

Investment, Governance and Engagement Sub Committee

Meeting 12th October 2020

Item 3 – Paper B

Responsible Investment Guidance

Background

1.1 On the 24th February SAB published a statement at <http://lgpsboard.org/index.php/structure-reform/responsible-investment> in response to the consultation on Part 1 of the draft responsible investment guidance conducted between November and January 2020. The statement confirmed the Board's decision to defer the proposed Part 1 draft guidance until the position on fiduciary duty and the Supreme Court judgement in the Palestine Solidarity Campaign Ltd has been resolved. The Board tasked the Secretariat to continue drafting guidance but without any reference or advice on fiduciary duty.

1.2 Between February and July 2020, the Secretariat prepared guidance which took the form of an online A to Z guide to responsible investment. To future proof the listings and to offer administering authorities and other prescribed scheme stakeholders the opportunity to update the listings with relevant case studies it was proposed to develop the listing as an online tool with extensive search facilities.

1.3 When it met on the 13th July, the committee agreed to recommend to SAB that the proposals for the online guidance should be agreed and that the Secretariat should proceed to procure a web design team to build the online A to Z guidance. In addition, the committee agreed that SAB should agree the establishment of a Responsible Investment Advisory Group (RIAG) to act as both an editorial board for future editions of the online guidance and as advisers to SAB and the committee on responsible investment and related matters.

1.4 When it met on the 25th August, SAB agreed both recommendations from the committee. The Secretariat will now proceed to procure the web design team to design the online guidance with the Chair making the final decision under delegated authority from the Board.

1.5 The remainder of this paper deals with the SAB decision for the committee to establish the RIAG.

Consideration

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2.1 SAB agreed that the committee will be responsible for recommending membership and terms of reference of the group to SAB for approval and that once established, for the group to report directly to the committee.

RIAG Membership

3.1 To ensure that the group is representative of a wide range of scheme stakeholders including administering authorities; asset pools; investment consultants, asset managers and special interest groups, the Secretariat has compiled the following membership profile for the committee's consideration.

Chair –	Leading Administering Authority on RI
AA seats –	London administering authority Shire County administering authority Met District administering authority Welsh administering authority
Pools -	Two seats nominated by Cross Pool RI Group
Consultants -	Two seats
Asset Managers -	Two seats
Special Interest –	One seat
PLSA (1) –	One seat

3.2 If agreed by the committee the Secretariat will compile a list of names based on the above membership profile for recommendation by the committee and agreement by SAB

Recommendation – that the committee agrees for the Secretariat to approach appropriate individuals and groups listed above to seek their agreement, in principle at this stage, for their names being put forward to the committee and SAB for consideration and agreement and, if requests are declined, to find suitable replacements.

RIAG Terms of Reference

4.1 It is proposed that the terms of reference for the RIAG are :-

- To advise the Board and the Investment Committee, as requested, on all matters relating to Responsible Investment

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- To assist the Board in maintaining the online Responsible Investment A-Z guide

Recommendation – that the committee agrees the above terms of reference.