

## Pensions law group – September 2019

## New investment and disclosure obligations on pension scheme trustees from October 2019

In our previous [briefing](#), we commented on new obligations being imposed on trustees by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the **2019 Regulations**). These regulations built upon regulations published in 2018 - the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (the **2018 Regulations**). This briefing gives a summary of the key new obligations arising from both sets of regulations.

### New Obligations

The table below sets out the key requirements being introduced as a result of both the 2018 Regulations and 2019 Regulations. Many of these relate to the Statement of Investment Principles (**SIP**). Please speak to your usual Stephenson Harwood pensions law contact to understand how these obligations may apply to your scheme. In certain circumstances, exemptions may apply.

Who is affected	What is the change	Timeline
Trustees of occupational DB and DC schemes	The SIP must state how financially material considerations (in the main, environmental, social and governance matters ( <b>ESG</b> )) are taken into account in the selection, retention and realisation of investments.	1 October 2019
	The SIP must state the extent, if at all, to which non-financial matters are taken into account in the selection, retention and realisation of investments. "Non-financial matters" means the views of members and beneficiaries on certain matters.	1 October 2019
	The SIP must include a stewardship policy regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments.	1 October 2019
	The SIP must include the trustees' policy in relation to any arrangement with an asset manager relating to: <ul style="list-style-type: none"> <li>• how the asset manager is incentivised to align its investment strategy with the trustees' investment policies;</li> <li>• how the asset manager is incentivised to make a decision based on medium to long-term financial and non-financial performance of issuers of debt or equity and to engage with such issuers in order to improve their performance in the medium to long term;</li> <li>• how the method of evaluation and remuneration of the asset manager's performance is in line with the trustees' investment policies;</li> <li>• how trustees monitor portfolio turnover costs; and</li> </ul>	1 October 2020

	<ul style="list-style-type: none"> <li>the duration of the agreement with the asset manager.</li> </ul>	
	The stewardship policy must be expanded to include a statement regarding how the trustees monitor their investment companies' capital structures, how they manage actual or potential conflicts of interest and how they monitor and engage with other stakeholders.	1 October 2020, to be published on a website by 1 October 2021
<b>Trustees of occupational DC schemes</b>	The SIP must be published on a publicly available website.	1 October 2019
	The trustees must draft and publish an implementation statement covering: <ul style="list-style-type: none"> <li>the extent to which the SIP has been followed;</li> <li>any review of the SIP in the year;</li> <li>an explanation of any changes that have been made to the SIP;</li> <li>the date of the last review of the SIP if a review in the year was not undertaken; and</li> <li>the voting behaviour by or on behalf of the trustees</li> </ul>	1 October 2020
	Certain information in the implementation statement must be published on a publicly available website.	1 October 2021
<b>Trustees of DB schemes</b>	The SIP must be published on a publicly available website.	1 October 2020
	The trustees must draft an implementation statement setting out how the trustees' stewardship policy has been followed. The statement must also describe the voting behaviour by or on behalf of the trustees.	1 October 2020

## Comment

The deadline for the first round of changes is imminent. Trustees should therefore ensure that they fully understand which new obligations apply to them and undertake the necessary groundwork to ensure compliance by the relevant deadline.

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