

Paper B: Responsible Investment Policy Guidance

Key points to note

The Board has committed to producing guidance for fund on how to draw up their responsible investment policies. An outline structure for this guidance is provided for comment.

Recommendation

That the Group consider whether the topic list and structure of the proposed guidance seems appropriate; and whether they feel able to contribute to the drafting of it.

Background

Most LGPS funds have experienced an increase in the interest and active lobbying that they are experiencing in relation to how fund money is invested. In particular there has been a focus on climate impact and how investments might have impacted on conflict areas. There is even debate about whether funds should have responsible investment policies at all.

The Board has issued various statements to help funds manage this increased attention but we have also committed to drawing up guidance on how RI policies can be developed in ways that are robust and defensible.

Considerations

To inform the advice offered by the Board, an opinion was sought from Nigel Giffin KC on how financial and non-financial factors should be considered. In his written opinion, Mr Giffin emphasised that when it comes to non-financial factors, what is of primary importance are the views of scheme members. But in such a large scheme, with funds having tens or even hundreds of thousands of members the challenge is to gain assurance that you have understood the generality and plurality of views that members hold.

Increasingly funds are experimenting with surveys and other means of assessing

member attitudes, and in part this guidance will look to identify and provide advice on best practice in this area.

We would like to capture the perspectives and knowledge that members of the Group have and so are inviting members to consider whether the topic list and structure of the proposed guidance seems appropriate (see Annex A); and whether they feel able to contribute to the drafting of it.

Annex A – Proposed Structure of Guidance

Introduction

Opening para on status of the guidance and purpose

Links with other guidance on ISS and pooling

What is responsible investment

Definitions

Links to other concepts, like stewardship

When is it allowed

Financial and non-financial factors

Summarise latest Giffin advice

At the fund level

The role of pension committee, senior LGPS office, independent person etc

Specific issues for elected members and previous guidance on not allowing own politics to determine view

Take expert advice and fiduciary duty key

Special connection to understand members and local people

How to choose areas to focus on (SDG)

Local investment and relationship with strategic authorities

Governance and transparency

How to consult members

Think about when and how

The role of representatives

Surveys and the limits of these (representativeness)

Balancing competing tensions (reward vs impact)

Communicating RI policy

RIAG Meeting – 9 February 2026

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Scheme employers' views

Are they relevant (Giffin again)

Local Pension Board role?

The wider context

How to deal with lobbying (campaigns and protests)

The pool and partner funds

LAPFF

UK Govt views

Annexes

Good survey design – clear questions, not leading questions, interpreting results, representativeness of samples