

By email to: regulation@actuaries.org.uk

18 April 2023

Dear Regulatory Board

**Proposals for regulatory requirements on DEI – IFoA consultation
Association of Professional Pension Trustees (“APPT”) feedback**

I am writing on behalf of the Association of Professional Pension Trustees (APPT) to provide some comments and observations on the IFoA consultation to amend the current regulatory requirements around Diversity, Equity and Inclusion. I apologise we are a little late with this response.

The APPT is a representative body for professional pension trustees in the UK. As such, this feedback is provided from the perspective of an organisation which, collectively, represents the interests of a large number of end-users and clients of the DB and DC pensions actuarial market in the UK. This feedback does not, however, represent the views or comments of any particular trustee firm or organisation and we are not seeking to make general suggestions about how best to regulate the actuarial profession from an individual or firm perspective.

Our main observations and feedback on the consultation can be summarised as follows:

1. The APPT believes that it is positive that IFoA are reviewing and updating current regulatory requirements and expectations to give greater prominence and visibility to DEI. For the pension schemes, members and employers that professional trustees provide services to, we believe this will also be a welcome and positive step.
2. The remainder of our feedback focuses on several questions which we think could, or should, be considered as part of finalising the new regulatory requirements and proposed guidance. The following questions are intended to be useful and assist in considering how the new requirements would be met and applied in practice:
 - a. We note that the consultation and proposed new requirements refer to Equity rather than Equality, the purpose of this being to make it explicit and clear that it is recognised that individuals have different needs and

requirements in order to be able to succeed in their roles. We don't disagree with this approach and philosophy of enabling people to succeed in their roles. However, is there a risk that this goes beyond current legal and regulatory requirements applicable to UK employers in a way which imposes more onerous obligations on individuals and actuarial firms? Has the position been reviewed against that adopted by other similar regulatory bodies (noting that the Pensions Regulator has recently published guidance which refers to Equality rather than Equity).

- b. The consultation refers to existing content within the Guide to the Code – as far as we could see this currently refers to Equality rather than Equity. We assume the intention is to update this content as part of the new non-mandatory guidance that will be published?
- c. Has IFoA considered how these new requirements apply in the context of:
 - i. Client relationships – for example would a regulated actuary be required to speak up against their clients if they were displaying behaviours that were inconsistent with the new requirements? Would these new requirements override the interests of the client? Is there any greater potential for conflicts of interest?
 - ii. Competitor relationships – for example, are there any issues to consider in the context of negotiations on actuarial matters between actuaries at competitor firms? Could the new code have any implications on the way that an actuary represented their client in those negotiations or the related advice?
 - iii. New business situations – for example, are there situations where the new requirements could have an impact where individuals and firms are tendering for new business opportunities?
 - iv. Employee relationships – for example, are there any issues to consider in terms of the policies, practices and support that individual actuaries can expect to get from their line managers and/or employer firms once the new requirements are in force?
- d. We can see that it would be useful for the new non-mandatory guidance to cover each of the business relationship categories noted in c. above. Is that the intention? We also think that your planned use of

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case studies within the guidance is likely to be very helpful for firms and individuals.

We hope that this feedback is useful as you move forward with the consultation and proposed changes.

Yours faithfully

Harus Rai
Chair
On behalf of the Association