

Responsible Investment Advisory Group (RIAG)

Hybrid Meeting – 23 September 2024

Item 2 Paper A

Actions and Agreements 13 May 2024

In attendance –

Name	Organisation
Sandra Stewart	Greater Manchester Pension Fund – Chair
Tom Harrington	Greater Manchester Pension Fund
Debbie Fielder	Clwyd Pension Fund
Tim Mpofo	Haringey Pension Fund
John Neal	UNITE
Jonathan Sharma	Convention of Scottish Local Authorities (COSLA)
Stephen Smellie	Scottish SAB/Unison
Jo Donnelly	Local Government Association (LGA) – Head of Pensions
Jeremy Hughes	LGA – Senior Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Ona Ehimuan	LGA – Pensions Secretary
Sarah Tingey	LGA – Research and Data Analyst
Marion Maloney	Environment Agency
Sheila Stefani	LGPS Central
Kevin MacDonald	ACCESS Pool
Frances Deakin	Local Pensions Partnership (LPP)
Graham Cook	Phoenix Group
Edwin Whitehead	Redington
Sarah Wilson	Minerva
Piers Lowson	Baillie Gifford
Sam Gervaise-Jones	bfinance
Ashley Hamilton Claxton	Royal London Asset Management (RLAM)
Maria Espadinha	Pensions Lifetime Savings Association (PLSA)
Alexander Buckthorne	The Pensions Regulator (TPR)
Alex Darsley	TPR

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

1. The Chair opened by welcoming members to the meeting including Maria Espadinha (PLSA) who will be joining the RIAG whilst Tiffany Tsang is on

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Responsible Investment Advisory Group (RIAG)

maternity leave. Apologies were received from Jon Rae (Welsh LGA), George Graham (South Yorkshire Pension Authority) and Ollie Watson (Department for Levelling Up, Housing and Communities).

2. There were no declarations of interest.

Item 2 – Actions and Agreements from 25 March 2024

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

Item 3 – Findings from second year of TCFD Reporting – presentation by The Pension's Regulator (TPR) (with Q&A/discussion)

4. Alex Darsley (AD) and Alexander Buckthorne (AB) from TPR gave a presentation setting out some of the key findings from [the second year of TCFD reporting](#). TPR reviewed a larger sample of reports than last year, analysing thirty different reports, five of which were reports from organisations that are in their second year of reporting.
5. Many reports contained a lot of generic statements which gave TPR less confidence in the reports written.
6. Another key finding was that there was a large amount of variance in the reports and the data available. This was not expected as investors used many of the same providers which suggested that the information should be available on a consistent basis. The group agreed that the inconsistency in the transmission of information is a problem currently.
7. It was noted that the Department for Work and Pensions (DWP) are conducting a review of the current TCFD regulations and that would be informed by TPR's analysis of current practice. It would be helpful if any change in the approach to mandating the information needed for TCFD reporting was internationally co-ordinated, acknowledging that aligning to internationally agreed standards could improve reporting and improve the timely access to data.
8. Marion Maloney (MM) asked whether feedback was given to those who had completed TCFD reports but not chosen to be part of TPR's review. AD explained that this was done in the first year but given the increase in reports to review this year, this practice was not continued. TPR did however issue some general guidance on how to improve reports and issued fines to some organisations with reports significantly below compliance standards.

Responsible Investment Advisory Group (RIAG)

9. Thirteen schemes had formal net-zero targets included in their report and an additional six had included it as an ambition. The scenario analysis aspect of the reports presented a challenge, and the analysis in many reports was limited.
10. On aligning the information requirements between TCFD and FRC Stewardship Code signatory applications, AD said that it is acknowledged that there will be some overlap of information in both of these reports, however carbon emission information is not required in stewardship reports. The group felt that it would assist with comprehension and consistency if there were a matrix that cross-referenced relevant content requirements in these separate reports.
11. It was asked whether TPR was aware of any member or media enquiries on TCFD reports. AD said there was not much interest from the media and no indication that the reports were widely read by members, however, Share Action had published a paper covering various schemes and their climate change policies.
12. TPR were asked for their view on what the LGPS should be doing to prepare whilst awaiting TCFD regulations from the Department for Levelling Up, Housing and Communities (DLUHC). Getting ahead with regards to quantitative reporting will be important for funds and doing this would prevent funds becoming pressured once the reporting requirements come in. AD also said that it would be prudent to have in place adequate training provisions and clear governance structures and processes.

Item 4 – Update on Economic Activity of Public Bodies (Overseas Matters) Bill

13. Joanne Donnelly (JD) gave an update on the Bill's progress through Parliament. At the date of the meeting, the Bill was at the Committee Stage with the House of Lords and the next debate would be on 14 May 2024 and there was still a long list of amendments to be debated.
14. A carryover motion for the Bill has been passed meaning if the Bill if, as seems likely, the Bill is not passed during this parliamentary session, it can be continued to the next.

Item 5 – Stewardship Update

15. JD informed the group that she had attended one of the roundtables held by the Financial Reporting Council (FRC) on the Stewardship Code. The roundtable session was attended by asset owners and included a number of LGPS funds and pools.

Responsible Investment Advisory Group (RIAG)

16. The key message from asset owners was that they are keen to be signatories to the Stewardship Code however the current reporting burden was seen as excessive and that FRC needed to provide more guidance on what should be in reports.
17. Asset owners asked if there could be a shift either to reporting on a less frequent basis or editing the standards required. Another issue raised was that the FRC's feedback on reports was given around six months into the following reporting year which made it difficult for signatories to implement the feedback in time before preparing the next year's reports.
18. The requirement to declare conflicts of interests also proved cumbersome for some asset owners, as this was required annually. There was no way to report that there were no new conflicts and FRC have not issued guidance on this specifically.

Item 6 – RIAG Forward Planning

19. Ona Ehimuan (OE) introduced Paper B to the Group. The Secretariat has recently conducted a review of the Board's and each Committee's Terms of Reference (ToR), scope and workplan. They proposed to the group that similar consideration be given to the workplan and ToR for RIAG.
20. It was expressed that the RI space had changed significantly since the Board's A-Z guide had been published in early 2021, and continues to evolve rapidly. As a result, it would be difficult to maintain the guide and keep it up to date without a significant input of resource. The group felt that the RI A-Z guide could be replaced with information signposting to a selection of resources that can be used as a starting point for visitors to the website.
21. It was asked whether there were stats for how often the RI A-Z Guide had been viewed. OE said that this was not available at present however could be explored. It was suggested that a survey be conducted to ascertain how visitors to the SAB website use the site and use that to determine what should be kept on the site.
22. There was support for further discussions on fiduciary duty at future RIAG meetings as this is an area that the Board often received queries about. JD acknowledged this adding that the outcome of the BDS Bill would further influence and feed into these discussions.
23. The group felt that the current ToR did need to be updated to reflect how the group has evolved since its inception. Further discussions will be needed to shape the ToR before submitting an updated version to the Board for approval.

Responsible Investment Advisory Group (RIAG)

24. It was suggested that Sharia Law remain an ongoing discussion for the Board as some members may not accept the conclusion drawn by the author of the report, and this should remain on the Board's radar in case of future developments.

ACTION – That the Secretariat review the current RIAG ToR.

Item 7– DLUHC Update

25. There was no representative from DLUHC present to give an update.

Item 8 – Any other business and date of next meeting

26. The Chair informed the group that the RI Cross-Pool group would be meeting again on 18 June 2024 and an update on their progress will be brought to the next meeting.
27. JD informed the Group that [a letter had been published by the Work and Pensions Committee](#) on fiduciary duty and how it is interpreted in light of climate change and that responses to the questions laid out in the letter from Paul Maynard MP (Minister for Pensions) were asked for by 1 May 2024.
28. JD raised the question of any potential liability on pension funds should an underlying investor be found to be in breach of international law. This question was raised by an LGPS officer, and the Group was asked for their perspective. One response was that it was important to understand that international law did not apply directly in the same way as UK law. But it was suggested that would be helpful to have this point clarified by a legal opinion.
29. JD raised an item on the potential need for the Board to make a statement to support officers and elected members who are facing increasing amount of abuse and vitriol from protesters about investments. Although guidance could not be considered until the BDS Bill had been passed by Government and there was a limited amount that the SAB could say without legal advice, however it was agreed that publishing a statement could be useful and for the Secretariat to add this as an item for discussion at the next Board meeting on 22 July 2024.

ACTION – That the Secretariat add an item to the next Board meeting agenda on writing a statement to guide LGPS officers and elected members for dealing with abuse.

30. The date of the next meeting was confirmed as 29 July 2024 at 11am to be held as a hybrid meeting via MS Teams and at Smith Square.
