Responsible Investment Advisory Group

(RIAG) Meeting

30 November 2026, 11.00am - 12.30pm

Microsoft Teams

AGENDA

Item		Paper	Timing
1	Welcome, introductions, apologies and declarations of interests	**Verbal**	11:00
2	Actions and Agreements from 5 October 2026	**Paper A**	11:05
3	Ministry of Housing, Communities and Local Government (MHCLG) update	**Verbal**	11:10
4	DWP guidance on fiduciary duty – SAB response to consultation	**Paper B**	11:20
5	Practical guidance on setting Responsible Investment (RI) Policy	**Verbal**	12:10
6	Climate scenario planning	**Verbal**	12:15
7	AOB and date of next meeting	**Verbal**	12:25

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board

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(RIAG) Meeting
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SAB | Local Government Pension Scheme Advisory Board England & Wales

Paper A: Actions and agreements of meeting held on 5 October 2026

Present

Sandra Stewart	Chair, Greater Manchester Pension Fund (GMPF)
Marion Maloney	Practitioner representative, Environment Agency Pension Fund
Andrew Boutflower	Practitioner representative, Hampshire Pension Fund
Patrick Rowe	Practitioner representative, London Pension Fund Authority (LPFA)
Rachel Barrack	Practitioner representative on behalf of Wales Pension Partnership (Hymans Robertson)
John Neal	Scheme member representative, UNITE
Tim Manuel	Asset pool representative, Border to Coast
Sheila Stefani	Asset pool representative, LGPS Central
Frances Deakin	Asset pool representative, LPPI
Carlota Garcia-Manas	Asset manager representative, Royal London Asset Management (RLAM)
Tim Gooding	Asset manager representative, Baillie Gifford
Laasya Shekaran	Wider industry representative, Investors for Purpose
Sarah Wilson	Special interest, Minerva
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
Rosanna Thomson	Ministry for Housing, Communities and Local Government (MHCLG)
Bramman Rajkumar	MHCLG
Tom Harrington	Observer, GMPF

Secretariat

Clair Alcock	Head of Pensions, Local Government Association

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	(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

1. WELCOME, APOLOGIES, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The chair welcomed all in attendance including Laasya Shekaran, Head of Community at Investors for Purpose joining as the new wider industry representative and Carlota Garcia Manas, Head of Climate Transition and ESG Engagement at Royal London Asset Management joining as the new asset manager representative.

Tim Manuel, Head of Responsible Investment at Border to Coast, who attended the meeting on 8 June 2026 attended his first meeting as an asset pool representative following the approval of his nomination by the Board on 20 July 2026.

The group were informed that Patrick Rowe has left Westminster Pension Fund and started a new role at London Pension Fund Authority as Head of Finance and Systems but would remain on the group.

Apologies were received from Edwin (Ned) Whitehead.

There were no declarations of interests.

2. ACTIONS AND AGREEMENTS FROM PREVIOUS MEETING

The actions and agreements from the meeting held on 8 June 2026 were agreed as a true and correct record of the meeting.

3. MHCLG UPDATE

Rosanna Thompson (RT) gave an update to the group. MHCLG's priorities are working with the new local government minister, Jim McMahon MP OBE, to determine his priorities for the scheme. They expect there to be focus on ensuring the reforms to the scheme are embedded.

4. INVESTMENT IN CONFLICT ZONES

Jeremy Hughes (JH) introduced paper B to the group which confirmed that the Board had launched a new page on 'Investment in conflict zones' which collated the Board's work in this area. The paper also noted that queries had been received from

scheme practitioners on the intended meaning of Paragraph 5.9 of the Investment Strategy Statement (ISS) guidance.

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 group's discussion focused on the wording of the guidance and the reasoning for not stipulating particular economic sectors as a potential category which could not be identified for exclusion in ISSs. The group questioned the extent to which administering authorities could or should express preferences or concerns about sectors such as defence, energy, tobacco and fossil fuels. MHCLG confirmed that the guidance intentionally did not set boundaries on sector exclusions, but funds and pools would need to have regard to their and fiduciary duties when applying any financial or non-financial factors in setting and implementing their investment strategies.

Some in the group felt that responsible investment policies should always be framed in terms of financial risk, as matters such as exposure to human rights abuses, climate change and nature-related risks can be financially material. There was also some discussion in the group around language, and whether the reference in the ISS statutory guidance to environment, social and governance (ESG) as being "extra-financial factors" was more helpful as a framing than "non-financial factors".

The group discussed how sector-specific investment policies may be identified in an ISS for implementation by pools. Key points included:

- An ISS may set high-level objectives, including exclusions of sectors, but the practical implementation of those objectives by the pool may require further discussion
- Engagement and research should generally from the starting point before exclusion is considered
- Broad sector exclusions can be difficult to define and apply consistently, particularly where companies have mixed activities or where supply chains extend beyond the sector itself
- Expressing concern about particular activities, or the proportion of a company's activity in a sector, may create greater scope for engagement, stewardship and subsequent change as opposed to divestment

- The group felt that scheme-level collaboration to establishing an evidence base for stewardship activities would be helpful and saw a role for the Board or the Local Authority Pension Fund Forum (LAPFF) in this.

MHCLG were asked when there would be more detail on the government's recent statements on additional sanctions in the Israeli West Bank. RT confirmed that the setting of sanctions is led by the Foreign, Commonwealth and Development Office (FCDO) and further information is expected over the next six to nine months, given the sensitivity of the work there was unlikely to be much further public information before then, but this will be shared when available.

5. DWP GUIDANCE ON FIDUCIARY DUTY

Clair Alcock (CA) provided an update on the working group set up by DWP to deliver the Government's commitment to offer practical, principles-based guidance to trustees of occupational pension schemes on their fiduciary duties. Draft guidance is expected to be consulted on in November 2026 and published in Spring 2027. Whilst the guidance under development is aimed at trust-based pension schemes, the LGPS would need to have regard to it so the feedback provided at the RIAG meeting on 8 June 2026 was submitted to the working group.

6. PRACTICAL GUIDANCE ON SETTING RESPONSIBLE INVESTMENT (RI) POLICY

Ona Ehimuan (OE) introduced paper C which updated on the production of practical RI policy setting guidance for administering authorities. The paper included the initial draft of the guidance which was shared with the group in confidence. The group were asked to provide feedback on the draft guidance and comment on the proposed scope, including whether broader introductory material and related topics should be included or developed separately. The group were also asked to provide views on the communications approach to accompany publication as well as agree the further development of the draft and the reconvening of the working group set up to look at this piece of work.

The key points from that discussion were:

- the practical focus of the guidance should remain central and should be finalised in time to be useful to funds currently reviewing their ISS
- contextual and introductory material can be helpful to readers who are not responsible investment specialists, provided it does not dilute the practical purpose of the document

- whilst there are various definitions of RI, the definition provided in statutory ISS guidance should be applied
- the guidance could be more closely linked to the regulations and statutory guidance, eg by cross-referencing to particular paragraphs in the guidance
- funds should gather evidence of member views at an early stage in setting their policy as this would help them in responding to campaigns or addressing politically driven requests from pension committee members
- the guidance should include information on documenting decisions including the factors considered and the basis for decisions taken by the administering authority.

There was some support for addressing member engagement in a separate document, particularly because there was nervousness about member views being presented as the driver of investment risk decisions.

POST MEETING NOTE: the secretariat considered the comments made on separating the guidance document and informed the group via email on 8 October 2026 that given the fact that the guidance is on the setting of policy, information on consultative methods (including member engagement) would be necessary to give administering authorities a clear steer on what required and the forms that this may take. As direct member engagement is a possible though not mandatory form of engagement, this information had been retained in the draft, and the intention was to submit the guidance to the Board as a single document for approval.

The trade union perspective was that engaging with members should form part of an evidence base for policy setting which could subsequently be called upon when the administering authority receives external requests or demands to change RI policy.

It was also agreed that engagement with members needed to be undertaken in way that recognised accessibility and differing levels of financial literacy. Examples were noted where organisations such as trade unions and other representative channels were used as a conduit to gather views.

The group also felt that the communications approach was important. Publication should be done in way to minimise the risk of sections being reproduced out of context and should clearly explain the purpose, status and intended audience of the guidance. The group requested further information on the proposed communications plan so that it could comment meaningfully.

It was agreed that the working group should be reconvened to continue developing the guidance.

ACTION – that the secretariat reconvenes the practical RI guidance working group and continues developing the document with a view to submitting a final draft to the Board for approval at its meeting on 23 November 2026.

7. RI IMPLEMENTATION WORKING GROUP

OE introduced paper D which confirmed the Board agreed on 20 July 2026 to establish new investment working groups following recommendations from the Investment Committee. The recommendations included an ask of the RIAG to explore the implementation of administering authorities' RI policies by pools.

The group agreed that the optimal way to achieve this was to set up a time-limited working group to investigate this. This working group could potentially include a wider membership that this group and work more quickly that the full RIAG could. It was also agreed that the first meeting of the working group would be after the practical guidance on RI policy setting had been published. This would better manage any overlaps between workstreams. It was agreed that the Terms of Reference for the working group would be submitted to the RIAG for approval once the working group has had its first meeting.

ACTION – that the secretariat establishes a new working group looking at RI implementation after the practical RI guidance has been published

ACTION – that the secretariat submits the new working group's Terms of Reference to the group for approval after its first meeting.

8. AOB AND DATE OF NEXT MEETING

There were two items of other business. The secretariat proposed that the group meet three times a year from 2027 onwards to align with the Board and committee cycle. As per the RIAG Terms of Reference, additional ad hoc meetings may be scheduled in the event of that an issue arises for urgent discussion.

The proposal was agreed by the group and the change to reduce the frequency of meetings would be submitted to the Board for approval on 23 November 2026.

ACTION – that the secretariat requests the Board's approval to reduce the frequency of meetings of RIAG meetings from four to three from 2027 onwards.

It was confirmed that the secretariat would not be changing RIAG's membership to

reflect the changes made to the Investment Committee's membership. There would however be a review of term lengths to assist with the management of pressure points where a large number of RIAG members' tenures come to an end. Currently six members of the group will be stepping down in March 2029. The secretariat agreed to bring proposals on managing this to a future meeting.

ACTION – that the secretariat brings proposals on managing pressure points in membership turnover to a future meeting

The date of the next meeting was confirmed as 30 November 2026 at 11.00am.

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Paper B: Department of Work and Pensions (DWP) guidance on fiduciary duty

Key points to note

The consultation on guidance from DWP on the application of the fiduciary duty has started and the Board intends to make a response. Members of this group are invited to input views as to what that response should include.

Recommendation

That the group notes the contents of this update and considers any areas of focus for the Board's response to this consultation.

Background

The DWP has now issued draft guidance on interpretation of the fiduciary duty. This follows commitments made during the passage of the Pension Schemes Act and noted in the Hansard record of the debate of the then Pension Schemes Bill held on March 23 2026.

The commitment is to produce guidance for trust-based private pensions sector only (column 1290 onwards), although column 1292 does acknowledge that the LGPS would be engaged in the production on this guidance. Clair Alcock, Board Secretary, took part in the working group which produced the draft guidance and whilst it is not for the LGPS specifically, it is expected to have some persuasive effect.

The consultation, which started on 5 November 2026 will run for 12 weeks. It is expected that the final guidance will be published in spring 2027.

Considerations

This group is invited to provide any observations on the content of it and what it might be helpful for the Board to respond to the consultation.

For example:

1) Do group members agree with the analysis contained in the draft guidance

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and do they think it will be helpful for an LGPS audience?

2) Are there any concerns about how the guidance might be interpreted by LGPS funds or asset pool companies, and would it be helpful for the Board to provide some background or context to the guidance to assist them in understanding its application to LGPS?
3) Would it be helpful to proactively identify where it reinforces the key messages in, or potentially conflicts with, any other LGPS guidance (both statutory guidance or our new Responsible Investment guidance) so that we can consider whether to amend that guidance or provide contextual information
4) How do we think this guidance will impact the responsible investment approaches or market conditions in the sector generally or for LGPS investors in particular?
5) The modernising corporate reporting consultation closes on 30 November 2026. Do members consider that any of the proposed reductions or simplifications in corporate reporting would remove information that LGPS funds or pools materially rely on when making or overseeing investment decisions, and if so would this group support the following comment from SAB in response to the consultation?

   "The Board supports the objective of ensuring corporate reporting is proportionate and focused on decision-useful information. However, as LGPS administering authorities and asset pool companies are significant long-term institutional investors, it is important that simplification does not result in the loss of financially material information required to assess long-term investment risks, exercise stewardship effectively and make informed investment decisions."

Timescales

The DWP consultation closes on 27 January 2027 and the Board will be looking to submit a response before then. Please provide any further views on what might be included in that response by email before 31 December 2026, so that we have time to consider and then clear this through the Board's approval processes in good time for submission to DWP.