DWP Call for Evidence: Consideration of social risks and opportunities by occupational pension schemes
Comments from the Association of Consulting Actuaries (ACA)

ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA says most UK trustees don't have resources to focus on social factors

17 June 2021 - The Association of Consulting Actuaries (ACA) has responded to the DWP consultation on social risks and opportunities for occupational pension schemes and says it agrees it is important for trustees to take financially material social factors into account in their investment decisions. However, it says the majority of schemes currently rely on fund managers to integrate their house views on the social factors to take into account rather than having a scheme specific view.

ACA Investment Committee Chair, Vanessa Hodge, commented:

"Unlike climate change, which is a systemic environmental financial factor, there are many different social factors that can be considered. The trustee boards that have an explicit focus on a social factor will tend to do so because of a specific investment belief or ethical belief of the trustees or their corporate sponsor. This makes it challenging for asset managers to be able to integrate all their client's social investment beliefs into pooled funds.

"Most UK pension trustees do not have in-house teams with a responsible investment function and therefore do not have the resource to be able to specifically focus on social factors. They will rely on asset managers to integrate their beliefs through investment products and via asset managers' stewardship activity."

For further comment:

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.