



Inclusion in practice

Aon senior consultant, Andy Nichols, speaks to *Pensions Age* about implementing processes to encourage broader representation on trustee boards

What success have you seen with the efforts to increase the number, and diversity, of candidates putting themselves forward for member-nominated trustee (MNT) roles?

We've seen quite a bit of success in this area. The way we've approached it is to look closely at the way we communicate. We revisited all the communications that we send to members of pension schemes when it comes to MNT roles. Then, within that, we focus on support and training rather than experience.

The idea is to make the roles more appealing to more people. So, we moved to using more language that is typically regarded as more 'feminine'. This is, for instance, by using framers like 'communication' and 'relationship' instead of using words that might be regarded as more typically 'masculine' such as 'leadership' and 'responsibility'. In the past, that 'masculine' language might have put members off from considering becoming a trustee.

Interestingly, research has shown that using feminine language encourages women but doesn't put off men from applying to be trustees – it's all encompassing.

We also recognise the value that different backgrounds and experience bring to the roles, and we've emphasised that in our communications.

One way this is done is through a video aimed at explaining the MNT role and showing the diversity of candidates who can then step forward to become trustees. Really excitingly, in all the

cases where we've used this DEI-focused communication style, we've seen a four-fold increase in the number of applicants that we had.

The increase in applicants also means there's more choice when it comes to selection, which helps to create a more diverse trustee population.

How can trustee boards ensure equity for all potential candidates? What have you seen working well in practice?

It can often depend on the type of organisation that the potential MNT is involved with. Some candidates might need a bit more encouragement and support to put themselves forward.

For instance, take shopfloor workers. They might bring a different perspective to the trustee board, but they might also need a bit more support creating a profile for elections or when preparing for interviews. Therefore, giving them a bit more support just helps to even things out where you've got, for example, other candidates who come from a 'head office' background.

It's possible that those in the head office might have been exposed to more opportunities and experiences that could be beneficial for them during elections. So, providing more support to those with retail backgrounds helps to deliver that equity.

Focusing on skills rather than prior experience is really key in this – it avoids anyone having an advantage. Anonymising profiles during the election process can help as well. That means not including the applicants' name, or gender – anything like that.

The goal is to provide an equal footing for all candidates.

Do you have any practical examples of how trustee boards have used skills and diversity assessments to support their board effectiveness?

Lately, we've been doing a number of surveys that look at skills and diversity. I really like that we use these assessments to identify the best make-up for working groups or subcommittees. It's really important to get the right balance of skills and behaviours, as well as experience. This is because that's going to help trustees to make better decisions, and fundamentally to make those key projects and management more effective.

For these groups, we might use these assessments to find someone who likes to get close to the details. We might have a 'devil's advocate' there as well – someone who will challenge and ask questions, as well as somebody who likes to step back and take a look at the bigger picture.

When you bring those people together, it helps to provide a more robust approach to the project, building on those skills and approaches that they each have.

How should trustees engage with sponsors to support DEI?

Sponsors have got a massive role to play in driving DEI approaches forward. The way I see it happening is for the trustees and sponsor to have an ongoing dialogue – then, when it comes to sponsor-nominated candidates, they can identify potential people for those roles early on.



It's also important during that trustee/sponsor conversation to look at the trustee business plan. What are they looking to achieve over the next year, or three years? What skills would be most appropriate for candidates coming in – and what's going to benefit the board as a whole?

That sponsor perspective can be really useful. We have found that the sponsors quite often are further ahead than trustee boards in the DEI space.

It therefore might be helpful for trustees and sponsors to develop some views on their diversity objectives, so trustees can use those as a starting point to inform their own views and take things forwards.

When pension schemes have established a diverse trustee board, how can they ensure they use this diversity of thoughts, skills and experience to get the best out of their board?

We assess the situation by carrying out an effectiveness review – that's in terms of the board and its make-up, and how it operates.

Inclusion within a board is generally driven by the chair. We have created a behavioural checklist for the chair to help with that.

The aim is to have an environment where trustees have got 'psychological safety' – they can feel comfortable asking what might seem to be a silly question, or even to disagree with the rest of the group.

When new trustees come in, it's also important to support them and make sure they've got the right induction to help them into the realm of trusteeship. This can be

by providing buddies or mentors ahead of them meeting with the advisers, other trustees or the chair.

This can also help them to get up to speed with what they need to know, and, in turn, become more comfortable in asking questions during trustee board meetings.

Also, what we are seeing in some cases are 'trained pools' of people that are interested in becoming a trustee – they might have had trustee training in advance so they become used to getting the sort of information they are likely to receive.

What future trends and developments are you noticing that will help drive DEI integration within the pensions industry forward?

I think we are seeing a lot in this space and a lot more awareness of the benefits of DEI. Traditionally it has been in terms of using MNT hires to increase diversity on the board. But I think it's fairly standard these days to think about DEI as a core part, instead of a separate issue. That's a massive step forward from where we've been in the past.

One area that I'm really interested in seeing developed further and examined more is neurodiversity.

What's important is recognising the differences in how everybody needs to be treated or how they need to receive information. That way they can contribute to the best of their ability. This is generally just about being more considerate and respectful of each other.

Creating that environment to support neurodivergent people is going to improve diversity of thought and better represent the membership.

There's now plenty of research that shows the value of neurodiversity on boards, driven by the fact that people thinking differently can drive innovation and change, resulting in better outcomes.

There are other ways as well, rather than just discussions, of exploring preferences for trustees, using our 'Reflection' tool, which uses neurotechnology. The tool asks you a series of questions. The idea is that they get to the bottom of a person's feelings, rather than just what they are saying at face value. It establishes how confident people are with answers and that can help to get to the heart of DEI on the board.

I expect to see it being integrated into trustee board decisions and the way that they operate. DEI doesn't work as a separate strand – and boards already have very heavy workloads. There are always new things coming up, so embedding it into everything they do will help break DEI down into manageable chunks.

The challenge I give my trustee boards is simply to ask, 'is there a DEI consideration here?' Doing that makes it become second nature, which, in turn, makes DEI something that is done. Then we'll see how things move over the next five years or, as that mindset becomes the standard.

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