

ESG checklist for trustees

Five steps to help you navigate the recent Department for Work and Pensions (DWP) regulatory changes

1. Build knowledge on the relevant ESG issues

- “Financially material” considerations cover “environmental, social and governance considerations, including climate change
- ESG issues are not “to do with personal ethics, or optional extras” (as opposed to ethical investing, for example)

2. Define your investment beliefs and incorporate them into the Statement of Investment Principles (SIP)

- What is the scheme’s governance structure?
- Review ESG policies, risks and opportunities throughout the entire investment process

3. Review strategy and asset allocation

- What is the impact on the scheme’s assets and liabilities?
- What is the impact on the default and self-select investment strategies?

4. Incorporate ESG issues into the selection and monitoring of asset managers

- How are asset managers assessed on their ESG activities, including stewardship?
- Do you know what your asset managers are investing in?

5. Report publicly

- Check to see if you are reporting in line with the recommendations of the Taskforce on Climate-related Financial Disclosures
- Use this information to engage your members

For further details please read our full report, ESG ‘a checklist’
www.lgim.com/esgchecklist

Legal & General Investment Management Limited (Company Number: 02091894) is registered in England and Wales and has its registered office at One Coleman Street, London, EC2R 5AA (“LGIM”).

LGIM is authorised and regulated by the Financial Conduct Authority.