



Workplace Savings

An Isio blog

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What does diversity mean for a DC trustee board?

Employers and trustees can pave the way

Who is this is for? Trustees, Pensions Managers, FDs, other trustee boards or DC governance committees

Would anyone disagree with the Pensions Regulator that a diverse trustee board is likely to make better decisions than a non-diverse group? I doubt it. How can you gain the engagement of your members if your board looks nothing like them?

What sort of diversity should trustees be looking for? Do they need a group of people of different ages, backgrounds and sex? Logically, yes. It is cognitive diversity that will make all the difference and arguably you are much more likely to have a group with different ideas, perspective and thinking if it includes people of different age, gender, heritage and background.

Trustee boards can make a start by considering whether they have a diverse skill set within their group and whether they represent a good cross-section of the scheme membership. If they do, that's great, but it's only half the job done – board conduct and practice is just as important. Are those different ideas and perspectives embraced in meetings? Are all board members actively encouraged to participate in discussions? Only by being inclusive will trustee boards get the most from their diversity. The chair will have a big role to play in getting the most from the group.

But what about the many non-diverse trustee boards out there? The existing trustees may feel they have little influence over the appointment of new trustees – very often this is predominantly in the hands of the employer. Employers can help to make positive change by looking to identify new trustees from a wider, more diverse, pool. Trustees shouldn't accept excuses from employers who don't offer diverse candidates. Ask them to actively seek out people with less traditional skills, e.g. communications, who will bring a different perspective. You might need to take a risk to get diversity – supporting inexperienced people onto the board may take more time but should be worth it.

They won't have to do this on their own – the Regulator will continue to bang the diversity drum and is setting up an industry working party to promote diversity and inclusion in trustee boards until visible and positive changes are introduced. So help is at hand.

Does your DC board know what your members want and what they really need?

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