

ESG should be on most trustee agendas, but has this really been given enough time as it should? Have the trustees approached ESG in a holistic way by:

- Checking the ESG policy against investment documentation and scheme documentation?
- Linking in with advisers to ensure awareness of the trustees' policy?
- Having a clear plan in place to deal with any breaches of the trustees' policy?

We set out below some top tips to assist trustees to refocus on ESG and highlight some resources that are available to our clients.



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1. Pit Stop – Refresher on ESG Requirements

We have produced two quick guides that set out a summary of key requirements on ESG ([ESG quick guide](#)) and on TCFD ([TCFD quick guide](#)). A walk through risks and opportunities that ESG presents for UK pension schemes can be found in our webinar recording [link](#).

Are the trustees up to speed with industry codes such as the UK Stewardship Code? If not, we recommend that the trustees seek out training to ensure that they remain compliant with trustee knowledge and understanding requirements.

3. One-way Street – Link in With Your Investment Consultants

Trustees should tell their investment consultants what their policy is so that they can ensure selection of investments remains compliant. Ask your investment consultants how the investment managers deal with stewardship.

5. Emissions – Communications

Have the trustees considered what they want to be telling the outside world (either scheme members or more widely)? Have the trustees established plans to deal with enquiries from members or activists?

7. Roadmap – Know What Else You Will Encounter on Your Journey

Spring 2022 – Government expected to consult on new sustainability disclosure requirements; The Taskforce on Nature-related Financial Disclosures will start testing its framework

Q2 2022 – Government expected to issue information on taking account of deforestation

1 October 2022 – Mandatory TCFD reporting for schemes with assets of £1 billion or more; Largest schemes to start reporting on alignment with Paris Agreement goals; Statutory guidance on implementation statements expected to be in force; Non-statutory guidance on SIPs expected to be in force



2. Ready, Set, Go – Set Your Policy

Trustees should ensure that they dedicate sufficient time to formulate an ESG policy. Ensuring compliance initially and through further monitoring will be difficult without establishing what that policy is. We have a guide that can assist our clients to set their strategy on responsible investment.

4. What Is Under the Bonnet? Carry Out Due Diligence

Trustees should review key documentation against their ESG policy:

- Do the investment management agreements:
 - Align with trustees' investment beliefs?
 - Contain contractual clauses dealing with ESG?
- Do the scheme's trust deed and rules contain any restrictions on types of investments that would cause the trustees difficulty with complying with their ESG policy?

6. Bump in the Road – Have an Action Plan Already in Place to Deal With Any Breaches

Have the trustees considered how they will respond to any breaches of their ESG policy? We have a breach response plan template available to our clients.

See also our handy [flowchart](#) for additional tips on handling a potential ESG breach complaint.