

New taskforce to support pension scheme engagement with social factors in ESG investing

Social factors can include issues ranging from workforce conditions and supply chains to community engagement, consumer protection and modern slavery, among others.

The taskforce – led by the Minister for Pensions – will support pension scheme trustees and the wider pensions industry with some of the challenges around managing social factors, including the identification of reliable data and metrics.

Minister for Pensions Guy Opperman said:

I'm proud of the progress we have made in bringing environmental and climate issues up the pensions agenda, but climate change should not be trustees' sole consideration.

Financially material social factors also pose risks and provide opportunities to schemes' investments, and our taskforce will help ensure that focus on social factors continues to grow among pension schemes and throughout the investment chain.

The UK is already a world leader in tackling climate risk. From October this year, 80% of UK pension scheme members will be invested in schemes measuring and publishing how their investments support the Paris Agreement climate goal of limiting global warming to 1.5 degrees Celsius above pre-industrial levels.

The responses to the government's Consideration of social risks and opportunities by occupational pension schemes Call for Evidence highlighted the need for a proactive approach to embedding social factors within pension schemes' investment decisions and stewardship policies.

The new minister-led taskforce will help identify reliable data sources and useful resources for pension schemes to assess and manage financially material social risks and opportunities. This work will contribute towards the development of wider principles, standards, and metrics.

To further drive progress in this area, DWP continues to encourage pension schemes to join the Occupational Pensions Stewardship Council – an industry-backed forum working to move the dial on stewardship through collective engagement and sharing best practice.

- The taskforce will be a minister led, cross-department working group, with invitations extended to financial regulators.

The full consultation response – [Consideration of social risks and opportunities by occupational pension schemes](#), can be found on gov.uk.

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