



PENSIONS INDUSTRY

A mosaic of talent?

The European pensions industry, like many sectors, is increasingly recognising the value of diversity within its workforce. Paige Perrin explores the key obstacles and potential strategies to enhance D&I across Europe's pension sector

As the European pensions industry navigates the complexities of an evolving financial landscape, the inclusion of a diverse range of perspectives – across gender, ethnicity, age, and experience – has become essential.

While this is widely acknowledged, the phrase “male, pale, and stale” still lingers over the pensions industry. Indeed, European Insurance and Occupational Pensions Authority (EIOPA) CEO, Petra Hielkema, has been very vocal on diversity; recently she began a presentation by commenting on the lack of female speakers in the lineup of a pension association's annual conference.

Despite increasing dialogue and companies having specific D&I teams, a diverse workforce is not a regulatory necessity. As an EIOPA spokesperson, says: “At the European Union level, there are no clear and common cross-sector definitions for D&I and, with regard to pensions, there are no specific prudential



provisions on D&I in the IORP II Directive.”

Measuring diversity also remains a complex task and comprehensive data on diversity within the European pensions industry is limited, making it difficult to assess the true extent of D&I in the sector. Arguably, this lack of data can be attributed to several factors, including inconsistent reporting standards, varying levels of commitment to diversity initiatives, and the complex nature of the industry itself.

As WTW head of pensions governance consulting, Jenny Gibbons, points out that, “what gets measured, gets managed” is important in pensions. She emphasises that “just by virtue of doing the measurement, I think it will change outcomes and the level of diversity in the industry”.

Professional director, Evalinde Eelens, adds another layer to this discussion, observing that “the current state of gender diversity within the European pensions industry is a complex picture, marked by both progress and persistent

challenges.”

However, looking more broadly the challenge is emphasised by the *2023 European Gender Equality Index*, which shows that no European country has achieved true gender equality, with Europe scoring only 70.2 out of 100. Sweden was the highest scoring at 82.2, while Romania was the lowest, with a score of 56.1. This data underscores the varied landscape of gender diversity, and wider diversity, across Europe.

Challenges

Although diversity presents a myriad of challenges across the pensions sector, one area that seems to lend itself more readily to observation and measurement is the diversity within trustee boards.

For instance, in the UK, The Pensions Regulator (TPR) conducted a *Trustee Diversity & Inclusion Survey* in 2023, which revealed the typical trustee was white, male, aged 45 or over, heterosexual, non-disabled, either Christian, or had no religion, and not transgender. Over half of trustees (53 per cent) shared all seven characteristics.

Gibbons explains that, although diversity across the pension industry has improved, TPR’s data shows that pension scheme trustee boards are less diverse when compared to the broader population. She highlights the significant challenge in recruiting individuals from diverse backgrounds, particularly in historically male-dominated industries. This issue is intensified by the small size of trustee boards which, without due consideration may restrict the potential for wider representation and inclusion.

“A pension scheme trustee board is on average seven individuals. How do you possibly incorporate all the different elements of diversity when you boil it down to a group of seven people? You can’t do it,” she adds.

“You therefore have to think about the other mitigations that are in the board’s toolkit, for example, awareness itself, how meetings are chaired and how advisers are used or skills supplemented,” she adds.

However, constraints posed by board sizes and recruitment are not the only barriers hindering diversity in the industry. In the Netherlands, Erasmus University associate professor and Robeco Asset Management quant researcher, Laurens Swinkels, observes that “women are generally less likely to choose a role in the financial industry, and pensions seem to be even less appealing to them. The pool of women that could grow into leadership roles such as pension trustees is therefore small.”

Swinkels says that women might lack confidence in their ability to add value as pension trustees, due to a lack of opportunities to gain relevant experience beforehand.

Eelens adds that there has been a “noticeable” increase in female directors on pension boards, a “positive” development, indicating that gender diversity is being increasingly recognised as important. However, she warns: “This progress is somewhat superficial, when we look deeper, as true gender parity remains elusive.”



Many boards still lack substantial female representation, with women often occupying just one or two seats rather than forming a critical mass. “This limited representation can hinder the effectiveness of diversity, as it fails to bring about the full range of perspectives and decision-making benefits that a truly diverse board can offer,” she adds.

While diversity is crucial, an EIOPA spokesperson points out that “diversity does not directly drive inclusion. An environment where people feel heard, acknowledged, and valued regardless of their differences, a place where they can put their diverse talents to the best use does.”

Enhancing diversity

When it comes to creating a mosaic of talent in the European pensions sector, several forward-thinking strategies could be adopted. These approaches could not only broaden the representation of different perspectives and voices but could also foster a greater inclusive environment, reflecting the varied backgrounds, experiences, and needs of the industry.

For instance, EIOPA has promoted D&I through various initiatives, including aligning diversity requirements across sectors and recommending gender-neutral remuneration policies. They also advocate for enhanced supervisory reporting and public disclosure of

“THE CURRENT STATE OF GENDER DIVERSITY WITHIN THE EUROPEAN PENSIONS INDUSTRY IS A COMPLEX PICTURE, MARKED BY BOTH PROGRESS AND PERSISTENT CHALLENGES”

aspects related to D&I.

Alongside European efforts to promote diversity, companies are also taking steps to advance inclusivity within their organisations and the wider sector. For example, Dalriada Trustees' team spans ages 27 to 70 and includes individuals from a range of backgrounds, non-native English speakers, and LGBTQIA+ members.

Dalriada also participates in initiatives like the 10,000 Black Interns Programme and has developed a Voices campaign to highlight diverse perspectives on topics such as age awareness, mental health, balancing work and faith, and racial discrimination.

Dalriada Trustees chair, Tom Lukic, emphasises the company's commitment to seeking diverse backgrounds and perspectives to better meet client needs, offering apprenticeship opportunities and driving positive industry change.

Similarly, on the asset management side Coronation Fund Managers is dedicated to fostering diversity in their workforce that includes various genders, ethnicities, languages, religions and socio-economic backgrounds, alongside a range of academic and professional qualifications.

Its Aspiring Leaders Project and Catapult Programme develops diverse talent, with significant participation from women and black individuals.

Identifying gaps

A complementary approach to fostering diversity is to assess it across a broad range of factors and identify any gaps. Gibbons explains that WTW measures trustee board diversity in the UK using three lenses: "Skills and experience diversity, demographic diversity, and cognitive or behavioural diversity."

She emphasises the importance of considering diversity through these three lenses to ensure trustee boards have a range of perspectives and opinions, therefore better representing their membership.

Gibbons notes that although there is not a



single solution to enhancing diversity, there are tweaks that can make a difference. For example she proposes paying trustees to attract more diverse candidates and focussing on the skills a trustee needs, rather than specific qualifications, to appeal to a broader range of people.

Eelens proposes introducing a quota or strong guidelines, which could yield positive short-term results but emphasises that for meaningful change, a critical mass of women on boards is necessary, as it is crucial that any such policy aims for more than token representation.

She also suggests requiring pension funds to disclose gender diversity statistics regularly, promote training, support career development, update regulations, and encourage research.

Swinkels suggests that "broadening the candidate pool by looking critically at the profile of candidates" could help improve decision-making. "Better decisions are made when a board of trustees has a diverse set of skills and experiences," he adds.

An EIOPA spokesperson adds that "a more diverse and inclusive environment at all levels of the decision-making process helps mitigate biased decision-making".

Eelens underscores the importance of not becoming complacent and says it is "crucial to remain vigilant and proactive in addressing gender diversity".

Looking ahead, experts agree on the need for industry-driven diversity, including setting targets, unbiased recruitment, and inclusive workplace policies.



**"BETTER DECISIONS ARE MADE WHEN A BOARD
OF TRUSTEES HAS A DIVERSE SET OF SKILLS"**