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Embedding ESG today

A perspective from a Professional Pension Trustee

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UK Pension Schemes

- Most UK pension schemes are set up as trusts
 - Assets separate from the employer
 - Important for security of members' benefits
- Trustees are legal owners of the scheme assets
 - Duties include acting in the scheme members' interests
 - Responsibilities include ensuring benefits are secure
- Pension schemes are heavily regulated





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ESG – changes driven by UK pension regulations

- **From October 2019** – Statement of Investment Principles to include policies on ESG and stewardship
- **From October 2020** – Implementation Statements *“actions versus intent”*
- **From October 2021** – Taskforce on Climate-Related Financial Disclosures (TCFD) requirements on schemes over £5bn assets
 - schemes over £1bn to follow from October 2022
 - smaller schemes in future
- **Coming soon** – Taskforce on Nature-Related Financial Disclosures (TNFD)



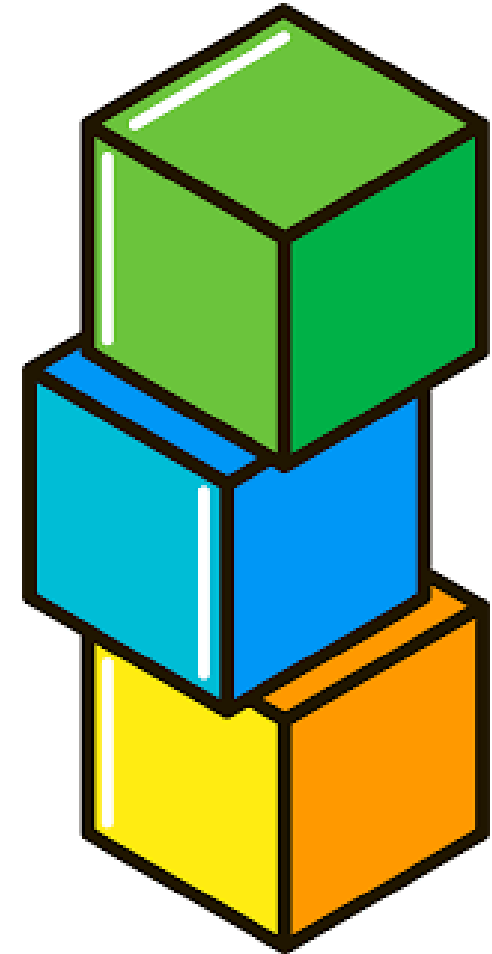
“to improve both the quality of governance and the level of action by trustees in identifying, assessing and managing climate risk”



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Strengthening governance

- Trustee knowledge and understanding
 - Fiduciary duty
 - Training
 - Scheme Sponsors' perspectives
 - Own set of investment beliefs
- Policies and statements including:-
 - ESG Investment Beliefs
 - Stewardship policy
 - Responsible Investing policy
- Signatories/Collective initiatives such as:-
 - UK Stewardship Code 2020
 - Occupational Pensions Stewardship Council

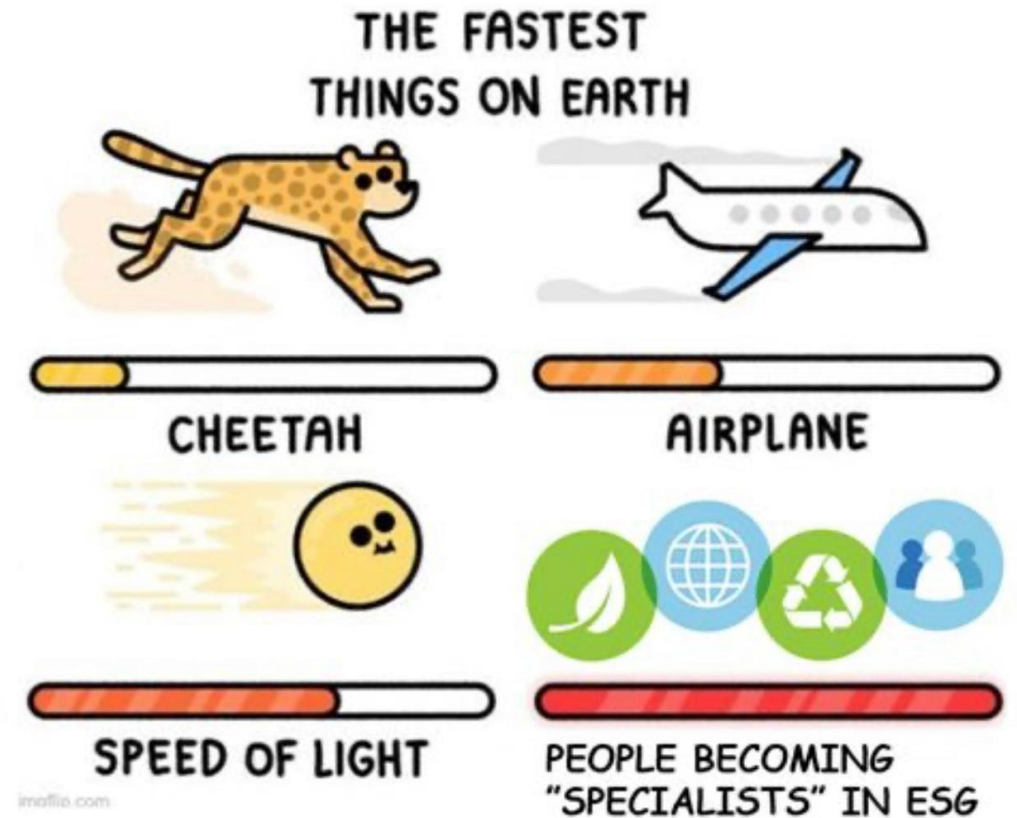




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Challenges in practice

- Budget and resources
- Data availability and quality
- Meaningful analyses
- Relevant expertise
- Greenwashing
- Effective stewardship





Q&A

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Thank you



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