

Responsible Investment Advisory Group

Meeting 14th April 2021

Item 3 Paper B

RIAG Terms of Reference

Issue

To consider the paper attached at Annex A setting out draft terms of reference and working methods for the group.

Consideration

1. When the group met on the 3rd March 2021 members agreed that the Secretariat should prepare a paper setting out provisional terms of reference and working methods for consideration and agreement at the meeting on the 14th April 2021.
2. The paper at Annex A is based on the Scheme Advisory Board's agreed terms of reference but with tailored sections on membership, conflict of interests and media handling reflecting the individual and specific characteristics of the group.

Recommendation – that the group agrees a recommendation to the Investment, Governance and Engagement Committee that the attached terms of reference for RIAG are adopted.

Annex A

Responsible Investment Advisory Group (RIAG)

Terms of Reference for the Group

Constitution

1. The Group is established by the Local Government Pension Scheme Advisory Board in exercise of its power under regulations 110 (4) and (5) of the Local Government Pension Scheme Regulations 2013.

Functions of the Group

2. The functions of the Group are as follows:
 - To advise the Board and the Investment, Governance and Engagement Committee (the Committee), as requested, on all matters relating to Responsible Investment

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- To assist the Board in preparing and maintaining the online Responsible Investment A-Z guide.

Operation of the functions

3. In fulfilling its functions the Group will:
 - Report directly to and take instructions from the Committee
 - Be both reactive in terms of work commissioned by the Board and Committee and proactive in terms of approaching the Board and Committee with their own proposals for consideration
 - Seek the agreement of recommendations to the Committee by consensus of the Group which, after discussion by Group members, shall be determined by the Chair. Where consensus cannot be reached, or where the view of the Chair is challenged, the recommendation to the committee should include any contrary view expressed by individual group members
 - Direct all applications to engage with the media on the Group's behalf to the Chair of the Group for permission.

Membership

4. Membership of the Group will be as agreed by the Board below:

Chair – from the LGPS
Administering Authority – London
Administering Authority – Shire Counties
Administering Authority – Met Districts
Administering Authority – Wales
LGPS Pool Company
LGPS Pool Company
LGPS Pool Partnership
Consultant 1*
Consultant 2*
Asset Manager 1
Asset Manager 2
Special Interest
Wider Industry
PLSA
Scheme Member

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(* The two consultant seats will be rotated between the four actuarial firms on a time scale decided by the Group).

5. Steps must be taken to ensure that all eight LGPS asset pools (companies and partnerships) are represented in the Group across the chair, authority and pool representatives.
6. Members of the group are appointed in a personal capacity and are not expected to represent the views and positions of their organisations on any matter discussed or agreed by the Group.

Chair - appointed by the Board.

Vice-Chair – appointed by the Group from amongst the LGPS constituency

7. At any point the Chair may stand down from that position or may be removed by a vote of the Group. The Group may recommend the removal of the Chair to the Board on the passing of a no confidence motion. The Vice-Chair will chair the meeting during consideration of, and voting on, such a motion.
8. Person(s) in the role of Chair and Vice-Chair may retain those roles for a period of no longer than two years and may be nominated on no more than two occasions.
9. Where the Chair is not in attendance at a Board, the Vice-Chair shall preside. If both are absent, the members of the Group shall appoint an acting Chair from the present members for the meeting in question. At all Group meetings, it shall be the duty of the Chair to ensure that all Group members show respect to the process and are provided with equal access to the floor. The Chair shall also determine when consensus has been reached.

Nominations for members

10. Nominations for the appointment of Group members shall be as follows:

Administering Authority seats – Cross Pool Collaboration Group
Pool company/partnership seats – Cross Pool Collaboration RI Group
Consultant seats – Nominated from the four actuarial firms
Asset Manager seats – Nominated by the Committee from the largest 12 asset managers in the LGPS
Special Interest seat – Nominated by the Committee
Wider Industry seat – Nominated by the Committee
PLSA seat – Nominated by PLSA
Scheme Member seat – Nominated by Board member representatives

All nominations are subject to approval by the Board.

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Term of appointment of Group members

11. The term of appointment for all Group members is a period of no longer than 2 years (subject to the practicalities of appointment processes). Group members may be re-nominated at the end of their term no more than once.

Secretariat

12. The Board will provide a Secretariat function for the Group, including a Group Secretary, funded from within the Board budget. The Board may at any time choose to change the provider of the Secretariat function subject to the terms of the agreement with the LGA and the procurement section of these terms of reference.

Working Groups

13. The Group may establish working groups from within its membership as and when required, whether short-term or otherwise.
14. The Group will be responsible for developing and agreeing the terms of reference of any working groups. Working groups should limit their considerations to their remit and provide, as requested, information and options to the Group who shall reserve the ability to make recommendations as it sees fit.
15. Chairs of working groups shall be nominated from and agreed by the members of the Group.
16. Nominations for membership of working groups may come from the Chair of the Group, members of the Group or the secretariat.
17. The Chair of the Group together with the Chair of the relevant working group shall seek to achieve a balance in the membership of the working group between the various stakeholders.
18. The outcome of working groups is to be reported solely to the Committee via the Chair of the Group who shall determine the extent and scope of any resulting actions.

Transparency and Communication

19. The membership, appointment processes, meeting dates, agendas and the actions and agreements of the Group shall be published regularly by the Secretariat on an appropriate website. Any discussion points included in the Actions and Agreements document will not be attributed to individuals unless the group and the individual agrees that it would be in the best interests of the transparency of the group to do so.

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Attendance

20. All Group members are expected to regularly attend meetings. Where a member of the Group fails to attend regularly, the Chair may seek for that person to be replaced by another representative, in accordance with the nomination process detailed in the membership list above.

Quorum

21. The Board will have formal quorum of 50% of the membership, rounded up where the membership is an odd number, provided that within that 50% at least half are members representing scheme members, administering authorities or pool companies and partnerships.

Frequency of Meetings

22. The Group will meet a minimum of four times a year. The Chair may call meetings more frequently if deemed necessary or on the joint request of two or more Group members. Except in situations to consider matters of urgency, all meeting dates will be communicated at least one month in advance. The Group will strive to agree dates of meetings on a calendar year basis by the preceding 30th November.

Declaration of interests

23. Each member of the Group will be expected to declare, on appointment and at each meeting any interests which may lead to conflicts in the subject area or specific agenda of that Board.
24. The Chair of the Group must be satisfied that a person nominated as a member of the Board does not have a conflict of interest or can effectively manage that conflict as a member of the Group.
25. Each member of the Group must provide the Secretariat with such information as is reasonably required for the purposes of maintaining and publishing a conflicts register.
26. It shall be the responsibility of the Chair of the Group to ensure that the Committee is made aware of, and provided with the necessary information in relation to, any conflict of interest which the Chair deems to be material or potentially material to the work of the Group.
27. At each meeting of the Group the Chair shall require members to declare any potential material conflict of interest with regard to any of the agenda items. If a conflict is declared the Chair shall determine if the member cannot effectively manage that conflict and/or the position of the Group may be

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undermined by that conflict, and if so may ask the member not to participate in the meeting during that item.

28. The Vice Chair of the Group will adopt the role of ensuring that the Chair of the Group does not have a conflict of interest in the same way as the Chair does in relation to all other Group members.
29. Where two or more Group members disagree with the judgement in relation to a potential conflict of interest made by the Chair (or Vice Chair as the case may be) the matter will be considered by the Group as an item of urgent business and agreed by consensus. The member in question may be asked to leave the meeting for part or all of the time whilst the matter is being considered.
30. “Conflict of interest” means a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the Group (but does not include a financial or other interest arising merely by virtue of membership of the LGPS or the provision of services to the LGPS).
31. “Material conflict of interest” means of financial or other interest which could lead to the member or any organisation to which the member belongs benefitting financially or otherwise as a result of any agreement or recommendation in relation to the agenda item.

Administration

32. The Group Secretary will agree an agenda with the Chair prior to each Group meeting. The agenda and any papers for the Group will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.
33. The Group Secretary will record minutes of each meeting including all actions and agreements which will be circulated to all Group members within 10 working days after the meeting. These minutes will be subject to formal agreement at the following Group meeting.

Personal Liability of Board members

34. Following advice from legal advisers, as Group members only make recommendations to the Committee, the Board has taken the view that there is no personal liability on Group members.

Appointment of advisors and external third parties to the Group

35. Where approved by the Board on the Committee’s recommendation, the Group may appoint advisors or external third parties to assist the Group’s

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work plan. Where approved, procurement will be undertaken in accordance with the Board's procurement procedures.

Term of Group

36. The Group will remain in place while the Board so requires.

19th April 2021