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The draft guidance was considered by the working group on 24 September 2026, and the group's comments are summarised in this paper. The draft guidance has been shared with this group in confidence ahead of this meeting and comments are invited.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 **Provides feedback** on the draft guidance circulated in confidence ahead of the meeting;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