chair meetings and sub-committees, and use shadowing, buddying or mentoring to support new recruits. The Regulator recommends an awareness of biases such as 'group-think' and the tendency to defer to authority figures.

## Finding the right people

The Regulator has ideas for attracting and appointing the right mix of candidates for trusteeship. It recommends involving deferred members in nomination processes for mature schemes (possibly with confidentiality and conflict policies if they now work for the sponsor's competitors), and—again—suggests that selection has advantages over election.

Other advice covers the desirability of simplifying the nomination process as far as possible, countering discouraging perceptions about the trustee role, emphasising desired skills and the availability of support, advertising the career-development opportunities in trusteeship, and staging 'candidate days' to introduce and promote the role. The Regulator also discusses possible roles for independent or professional trustees, and for trustee remuneration.

## Outside voices

The Regulator suggests ways in which governing bodies can benefit from external sources of viewpoint diversity. This might come from advisers, by canvassing members' views, or through recruiting non-trustees to committees and other discussion forums. Trustees should consider advisers' potential contributions to diversity and inclusion when tendering for services.

## Additional resources

The publication contains an employer guide that covers professional trustees and the rights and statutory protections of employees who have trustee responsibilities. It discusses the likely time commitments of trustees, and how employers might accommodate them. There is a section devoted to the subject of inclusive communication, as well as examples of a trustee recruitment leaflet and an advertisement drumming up interest in trusteeship.

**The Regulator's guidance is a good reminder of the value of equality, diversity and inclusion in sound governance. Its publication is timely, given the absence of EDI within the (draft) General Code of Practice. Those who already consider EDI in their annual effectiveness reviews and subsequent actions are aware of the issues, but the guidance is a useful prompt for reflection.**