

Responsible Investment Advisory Group

Hybrid Meeting (MS Teams and Room 6.5, 18 Smith Square)
9th June 2025 – 14.00pm – 15.45pm

Agenda

Item		Paper	Timing
1	Welcome, introductions and apologies		14:00
2	Actions and Agreements from 3 February 2025	Paper A	14:05
3	Ministry of Housing, Communities and Local Government (MHCLG) update	Verbal	14:10
4	Effect of proposed pooling model on RI policies	Group discussion	14:20
5	LGPS Fit for the Future consultation response and local investment	Verbal	14:50
6	Update on fiduciary duty legal advice	Verbal	15:20
7	Practical guidance to funds on setting RI policy	Verbal	15:30
8	AOB and date of next meeting		15:40

Responsible Investment Advisory Group (RIAG)

Hybrid Meeting – 9 June 2025

Item 2 Paper A

Actions and Agreements – 3 February 2025 (Hybrid meeting)

In attendance –

Name	Organisation
Sandra Stewart	Greater Manchester Pension Fund – Chair
George Graham	South Yorkshire Pension Authority
Tom Harrington	Greater Manchester Pension Fund
Rachel Barrack	Wales Pension Partnership (Hymans Robertson)
Patrick Rowe	Westminster City Council
John Neal	UNITE
Jonathan Sharma	Convention of Scottish Local Authorities (COSLA)
Kenny Dick	Representing Scottish Scheme Advisory Board (SSAB) (Employer representative, The Care Inspectorate)
Jo Donnelly	Local Government Association (LGA) – Head of Pensions
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Sophia Chivandire	LGA – Pensions Policy Support Officer
Sarah Tingey	LGA – Research and Data Analyst
Marion Maloney	Environment Agency
Sheila Stefani	LGPS Central
Frances Deakin	Local Pensions Partnership (LPP)
Laura Chapman	London CIV
Ashley Hamilton – Claxton	Royal London Asset Management (RLAM)
Graham Cook	Phoenix Group
Edwin Whitehead	Redington
Sarah Wilson	Minerva
Sam Gervaise – Jones	bfinance
Maria Espadinha	Pensions Lifetime Savings Association (PLSA)
Oliver Watson	Ministry for Housing, Communities and Local Government (MHCLG)
Bramman Rajkumar	MHCLG
Michelle Doman	Mercer (for item 3)
Edward Baker	LGPS Central (for item 3)

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Item 1 – Welcome, introductions, apologies, and declarations of interest

1. The Chair opened by welcoming members to the meeting including Patrick Rowe who had replaced Tim Mpofu as the London fund representative on the group after he stepped down from his role at Haringey Pension Fund. Sophia Chivandire who joined the SAB Secretariat team in December 2024 was also welcomed to the group along with Michelle Doman (Mercer) who attended the meeting to support the discussion of Item 3. Edward Baker (Net Zero Manager at LGPS Central) also attended the meeting, specifically for item 3. Apologies were received from Kevin McDonald (ACCESS Pool) and Piers Lawson (Baillie Gifford).
2. There were no declarations of interest.

Item 2 – Actions and Agreements from 2 December 2024

3. It was agreed that the actions and agreements paper represented a true and fair account of the meeting.

Item 3 – Climate Risk Reporting – reporting principles from Funding Strategy Statement guidance

4. Becky Clough (BC) introduced Paper B to the Group. The Climate Risk Reporting principles presented to the Group at Annex A had been published on the Board's website alongside the Funding Strategy Statement (FSS) guidance. The principles are designed to assist funds when addressing climate change as a funding risk in the FSS. The principles had been jointly created by the four main fund actuarial firms; Mercer, Barnett Waddingham, Aon and Hymans Robertson. Michelle Doman (MD) from Mercer gave an overview of the creation of the principles and that the reporting principles had been published separately from the FSS guidance so that they can be updated as the area evolves.
5. MD explained that the fund actuaries started putting together these principles before the 2022 fund valuations in order to establish a degree of consistency and without stifling innovation. These original principles were reviewed and evolved in line with the completion of the recent FSS guidance. The Ministry for Housing, Communities and Local Government (MHCLG) and the Government Actuary's Department (GAD) also had some input in developing the principles.
6. The group discussed the cut-off date included in the document for scenario planning saying that 20 years may not be long enough. MD said that this was considered by the actuaries and provided a starting point for funds, with the principles suggesting a longer time horizon, if appropriate. MD stated that many funds were in fact choosing a 40-year time horizon. Funds should

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choose their own scenarios and assumptions and it was agreed that the analysis could be used in decision making. How scenarios should be applied to diversified public market portfolios was asked by a member of the group; MD responded saying that scenario planning is not a prediction but a way to make allowance for the consideration of climate risks. A question was raised about how to manage differing scenario choices between investment advisors and funds, MD said that in her experience there seems to be a degree of consistency. The group also discussed how different actuaries and advisors used different assumptions and that the market is still evolving its approach. It was also noted how more awareness of climate risk reporting could increase the prudence 'buffer', when many employers were looking for contributions to be lowered.

7. Some members of the group felt that the quantitative aspect of scenario planning was not as useful as qualitative analysis, and that physical and transitional risks is favoured. It was expressed that quantitative analysis does have value and should aim not be overly complex, reiterating that it would be most useful for those who have not yet developed this type of reporting.

Item 4 – Legal advice on fiduciary duty

8. Jeremy Hughes (JH) notified the Group that following on from the last meeting the Board has now obtained [updated counsel advice on fiduciary duty](#) in the context of the Local Government Pension Scheme (LGPS) from Nigel Giffin KC. The advice expands on the [2014 advice](#) received in a number of areas and a breakdown can be found in [Paper C](#). The group were asked for their views on the advice and were informed that the Board would explore seeking further advice.
9. The Chair raised that the updated advice suggested that employers were more concerned about financial factors when making investment decisions, but it was the Chair's opinion that employers were often just as concerned with non-financial considerations too. The group generally welcomed the advice but commented that the length and complexity of the document might mean that it isn't widely accessible. Sarah Wilson (SW) suggested that a responsible investing guide would perhaps benefit funds, with extracts from Nigel Giffin's KC advice included. It was generally agreed that there needed to be clearer guidance on the consideration of non-financial and other factors.
10. The group also discussed reports of fund managers in some regions pulling out of ESG aligned products, due to the current political climate within their region and said that this posed a risk to achieving targets within the scheme.
11. Marion Maloney (MM) asked whether the LGA would be reviewing any draft Bill on proposed changes to the LGPS. JH explained that the SAB Secretariat would work with MHCLG as any Bill develops.

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Item 5 – LGPS Fit for the Future consultation

12. Jo Donnelly (JD) introduced the item to the Group and confirmed that the Board had submitted its response to the Fit for the future consultation which closed on 16 January 2025. The group were invited to comment on the proposals and specifically how it would impact responsible investment issues. A key question arising from the proposals is how pools will manage the varying responsible investment and net zero targets of the individual funds, if the proposals go ahead as detailed in the consultation.
13. It was thought that this is a challenge already for pools, as not all underlying funds have the same targets but the relationship between the fund and the pool is important in trying to make progress in this area. Members of the group also raised that another challenge is where funds in a pool have varying policies and targets, there is a risk of aligning with the lowest common denominator in order to meet a single standard that is acceptable to all of the partner funds. This remains a live issue and it was observed that compromise is an inevitable part of pooling. A question was raised about whether pools will have their own responsible investment policy for funds to adopt, or whether funds can have their own policies which the pools will have to endeavour to fulfil and/or the funds can instruct the pool to fulfil.
14. Jeremy Hughes (JH) said that the pools currently have no authority to fetter the policy making duty of administering authorities but also that there would be a financial cost to funds if pools were obliged to implement varying fund policies.
15. The group questioned whether the funds would have the ability to move pools if another pool was offering more suitable or desirable products, as some felt there was a need for a competitive marketplace.

Item 6 – MHCLG Update

16. Oliver Watson (OW) informed the group that MHCLG had received 216 responses to the Fit for the Future consultation, and these were being reviewed. The concerns expressed by this group regarding the interaction of the proposals with responsible investment policies under item 5 were echoed in the responses received. A response from MHCLG would be published in due course.

Item 7 – RIAG Terms of Reference

17. Ona Ehimuan (OE) introduced Paper D to the Group. Updated RIAG Terms of Reference were brought to the group at its meeting on 23 September 2024 and the term lengths of members were extended to 4 years, with a possible renomination for an additional 4 years. The term length of the Chair was not extended at the same time, however the Secretariat are now recommending

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that this is also changed so that the term length of the Chair is extended to match that of the members. The group agreed that this change be made, and the newly updated Terms of Reference submitted at Annex A were agreed for upload to the Board website.

ACTION – that the Secretariat publishes the updated Terms of Reference to the Board website.

Item 8 – Any other business and date of next meeting

18. There were no other items of business.
19. The date of the next meeting was confirmed as 9 June 2025 at 2pm to be held as a hybrid meeting via MS Teams and at Smith Square.
