

New investment and disclosure duties for UK pension scheme trustees confirmed

The government has confirmed that it will introduce new investment and disclosure duties for trustees of UK pension schemes from October 2019. The government consulted on its proposals in July 2018 – see our legal update for details of the consultation proposals. The government intends to proceed with the majority of the proposals, but has made a couple of changes.

In summary:

- Trustees of all schemes will need to update their statement of investment principles (“**SIP**”) to include new information, including the extent to which (if at all) they take into account members’ views. They will also need to include new information in the scheme’s annual report.
 - Trustees of schemes providing DC benefits other than additional voluntary contributions (“**AVCs**”) must also update the SIP for the scheme’s DC default arrangement and include new information in the scheme’s annual report. Trustees must also publish the scheme’s SIP and certain other information on a website which is publicly available free of charge. Trustees are already required to publish certain sections of the scheme’s annual governance statements for scheme years ending on or after 6 April 2018 on this website.
- The extent to which (if at all) non-financial matters are taken into account in the selection, retention and realisation of investments. “Non-financial matters” means the views of members, including (but not limited to) their ethical views and their views in relation to social and environmental impact.
 - The stewardship of scheme investments, including on undertaking engagement activities in respect of those investments.

The proposal to require trustees to prepare a “statement on members’ views” has been dropped and replaced by the requirement for the SIP to set out the trustees’ policy on the extent to which non-financial matters are taken into account.

Annual report

Trustees must include the policies in the scheme’s SIP on financially material considerations, non-financial matters, and stewardship of scheme investments in the investment report section of the scheme’s annual report.

New duties applicable to schemes providing DC benefits other than AVCs

DC default arrangement SIP

As well as updating the scheme’s SIP to set out how they take account of financially material considerations and the extent to which they take account of non-financial matters, trustees must also update the SIP in relation to the scheme’s DC default arrangement.

If the scheme has 100 or more members, the DC default arrangement SIP must also set out the trustees’ policy on the stewardship of investments, including on undertaking engagement activities. This requirement did not appear in the consultation version of the proposals.

New duties applicable to all schemes

Statement of investment principles

Trustees will be required to update their SIP to set out their policies on:

- Financially material considerations, including (but not limited to) environmental, social and governance considerations, including how those considerations are taken into account in the selection, retention and realisation of investments.

Annual report

In addition to including their policies on financially material considerations, non-financial matters, and (if applicable) stewardship of scheme investments in the investment report section of the scheme's annual report, trustees will also be required to include an implementation statement detailing:

- how, and the extent to which, the scheme's SIP has been followed in the scheme year;
- any review of, and any changes to, the SIP in the scheme year;
- if no review has taken place, the date of the last review.

Disclosure

Trustees will be required to:

- "make publicly available free of charge on a website" their scheme's SIP and implementation statement; and
- inform members of this via their annual benefit statements.

This builds on the requirement that was introduced in April 2018 for trustees of schemes providing DC benefits other than AVCs to make publicly available free of charge on a website certain information on charges and transaction costs and the scheme's default arrangement contained in the scheme's annual governance statement for scheme years ending on or after 6 April 2018 (for more information, see our [legal update](#)). The government

has since confirmed that, in order to comply with this requirement, the specified information/documents must be made available to the general public as a whole, rather than just to scheme members. As such, the website on which the information is made available must be accessible free of charge and without the use of a user name and/or password.

The government has also made changes to its [statutory guidance](#) on reporting DC costs and charges to reflect the new disclosure requirements.

Timetable for the changes

The new requirements will come into force from 1 October 2019, except for the requirements in relation to the implementation statement which will come into force from 1 October 2020.

If you have any questions about the issues raised in this legal update, please contact your usual Mayer Brown contact or:

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