



Association of Member
Nominated Trustees

Quarterly Newsletter

February 2019

7th March 2019 AMNT Conference - New Challenges for Trustees in 2019. What should Trustees be focused on? Plus AMNT AGM

On 7th March 2019, the AMNT Conference will consider what trustees should be focussed on to deal with the growing challenges in 2019.

We will hear the views of David Fairs, the Pension Regulator's Executive Director of Regulatory Policy and at the end of the day a panel of experts looking at what could go wrong in the pensions world this year, including Margaret Snowden (PASA), Chris Curry (PPI) and Lesley Carline (PMI).

The Conference will be held at the offices of Willis Towers Watson, near Bank Tube Station. Places

are limited, so please respond early if you would like to attend.

The AMNT AGM will also take place and this will be an important opportunity for MNT's to state their views on what we should be concentrating on in the coming year. It is also a great time to meet-up informally with other like-minded individuals in the pensions industry to discuss your issues and problems.

As usual there will be the ever popular 'break-out' groups.



Hello! I am Sanjay Gupta, your host for the AMNT 7th March 2019 Conference

Consultations

The AMNT welcomes the opportunity to respond to the various consultation papers issued by Public Bodies and always appreciates your help in responding to these discussion papers on burning issues.

Recently, we have given our views on Delivering Collective Defined Contribution Pension Schemes.

We will also be giving our views on various other Papers this year, so

If you wish to have your voice heard, on this or any other public consultations or major pension issues, then please respond: to consultations@amnt.org

Calendar of Future Events

March 2019

AMNT Spring Conference & AGM – 07/03/19: an all-day event on Member Challenges in 2019 - 8.30am to 17.15pm.

AON 2019 Pension Conferences – 5th, 12th, 19th & 26th March and 2nd April 2019: all day events to be held in Bristol, Birmingham, Leeds & Edinburgh and London.

Punter Southall Aspire on Pension Comms – 27th March and 4th April 2019: half-day events to be held in London on new communication strategies for an evolving workforce.



To find out about all our events, visit our dedicated calendar at amnt.org/events

IMPORTANT: Can existing Members please re-register their membership details on the new website at www.amnt.org

AMNT Roundtable Events

The AMNT held a Roundtable Event on 11th December 2018, at the offices of Redington, with 15no. of our Members to consider 'what DB trustees want the Pensions Regulator to do when they cannot reach agreement with their scheme sponsor'? Marian Elliott of Redington outlined the potential difficulties and Robin Ellison elaborated on his experiences with the Carillion pension schemes. A really interesting, that informed of the potential 'trip hazards' and positive in its summation of these and how they should be avoided in the future. The AMNT sent its recommendations to the Pension Regulator for their consideration and in an attempt to get the voice of MNT's heard by Regulators and Government alike.

A great thank you to our host for the evening, Redington, and especially for the refreshments provided to keep everybody going.

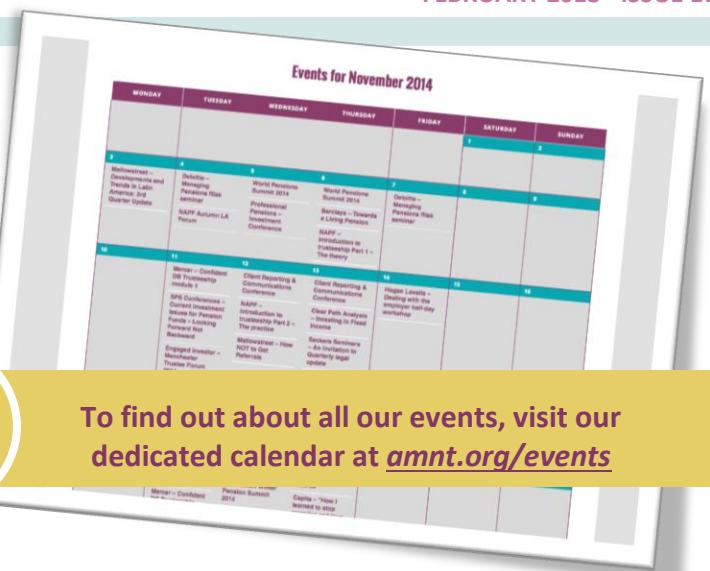
We look forward to welcoming more of our members at future events.

AMNT Red Line Voting Campaign - a breakthrough!

As you are aware, AMNT has been working tirelessly over the past two years to engage with policy makers, fund managers, asset owners and other key stakeholders over the voting rights of assets owners in pooled fund arrangements. It is imperative, in this regulatory environment, that fund managers allow asset owners the right to vote in alignment with their own stewardship policies. Whilst the campaign has been fraught with challenges, we achieved a major breakthrough this month when the Pensions Minister, at a recent conference, questioned the fund management industry as to why it was not possible to split the vote in pooled fund arrangements. We believe that this questioning will open a necessary dialogue between the fund management industry, asset

owners and other parts of the voting chain, to develop industry solutions to this important issue. The Minister's speech has come at a critical time, as we prepare to launch the findings of our academic research on split voting in pooled fund arrangements. We will look forward to updating on this exciting development as it progresses in the coming months. For more information, please contact Leanne Clements, Campaign Manager - Red Line Voting at leanne.clements@amnt.org

Calling all AMNT Members – To be truly effective, the AMNT needs your interactive support for researching, evaluating and acting on several pension and business issues. We are holding our AGM on 7th March 2019 and are currently seeking members to put their name forward to serve on the Management Committee. Please respond, if interested, to the email recently issued.



What training do you want? – The AMNT is determined to put on more half-day training events and already has a further two penciled in for the rest of the year.

Future events are being planned, so keep an eye on the web site and your inbox, for further details.

ESG: Integration, not exclusion

By Peter Daniels, Associate at Barnett Waddingham

The Department for Work and Pensions (DWP) issued a response to its consultation on clarifying and strengthening trustees' investment duties in September 2018. The focus of the consultation was on the expectations upon trustees to take account of financially material risks within their investment strategies. Whilst factors such as interest rates, equity risk, longevity etc. are widely considered, the consultation explicitly references those risks associated with Environmental, Social and Governance (ESG) factors.

Myth busting

ESG investing is driven by the desire to improve returns and manage risk by understanding the key factors which influence the long-term sustainability of a company. It is not about socially responsible investing or the exclusion of stocks, such as tobacco companies, on ethical grounds; it is about ensuring that the analysis and decision making by your investment managers take into account the risks and opportunities that are presented by ESG factors.

The consultation outcomes

The key outcomes which will impact trustees of both DB and DC pension schemes are that:

1. From 1 October 2019, the Statement of Investment Principles (SIP) should state the trustees' policy in relation to:

- financially material considerations over a suitably considered time horizon, including those arising from ESG considerations, including climate change
 - stewardship of the investments, including engagement with investee firms and exercise of voting rights, and, for DC schemes, how this applies specifically to the default strategy
2. The DC default strategy should reflect how the trustees take account of financially material considerations, including ESG matters, and the SIP should be published on a website (for DC schemes)

3. The Trustees may choose to adopt an optional policy on non-financial factors, including not only members' ethical concerns, but also social and environmental impact matters and quality of life considerations

This optional requirement replaces the original proposal for Trustees to take into account of members' views in relation to matters set out in the SIP.

4. From 1 October 2020, trustees of DC schemes should prepare an implementation report setting out how they acted on the principles set out in the SIP and explaining any changes to those principles. This report should be included in the annual report and should be referred to in the link to the SIP that must be included in members' annual benefit statements.

Our view

We believe this is a positive step for pension scheme trustees and the industry as a whole:

1. We believe the evidence is clear that ESG factors are key drivers for the long-term sustainability of companies. Companies that have good ESG characteristics are better able to mitigate financial risks related to ESG factors such as climate change, labor disputes, cyber security and bribery. On the flip side they are also better able to take advantage of ESG-related opportunities, such as environmental innovation, population and demographics and food security.

2. The consultation outcome helps to place the emphasis of the ESG policy on risk management rather than ethical considerations. Trustees will be clearer on what is expected from them as long-term investors. It spells the end of a one-line comment in the SIP to satisfy investment regulations – this time around, expectations are most certainly different.

How should trustees respond?

We expect the majority of trustees to actively consider in detail, potentially for the first time, their approach to ESG factors within their investment strategy.



A difficult year for Trustees – no fence, it's your responsibility!!