

Responsible Investment Advisory Group

Item 2 Paper A

Meeting 26th May 2021

Actions and Agreements from meeting of the 14th April 2021

Those attending –

Sandra Stewart (Greater Manchester Pension Fund) – Chair
Tim Mpofu – Haringey Pension Fund
Graham Cook – Environment Agency
George Graham – South Yorkshire Pensions Authority
Debbie Fielder – Clwyd Pension Fund
Kevin McDonald – ACCESS
Valborg Lie – Central
Frances Deakin – LPP
Philip Pearson – Hymans Robertson
Jennifer O'Neill – Aon
Ashley Hamilton Claxton – RLAM
Piers Lowson – Baillie Gifford
Sarah Wilson – Minerva
Caroline Escott - RMPI

Observers –

Teresa Clay – MHCLG
Oliver Watson – MHCLG
Tom Harrington – Greater Manchester Pension Fund

Secretariat –

Jeff Houston – Board Secretary
Joanne Donnelly – Deputy Board Secretary
Bob Holloway – Pensions Secretary
Liam Robson - Analyst

Item 1 – Welcome, introductions and apologies

The Chair opened by welcoming members to the meeting and stressed the important work to be undertaken by the group over the coming months.

Based on the experience of the first meeting the group agreed not to use the chat function in MS Teams and instead to use the “hands up” facility if they wish to make a point or raise a question.

Apologies received from Joe Dabrowski (PLSA) and John Neal (UNITE – substituting for Colin Meech (UNISON)

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Item 2 – Actions and Agreement from the 3rd March Meeting

The reference on page 1 to “Flintshire Pension Fund” to be amended to “Clywd Pension Fund”

On page 2 the group was updated on progress made on the A to Z Responsible Investment website since it last met on the 3rd March.

The consensus was that the website will offer users a comprehensive and valuable tool, though concerns remained about the presence of vendors and providers. Members were invited to submit comments to the Secretariat on how the website could be made “vendor neutral”.

Members also asked for more details about the classifications of mandatory, recommended and aspirational. The group concluded that an additional classification of “information” would be more appropriate in certain cases. The Secretariat agreed to take this up with the web design team.

Members were also invited to consider submitting any case studies in their field to the Chair for possible addition to the website.

Agreed – that the actions and agreement paper represents a true and fair account of the meeting on the 3rd March 2021.

Action – that the Secretariat explores the possibility of adding a new classification of information to the website and that members submit comments to the Secretariat on how the site can be made “vendor neutral”.

Item 3 – RIAG Terms of Reference

The group considered a final draft paper setting out the Group’s proposed terms of reference.

Agreed – to recommend to the Investment, Governance and Engagement Committee that the agreed draft terms of reference should be adopted for the group.

Item 4 – MHCLG Update on TCFD Reporting

MHCLG presented a number of slides to illustrate its early thinking on how the proposed TCFD reporting regime for trust based schemes could be applied to the LGPS. Particular emphasis was given to four specific areas where MHCLG’s proposals may differ from that of DWP’s:-

- to consult on the requirements applying to all funds by the year 2022/23, irrespective of the fund’s size;

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- proposing an LGPS-wide report summarising the constituent reports;
- no proposal to introduce fines and not have the same enforcement route through TPR;
- no proposal to have requirements on individuals akin to the knowledge and understanding requirements made by DWP.

In response to the presentation members made the following points:-

- More clarity is needed about what else may be needed in addition to DWP's proposals;
- Fund authorities will need to employ consultants where resources are short, however not all consultants are equal in this area;
- Data quality is still emerging but the 'raw material' need for measures at the moment is variable in quality and availability
- Fund authorities may be able to look to their asset pools for assistance but not all pools are the same and the process is incomplete. A blended pool/fund solution may be the way forward;
- Need to share solutions with and learn from the private sector;
- Will the optional targets be fund authority specific or should some consistency be encouraged to enable comparison?
- Preparing a composite report for 87 fund authorities will not be easy if targets are specific and not largely consistent;
- Need to dovetail with the good governance project;
- Will guidance come from MHCLG, SAB or both?

MHCLG invited comments from members on their proposals by the 30th April.

Agreed and action – that members should submit comments on MHCLG's proposals to the Secretariat by the 27th April to enable a response to be drafted and approved by the Investment, Governance & Engagement committee in time for it to be submitted to MHCLG on the 30th April.

Item 5 – APPG Response on Just Transition

The group considered a draft response prepared by the Secretariat and agreed by the Chair. Subject to a new section expanding on the work being undertaken by SAB on responsible investment the group approved the draft response.

Action – the Secretariat to draft a new section as set out above for the Chair's agreement.

Item 6 – AOB and date of next meeting

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The group was advised that the Chair will present a report of the meeting on the 3rd March and give a verbal update of the 14th April meeting when the Investment, Governance & Engagement committee meets on the 19th April.

Several members have been invited to speak at the forthcoming PLSA conference in May. Under the agreed draft terms of reference the Secretariat said that all such invitations are for the Chair to approve. In this case, the Chair agreed that the invitations can be accepted.

The next meeting will be held on the 26th May.

Bob Holloway
Pensions Secretary
Scheme Advisory Board.

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