

Transforming ESG from a tick-box into a mindset

✑ **Girish Menezes considers how pension scheme admin, and the administrators themselves, can become more environmentally friendly**

As a pension administrator, clients are increasingly asking me about my firm's environmental and people strategy. These tend to be more along the tick-the-box vein than in-depth enquiries into the companies ethical behaviour. However, an increasing number of trustee boards have ESG on their radar and pension administration is under the spotlight, both in terms of the services provided and the administration company itself.

Trustees and pension managers are slowly buying into the programme. Most schemes have now moved from monthly paper payslips to a single payslip annually and then only on a significant change. Benefit statements are next in the line of fire. Schemes can create video versions, as well as add 'what if' interactive functionality to bring them alive (for example, the impact of increasing DC contributions by 1 per cent).

Administrators are now driving members toward member websites for retirement quotations, updating addresses or requesting Divorce Sharing Orders. Many of these functions can be fully automated, saving time, paper and the carbon footprint of transporting letters around the country. Email addresses and mobile telephone numbers can be captured on first login, enabling administrators to respond with quotations, member newsletters or other communications digitally.

Being a services industry, ESG takes a slightly different flavour to a peer in the construction, pharmaceutical

or manufacturing sphere. However, it is still obviously important and most administrators in the industry take these concerns seriously by default.

Pension administration is primarily a people business. Taking on a client, cleaning their data, automating their calculations, taking phone calls, checking system outputs, all require people; administrators who are engaged, capable and well trained. It is critical to have an administration team who feel respected and supported. We should be tracking employee engagement, gender balance, pay scales and gender/age-related pay gaps. Outside of work, is there a social calendar? What is the percentage representation from the team at such social events?

Most of us reduce, reuse and recycle and our organisations do tend to get rid of personal waste bins, have communal recycling stations and have lights that automatically switch off when there is nobody in the room. Environmental concerns often have pleasant financial benefits with reduced electricity bills, lower printing costs and so on.

It is a slow journey, converting people, whether employees, members or trustees, from an ESG tick-box to a mindset. The polar bears will thank us though and so will our chief financial officers.

✑ **Written by Pensions Administration Standards Association board member, Girish Menezes**

