

Investment, Governance and Engagement Sub Committee

Item 4 – Paper C

Responsible Investment – Update

Online A to Z Responsible Investment Guidance

Background

1.1 On the 24th February SAB published a statement at <http://lqpsboard.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 The statement confirmed the Board's decision to defer the proposed Part 1 draft guidance until the position on fiduciary duty and the Supreme Court judgement in the Palestine Solidarity Campaign Ltd has been resolved.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.

Consideration

1.2. Since then work has progressed in drafting the Part 2 draft guidance which takes the form of an A to Z of responsible investment.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 the proposal is to develop the listing as an online tool with extensive search facilities.

1.3 A paper setting out the proposal in more details can be found at Annex A

Recommendation – that the committee confirms their agreement to proceed in the manner set out in the proposal paper.

Annex A

RI A-Z Online Guide

Proposal

The SAB will create an online A-Z guide to Responsible Investment. In summary it will consist of the following pages with a database behind. We would ask that the Pool RI group assist in the population, addition to, and amendment of the guide

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A-Z home page

This page will contain an introduction to RI and ESG and explain how the guide works.

This page enables a viewer to see either a full list of items in A-Z order or to refine the list by the first letter (i.e. to only view items beginning with A). The viewer will also be able to filter by any combination of the three indexes.

The List will display

Item short name (e.g. acronym) and
Item long name (e.g. acronym spelt out in full)
Indexes (see below)

The viewer would then click on an item to go to the item page.

A-Z item page

This page will show the following fields for the item

Item: name, acronym or abbreviation

Long name/short description: full version or one line definition of above

Description/Definition of item: Couple of paragraphs explaining what the item is

Source of definition: Names the source of the above

More information: A link to a website for more information about the item

LGPS case studies list: One or more related LGPS case studies listed – by LGPS Fund name – clicking on one takes the user to the case study page

Classification Index: defines the ‘what is it’ of the item (just the one)

Strategy Index: defines the ‘where it fits in ESG’ of the item (could be more than one)

Status Index: defines how it sits in the LGPS policy process (just the one but may change over time)

See also: a list of other entries matched using the indexes – e.g. other items that have the same classification, strategy and status

Case study page

This page will show the following fields for the case study

LGPS administering authority name

Summary: A few paragraphs on the case study

Contact: Name of contact and email

More information: link to website with further details of the case study

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Possible future enhancement – a case studies page that will list all and enable filtering by either or both indexes?

Indexes

The **Classification index** would set the ‘what’ of the item. It would be one of the following

- Asset (something you can invest in)
- Style (how you invest)
- Measure (a methodology used to assess the RI value of an investment)
- Standard (an industry benchmark to measure against)
- Legislative (set out in regulation, statutory guidance or overriding legislation)
- Organisation (a body that sets standards, regulates RI, provides a discussion forum, represents asset owners or managers etc) or
- Research (a source of data to inform decision making)

The **Strategy index** would describe how the items fits into the ESG of RI. It could be one or more or all of the following;

- Environmental
- Social
- Governance

The **Status Index** would describe how the item fits within the LGPS decision making process. One of the following but may change over time as guidance/regulations progress.

- Mandatory (required by LGPS specific legislation)
- Recommended (acknowledged as best practice and/or required by legislation outside of LGPS but not mandatory for LGPS)
- Optional (at the complete discretion of the LGPS authority)

Admin pages

The admin page would allow authorised users to;

Add to or amend the items – The home page would contain a ‘what’s missing’ link to a pop-up box where viewers can suggest items to be added to the resource. An editorial panel would control the addition and amendment of items to ensure consistency via allocated authorised users.

Add or amend case studies – Funds/Pools would be encouraged to add their own case studies (via an authorised user allocated to them) which can be matched to one or more of the items listed. There would be no editorial control, ranking of or comment on the case studies uploaded by authorised users.

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Users would be either

- Level 1 able to add amend users, items and case studies
- Level 2 able to add or amend items and case studies
- Level 3 able to add or amend (their own) case studies

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