

Launch of Taskforce on Social Factors for UK Pensions Industry

Tuesday, 28 February 2023

Following the Department for Work and Pensions' (DWP) consultation on consideration of social risks and opportunities by occupational pension schemes, the Taskforce on Social Factors has been established in the UK.

Social factors have come to refer to several considerations for investors, such as organisations' workforce practices, especially labour rights and health and safety; supply chain and modern slavery issues; and inclusion and diversity.

The taskforce will support pension scheme trustees and the wider pensions industry with some of the key challenges around managing social factors, including the identification of reliable data and metrics.

The key objectives for the Taskforce as defined by DWP are to:

1. Identify reliable data sources and other resources, which could be used by pension schemes to identify, assess and manage financially material social risks and opportunities
2. Monitor and report on developments relating to the International Sustainability Standards Board (ISSB) and other international standards
3. Develop thinking around how trustees can identify, assess and manage the financial risks posed by modern slavery and supply chain issues.

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.

The taskforce will operate for one year and deliver guidance and recommendations to the pensions and investment industry. In addition, its work will contribute to further development of wider social factor principles, international standards, and metrics.

Members of the taskforce include:

- Hilikka 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
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- Caroline Escott, RailPen
 - Maria Nazarova-Doyle, Scottish Widows

- 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

Luba Nikulina, Chair of the Taskforce on Social Factors and Chief Strategy Officer at IFM Investors

said: “Every investment has an impact on people as well as the planet and social factors are crucial for long-term investors. Right now, the investment industry doesn’t have a comprehensive way to measure these factors, and that’s why I’m so excited to lead this Taskforce created with the specific purpose to help pension trustees identify, assess and manage social risks and opportunities.”

Maria Nazarova-Doyle, Head of Responsible Investments at Scottish Widows, said: *“It is fantastic to play a part on this much needed taskforce looking to tackle a crucial area of social risks and opportunities. It is vital that we find ways to help trustees of UK pension funds ensure that financially material social considerations are fully addressed in their investment strategies and stewardship approaches. A good measure of success for this work would be to see social factors receiving as much focus as climate change to ensure these often interconnected factors are fully embedded into pension scheme management in line with trustees’ fiduciary duty.”*

Daniel Jarman, Stewardship Manager, Pension Protection Fund, said: *“The importance of understanding and integrating social factors into the investment process has come to the top of the agenda for investors in recent years. However, the range and quality of data on social factors continues to be a challenge. That’s why I am thrilled to be a part of this initiative that aims to boost understanding of the risks and opportunities presented by social factors, increase transparency and promote best practice across the pensions industry on these important issues.”*

Hilkka Komulainen, Head of Responsible Investment, Aegon UK, said: *“Social issues are not new considerations for investors: our economy is built on people. Through this Taskforce we seek to address the barriers of measuring and managing social matters, progress on which has to date lagged other responsible investment topics. Recognising that not every social issue that counts can be measured, I see our collective effort as a way to further bring people to the forefront of pensions investing. I am excited to help develop pragmatic but meaningful guidance that will boost alignment between savers, asset owners and asset managers to move the dial on management of social opportunities and risks.”*

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