Responsible Investment Advisory Group (RIAG) Meeting

5 October 2026, 11.00am - 1.00pm

Microsoft Teams

AGENDA

Item		Paper	Timing
1	Welcome, introductions, apologies and declarations of interests	**Verbal**	11:00
2	Actions and Agreements from 8 June 2026	**Paper A**	11:05
3	Ministry of Housing, Communities and Local Government (MHCLG) update	**Verbal**	11:10
4	Investment in conflict zones	**Paper B**	11:20
5	DWP guidance on fiduciary duty	**Verbal**	11:35
6	Practical guidance on setting Responsible Investment (RI) Policy	**Paper C**	11:45
7	RI implementation working group	**Paper D**	12:15
8	AOB and date of next meeting - Meeting frequency for 2027 - Membership	**Verbal**	12:25

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Responsible Investment Advisory Group
(RIAG) Meeting
5 October 2026, 11.00 am – 1.00pm
Microsoft Teams

Paper A: Actions and agreements of meeting held on 8 June 2026

Present

Sandra Stewart	Chair, Greater Manchester Pension Fund (GMPF)
Andrew Boutflower	Practitioner representative, Hampshire Pension Fund
Marion Maloney	Practitioner representative, Environment Agency Pension Fund
Sheila Stefani	Asset pool representative, LGPS Central
Frances Deakin	Asset pool representative, Local Pensions Partnership (LPP)
Sallie Wilson	Asset pool representative, ACCESS
Tim Manuel	Asset pool representative, Border to Coast (observer pending Board approval)
Edwin Whitehead	Investment consultant, Redington
Sam Gervaise – Jones	Investment consultant, bfinance
Maria Espadinha	Pensions UK
Gareth Dixon	Convention of Scottish Local Authorities (COSLA)/Scottish SAB
Rachel Howcroft	Ministry for Housing, Communities and Local Government (MHCLG)
Tom Harrington	Observer, GMPF

Secretariat

Clair Alcock	Head of Pensions, Local Government Association (LGA)
Jeremy Hughes	Senior Pensions Secretary, LGA
Ona Ehimuan	Pensions Secretary, LGA
Becky Clough	Board Policy and Support Officer, LGA
Sophia Chivandire	Pensions Policy and Support Officer, LGA
Sarah Tingey	Research and Data Analyst, LGA

1. WELCOME, APOLOGIES, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The chair welcomed all in attendance including Tim Manuel, Head of Responsible Investment at Border to Coast, who attended as an observer until his place is confirmed at the Board meeting. He is replacing Sallie Wilson from ACCESS now that the ACCESS pool is being wound down. Jacqueline Jackson, Chief Sustainability Officer at the London CIV, rejoined the group following returning from maternity leave however was not present at the meeting.

Apologies were received from Patrick Rowe (Westminster City Council), Tim Gooding (Baillie Gifford), Rachel Barrack (Hymans Robertson/Wales Pension Partnership), Kenny Dick (The Care Inspectorate/Scottish SAB) and John Neal (UNITE). Sarah Wilson (Minerva) was absent without apologies.

Adverts have been put on the Board's website for a new asset manager representative to replace Ashley Hamilton Claxton and a wider industry representative to replace Graham Cook. The new representatives will be invited to the next meeting once approved by the Board.

There were no declarations of interests.

2. ACTIONS AND AGREEMENTS FROM PREVIOUS MEETING

The actions and agreements from the meeting held on 9 February 2026 were agreed as a true and correct record of the meeting. The chair provided an update on an action set at the last meeting which was for the secretariat to consider preparing a briefing paper on current court actions and legal risks relating to ESG and Responsible Investment, including claims arising from publications on the International Court of Justice ruling on climate change. Having considered the request, the secretariat concluded that it is not best placed to assess or make judgments on these existing claims, therefore this recommendation will not be taken forward.

3. MHCLG UPDATE

Rachel Howcroft (RH) from MHCLG gave an update to the group. The new Co-Heads of the MHCLG Pensions team are Rosanna Thomson, who leads on investments, and Will King, leading on administration and member benefits. The Pensions Scheme Bill (now Act) has received Royal Assent and two sets of regulations, have been made under it. One set of the regulations deals with fund governance (amending the LGPS Regulations 2013) and there is another replacing the LGPS Investment Regulations 2016. At the time of the meeting, the accompanying statutory guidance on setting the Investment Strategy Statement (ISS) and guidance on asset pooling was expected to be published by the end of June.

It was confirmed that there had been some changes to the wording in the responsible investment sections of the guidance, but this was mainly to align the wording with the government's intentions for the guidance at the outset of the drafting process and did not represent a shift in government position. Nor was there intended to be any change to the fiduciary duty.

Climate and transition planning remained on the government agenda for the LGPS, but timings could not be confirmed.

POST MEETING NOTE: statutory guidance on pooling, governance and preparing an Investment Strategy Statement was published on 29 June 2026.

4. DEALING WITH LOBBYING IN THE LGPS

Jeremy Hughes (JH) introduced the item to the group giving an update on the Government's response to the Board letter on investment in conflict zones (dated 13 October 2025). A letter was received from Local Government Minister, Alison McGovern MP on 12 May 2026. It was noted that the Board chair, Cllr Roger Phillips OBE issued a statement on 15 May 2026 following the Minister's letter which expressed disappointment that the response didn't deal with the key question asked, around whether international human rights law was capable of having direct effect to administering authorities in their capacity of scheme managers.

The group also noted contextual information about the change in party control at many councils following the local elections on 7 May 2026 and impact that the political views of some parties may have on LGPS fund investment beliefs over the coming months and years.

Though the Board is not seeking any additional legal advice in this area at this stage, the group were asked for their feedback on the update and on any recommendations on further actions the Board could take to support funds navigate this increasingly complex area.

The secretariat confirmed that there is currently a review of the Knowledge and Understanding guidance, via the Compliance and Reporting Committee's (CRC) working group, to help ensure that new councillors are aware of what is required of them and what are the limits of their role. The training provided by the Local Government Association (LGA) Pensions team i.e. Fundamentals is also being reviewed. The Board will also be having a welcome event for new pension committee chairs with Board Chair, Cllr Roger Phillips OBE in September 2026.

POST MEETING NOTE: the welcome event for new Pension Committee Chairs will be taking place on 15 September 2026 and the registration link has been circulated.

The group raised the following comments:

- There is still a sense that some campaigns spilled over the boundary between legitimate lobbying and undue pressure
- The group shared the Board's disappointment that the letter from the Minister did not elaborate on circumstances where it might be appropriate to take into account international law
- Previous ISS guidance helpfully set out a two-stage test for taking into account non-financial factors and referred to a risk of significant financial detriment; it was hoped that the new guidance would preserve this
- Some officers made use of the SAB website which contains useful information on making investment decisions when dealing with lobbying
- There is a difference between organised campaigners outside committee meetings and where there are members of the pension committee who advocate for similar views. With the latter, it would be for officers to understand and communicate the legal position and the consequences of making decisions against advice or to the detriment of the fund's financial interests
- It was agreed that an item on training for pension board and committee members to the next meeting so that elected members were clearer about the limits of their role.

ACTION – that the secretariat brings an item on training for pension board and committee members.

5. RESPONSIBLE INVESTMENT POLICY GUIDANCE

Ona Ehimuan (OE) introduced paper B to the group. Since the last meeting a working group had been convened to shape the document, and the first meeting took place on 30 April 2026.
The key points arising from the working group meeting were that:

- Member engagement had increased over recent years but remained low
- There are issues with ensuring that engagement comes from a representative range of scheme members, and not just a vocal minority
- There is a need for prior briefing on investment issues, including responsible investment, to assist members in having the knowledge to adequately engage with surveys
- It would be helpful to have guidance on survey design
- Surveys should clearly explain how member views will be utilised
- There was support for exploring the feasibility of trialling participative models of engagement such as member assemblies and agreed that the secretariat talk to NEST and the New Citizen Project, who are currently trialling similar initiatives
- 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
- Trade union representatives were also in support of standardisation in the way that member views were sought.

The group's feedback mostly mirrored that given by the working group when it met 30 April 2026. The group said that some funds utilised external companies such as expert market researchers to devise surveys. It was also said that member representation could and should be sought via other means such as member representatives on the fund's pension committee. The group agreed to share examples or case studies that could be added to the guidance with the secretariat. The timeline included in the paper were agreed. A draft of the guidance would be brought to the next meeting after reconvening the working group to review the document.
ACTION – that the group shares examples or case studies that could be added to the practical guidance on RI policy setting with the secretariat.
ACTION – that the secretariat brings a draft of the guidance to the next meeting on 5 October 2026.

6. FIDUCIARY DUTY IN THE LGPS

Ona Ehimuan introduced paper C to the group. The Board had been invited to join the Department for Work and Pensions' (DWP) working group on fiduciary duty and is represented by Clair Alcock, Head of Pensions and Board Secretary. The status of the DWP fiduciary duty guidance and how it would relate to LGPS could not be confirmed at this stage. The Board's well-established position on fiduciary duty within the LGPS was reiterated and it was confirmed that there are no plans to seek further legal advice. That being said, application of the fiduciary duty within the LGPS remains a significant and increasingly high-profile issue. There is growing risk of politicisation of investment decisions, driven in part by global conflicts and increased campaigning and lobbying activity. Within that context, the group were asked for their feedback on any further actions the Board could take to support practitioners.

The group raised the following key points:

- Though the DWP's guidance will not directly be applicable to the LGPS, it will be an authoritative statement of government's view of the issue and so funds will need to have regard to it, once in existence
- There were questions asked around whether the guidance ought to apply directly to the LGPS (e.g. through an amendment to the Investment Regulations or adoption in the coming statutory guidance)
- It will be important for the definition established within this guidance to not create widely divergent definitions of fiduciary duty across the pensions sector
- The guidance should establish general principles that extend across the sector to ensure that there is flexibility to apply in different contexts
- The guidance should emphasise the duty to act in the best interests of all members, and not to privilege some members views over those of others
- The LGPS's work in understanding and applying the fiduciary duty in our particular context is currently more advanced than with other occupational schemes and there is an opportunity to contribute learnings from LGPS to the DWP's working group
- As environmental, social and governance (ESG) risks can be financially material it would be useful to encourage a more holistic approach to risk, including system risk; and this could be provided via the DWP guidance
- The guidance would hopefully add to and not detract from the approach set out in the Law Commission and 2016 ISS guidance, which emphasised that there were two tests for when non-financial considerations could be applied by trustees.

8. AOB AND DATE OF NEXT MEETING

There were no AOB items. The date of the next meeting is 5 October 2026 at 11.00am.

Paper B: Investment in conflict zones

Key points to note

The Board has published a new webpage collating its work relating to investment in conflict zones.

The secretariat has received queries on the topic of what can be specified in a fund's responsible investment strategy and the need for further clarity in this area as whilst the statutory guidance published by the Ministry for Housing, Communities and Local Government (MHCLG) in June 2026 is clear on not setting requirements in relation to investments in individual countries, investment styles or companies, there is no clear statement on the specification or exclusion of sectors.

Further outputs to support the scheme in the fulfilment of their duties in these areas are being considered and the group's feedback has been invited.

Recommendation

That the group notes the contents of this update and considers any areas of focus or output for the Board on this topic.

Background

There is ongoing political sensitivity around responsible investment (RI) issues and the topic of investment in conflict zones in particular. The Board has taken a number of steps to assist scheme practitioners in the fulfilment of their duties and continues to consider further actions which could be taken. So that there is a central source of information, a new 'Investment in conflict zones' webpage has been published. The page brings together the Board's work in this area including Board statements, correspondence with various Local Government Ministers and legal opinions commissioned by the Board. The page also includes links to the earlier work done on Boycotts, Divestments and Sanctions.

Considerations

The Board continues to consider further actions that can be taken to support scheme practitioners up to and including further legal advice. At this stage, there are no plans to procure further legal advice as the January 2025 legal advice from Nigel Giffin KC takes account of the Fit for the Future reforms as proposed at that time.

The secretariat have received queries on the need for further clarity on the point of funds setting investment views on particular sectors. Paragraph 5.9 of the Investment Strategy Statement (ISS) guidance published in June 2026 is clear that administering authorities (AA) must not specify individual holdings, managers or geographic zones of investment as part of its statement and RI approaches should not set out views on investments in individual countries, investment styles or companies.

5.9. As set out in Chapter 3, the role of the administering authority is to set the ISS, including the high-level objectives, but not to specify the individual holdings, managers or geographic zones of investment. The responsible investment approach should not set exclusions for investments in individual countries, investment styles or companies.

The stipulations of the guidance do not however set out clear instructions on the approach to excluding specific sectors.

The point of unclarity arguably makes it possible for an AA to set such exclusions which could in turn create implementation difficulties at the pooling level and could be utilised as a loophole to circumvent what is currently contained in the ISS guidance. The alternative is that the AA's views on specific sectors are included as a preference which is then considered alongside other objectives and preferences at the pool level which on consideration would seem to be more consistent with that already set out in the guidance. Given the detail already provided in statutory guidance, the secretariat would deem it appropriate for this clarification to ultimately be provided by MHCLG.

The group are however asked for their view on further outputs the Board could explore to further its progress in this area. Paper D contains proposals for a new RI implementation working group and the group is asked to consider whether any issues or outputs suggested could be helpfully addressed by the working group.

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

Key points to note

The Board has committed to producing guidance for funds on what to consider when writing their responsible investment policies. This guidance gives practical advice that reflects recent changes in the policy/legal landscape and in particular:

1) The Fit for the Future reforms and statutory guidance;
2) The increased political interest in the scheme and lobbying from special interest groups;
3) Evolving understanding of the fiduciary duty and in particular the legal advice received last year from Nigel Giffin KC.

The draft guidance was considered by the working group on 24 September 2026, and the group's comments are summarised in this paper. The draft guidance has been shared with this group in confidence ahead of this meeting and comments are invited.

The working group will reconvene to consider an updated draft of the guidance before it is submitted to the Board for approval on **23 November 2026**. The communications approach to accompany publication will also need to be considered, and the group's views on this would be welcome.

Recommendation

That the group:

1. **Provides feedback** on the draft guidance circulated in confidence ahead of the meeting;
2. **Provides a view** on the proposed scope of the guidance, including whether broader introductory material and related topics should be incorporated or developed separately;
3. **Agrees** that the draft should be further developed to reflect the working group's comments;

4. **Agrees** that the working group should reconvene before the Board meeting on 23 November 2026 to consider an updated draft; and
5. **Provides views** on the communications approach to accompany publication.

Background

In June 2025, RIAG considered a proposal to develop practical guidance to support administering authorities in engaging with a cross-section of stakeholder views when setting their RI policies. It was agreed to revisit the proposal once more information had been brought forward on the significant changes that were expected to the regulatory and policy framework for the Scheme. Following publication of the final regulations and statutory guidance in June 2026, the guidance was drafted to reflect the proposed scope and content agreed by the RIAG and a working group comprising representatives from funds, pools and trade unions, pension committee chairs and RIAG members. The agreed topic list (see Annex A) and the working group's initial discussions informed the draft guidance now before the group.

Considerations

The working group considered the draft guidance on 24 September 2026. It was regarded as a strong starting point, providing a sound basis for an informed discussion about its scope, content and further development ahead of submission to the Board.

Purpose and scope

The group considered whether the guidance should include more contextual information on the principles of responsible investment and the duties of scheme practitioners. This included whether the introductory RI guidance consulted on by the Board in 2019 should be updated and incorporated into the current guidance or developed as a separate document.

The group also discussed whether member engagement and roles and responsibilities should be covered in greater depth within the guidance or addressed through separate documents. There were differing views on the preferred approach and, if separate documents were developed, which should be prioritised.

Content of the guidance

The group identified a number of areas for further development:

- clearer explanation of the underlying principles of responsible investment and

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- stronger links to the Investment Strategy Statement guidance;
- fuller explanation of the respective roles of administering authorities, committees, local pension boards, officers and pools;
- revised wording on member consensus; and
- neutral treatment of exclusions and divestment within the wider range of responsible investment tools available to administering authorities.

Timing and publication

The group noted the importance of publishing the guidance in time to assist administering authorities currently reviewing their Investment Strategy Statements. The proposed timetable therefore allows for a further working-group review before a near-final draft is submitted to the Board on 23 November 2026.

Communications approach

The communications approach to publication will need careful consideration. As set out in Paper B, responsible investment, and investment in conflict-affected areas in particular, continues to attract political interest and campaigning activity.

There may be advantages in taking a proactive approach, including issuing a press statement and briefing the pensions press, so that the purpose and scope of the guidance are clearly explained. Conversely, a lower-key approach may reduce the risk of the guidance attracting attention from groups less familiar with the Scheme and being presented selectively or out of context. The group's views are invited on the appropriate balance between these two approaches.

Subject to the group's views:

- The secretariat will revise the guidance taking account of comments from the working group and this meeting.
- The working group will reconvene to consider the updated draft.
- A near-final draft will be submitted to the Board for consideration and approval on 23 November 2026.
- Following approval, the guidance will be published using the agreed communications approach.

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Paper D: RI implementation working group

Key points to note

At the last Board meeting on 20 July 2026, it was agreed on recommendation form the Investment Committee to establish new investment working groups to address priority issues that would benefit from scheme level guidance or principles. The outputs from these groups are intended to layer over the statutory guidance published by the Ministry of Housing, Communities and Local Government (MHCLG) in June 2026.

The Investment Committee also recommended when it last met on 22 June 2026 that the implementation of administering authorities' RI policies by pools should be addressed by the RIAG. The secretariat has considered how to take this forward in practice and have made arrangements for the establishment of a new RI implementation working group which will report to the RIAG.

Recommendation

That RIAG:

- notes the draft Terms of Reference and provides any comments; and
- agrees that the first meeting of the RI implementation working group should take place before the next RIAG meeting on 30 November 2026.

Background

During the last cycle of meeting, discussions were held on the Board's plans to support the implementation phase of the Fit for the Future reforms. On 22 June 2026, the Investment Committee agreed to recommend to the Board that working groups were set up to explore:

- Fiduciary oversight of pools
- The common principles or guidelines for reporting publicly and to partner funds
- Developing the capacity for local investment projects including relationship building with strategic authorities and due diligence assessments for potential investment projects.

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These working groups will be working towards developing guidance or common principles on key areas to layer over the new statutory Investment Strategy Statement (ISS) guidance, Pooling guidance and Fund Governance guidance documents

The committee also agreed that the topic of RI implementation and recommended that it is addressed by this group. Over the summer the secretariat has made arrangements to convene these working groups and considered the proposals for addressing the topic of implementing fund RI policies by pools.

Considerations

Whilst this group possesses the expertise to address this matter, the RIAG meets and functions in a similar manner to the SAB's committee which has prompted the secretariat to consider the establishment of a new working group. A new working group would allow the RIAG to continue discussing a range of items at meetings as usual whilst retaining oversight of this new group which would be able to meet more flexibly and discuss arising issues at depth. Such issues may include the topic of exclusions in RI policies and the application of that at the pool level. Paper B expands on this in more detail.

As a result, the secretariat has made arrangements for the establishment of an RI implementation working group to address in detail issues that may arise both at pool and administering authority (AA) level in the process of implementing the AA's RI policy. Volunteers for this group include RIAG members, fund and pool practitioners, board advisors to the pool, scheme member representatives, independent person(s), an actuarial representative and a wider pensions practitioner with recent LGPS experience.

A draft Terms of Reference (ToR) for this group has been drawn up and circulated to this group for consideration. The initial view is that this group would meet as required with updates provided at RIAG meetings. In order to best utilise the resources of the new working group, RIAG members are asked to consider the draft and provide feedback on example key areas that may be helpfully addressed by the working group.

With the agreement of this group, the first working group meeting will be convened ahead of the next RIAG meeting on 30 November 2026. On the agenda for that first meeting will be the approval of the draft Terms of Reference and initial discussions on the outputs that may best address the issues the working group agrees to prioritise.