

Paper B: Practical guidance on setting Responsible Investment (RI) Policy

Key points to note

The Board has committed to producing guidance for funds on how to draw up their responsible investment policies. A working group to advise on the content of this guidance has been established and an initial meeting was held on 30 April 2026. Following some useful steers from that group, drafting of the guidance has commenced. A timeline for the production of the guidance is provided within this paper.

Recommendation

That the group notes the contents of the update and the timeline set out in the paper. That the group provide a steer on the proposed direction of travel, particularly in relation to member engagement and the scope of guidance and identifies any gaps or additional priority areas for the draft guidance ahead of the first iteration.

Background

The Board has issued various statements and commissioned legal advice from Nigel Giffin KC to assist funds in dealing with the increase in the interest and active lobbying that they are experiencing in relation to how fund money is invested.

It is expected that statutory guidance accompanying the Pension Schemes Act and LGPS Regulations will be published in the coming weeks. The Investment Strategy Statement guidance in particular will require funds to set out their responsible investment policy, which will be implemented by their asset pool company. The SAB guidance being produced will focus on the process of setting RI policy. A suggested topic list was shared with the group at the last meeting on 9 February 2026 ([see Annex A](#)).

Considerations

An initial scoping meeting was held with a working group on 30 April 2026 with

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attendees from funds, pools, trade unions, pension committee chairs and members of this group. The discussions confirmed an increase in engagement from members with member surveys being increasingly focused on investment matters in recent years, however member engagement varied from fund to fund and overall, still remained low. The group recognised that there is an issue with ensuring that engagement comes from a wide representative group of scheme members, and not just a vocal minority.

Trade union representatives said that discussions with their local representatives had revealed that the approach to engagement in general was also varied and some funds did not engage with members at all. They were in support of standardisation in the way that member views were sought.

The attendees expressed a need for prior briefing on investment issues, including responsible investment, to assist members in having the knowledge to adequately engage with surveys. The working group suggested that these awareness raising initiatives could take the shape of member communications or lunch and learn sessions with scheme employers. It was also recognised that it would be helpful to have guidance on survey design and for surveys to clearly explain how member views will be utilised.

The group also discussed the possibility of using other methods of collecting member views, such as the use of member assemblies which would bring together representative groups of scheme members to discuss in detail some of the tensions between different RI priorities and the need to generate return. The group expressed support for exploring the feasibility of trialling this kind of participative model and agreed that the secretariat talk to NEST and the New Citizen Project, who are currently trialling similar initiatives.

The group generally agreed with the topic list presented however said that an initial draft of the guidance would help to confirm any other areas for inclusion. It was agreed that the secretariat start to draft the guidance and reconvene the group later in the year, with a view to finalising the guidance and gaining approval in the October/November board and committee cycle.

Next steps

- The secretariat will use feedback from this group and RIAG to develop a full draft of the guidance.

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- The working group will be reconvened later in 2026 to review and refine the draft.
- A near-final version will be brought forward for consideration and approval through the October/November Board and committee cycle.
- Subject to approval, the guidance will be published later in 2026 to support funds in developing and reviewing their responsible investment policies.