

# DWP's Social Factors Taskforce Issues Guide for Consultation

**The Taskforce on Social Factors (TSF), which was set up by the Department for Work and Pensions, has released a guide for industry consultation which includes more than 30 recommendations for the UK pensions sector about how it can better incorporate social factors into investment decisions. The taskforce is asking for feedback from the industry by Friday December 1<sup>st</sup>.**

The taskforce, which includes representatives from pensions schemes, asset managers, data providers, cross-industry collaboration groups and civil society, aims to help pension schemes address the risks and seize the opportunities of the “social” element in ESG investing.

The social factors under consideration range from workforce conditions and supply chains to community engagement, consumer protection and modern slavery. The guide outlines how pension trustees can better consider and incorporate social factors into their investment and stewardship decision-making, by developing a common understanding and assessment of financially material social risks and opportunities.

The guide makes more than 30 recommendations across different stakeholders in the pension sector including:

- *Pension schemes:* Pension trustees should ensure their asset managers consider social factors and integrate them into their investment strategy and stewardship. The paper provides example RFP questions and mandate terms.
- *Regulators:* The DWP should consider formally setting out expectations on addressing social factors, while the FCA should consider setting out reporting expectations, alongside those required for environmental factors.
- *Asset managers:* Asset managers should be able to demonstrate that they have influenced social outcomes through transparent reporting on engagement, voting and investment outcomes, including any social investment metrics.

The TSF is requesting feedback on its recommendations from across the industry, including pension scheme trustees, asset managers, regulators, government, data providers, investment consultants, lawyers, industry groups and trade bodies, NGOs and other businesses. It will also hold a series of roundtable discussions as part of the consultation process.

The TSF is requesting written feedback by December 1st and the draft guide can be downloaded at: [www.taskforceonsocialfactors.co.uk](http://www.taskforceonsocialfactors.co.uk)

**Luba Nikulina, Chair of the Taskforce and Chief Strategy Officer at IFM Investors, says:**

“We want to ensure that the recommendations are useful, practical and actionable, and support pension scheme trustees and the wider industry manage some of the key challenges around integrating social factor considerations into their work.”

“I encourage the pension scheme sector to provide us feedback on the current draft of the report, as well as useful additions that we should take into account for the final report.”

**Daniel Jarman, Co-Chair of the Taskforce and Stewardship Manager at Pension Protection Fund, says:**

“Of the three strands of ESG, social factors are often the least considered in investment decisions; but issues such as modern slavery, safety in supply chains, and remuneration practices, are all vitally important from an investment perspective.”

**Hilkka Komulainen, Co-Chair of the Taskforce and Head of Responsible Investment at Aegon UK, says:**

“For pension savers, social factors will influence the world into which they will retire. The purpose of the taskforce is to facilitate meaningful change and to help trustees make the best decisions and create stewardship frameworks that will have long-term impact.”

**Maria Nazarova-Doyle, Co-Chair of the Taskforce and Global Head of Sustainable Investment at IFM Investors, says:**

“Social factors have not yet enjoyed as much prominence in the pensions industry as climate has had, and it is our hope that this guide will provide useful support to elevate the approach to social factor integration into investment decisions and stewardship across the whole industry. We look forward to receiving the industry’s feedback to help shape it further.”

**For media queries, please contact:**

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#### **NOTES TO EDITORS**

The Taskforce includes representatives from pensions schemes, asset managers, data providers, cross-industry collaboration groups and civil society. Government departments and regulators are observers on this taskforce, while DWP provides the secretariat support.

Members of the taskforce include:

- Hilkka Komulainen, Aegon
- Ben Howarth, Association of British Insurers
- Stephen Barrie, Church of England Pension Board
- Luba Nikulina, IFM Investors
- Joe Dharampal-Hornby, Impact Investing Institute
- Paul Lee, Investment Consultants Sustainability Working Group
- Doug McMurdo, Local Authority Pension Fund Forum
- Sarah Wilson, Minerva Analytics
- Daniel Jarman, Pension Protection Fund
- Valeria Piani, Phoenix Group
- Joe Dabrowski, PLSA
- Caroline Escott, RailPen
- Maria Nazarova-Doyle, IFM Investors
- Rachel Howarth, ShareAction

- James Alexander, UK Sustainable Investment and Finance Association

Government department and regulator observers:

- Department for Business, Energy and Industrial Strategy
- Department for Culture, Media and Sport
- Department for Work and Pensions (Secretariat)
- Financial Conduct Authority
- Financial Reporting Council
- Foreign Commonwealth and Development Office
- HM Treasury
- The Pensions Regulator