

Investment, Governance and Engagement Sub Committee

Meeting 18th January 2021

Item 5 – Paper C

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 The statement confirmed the Board's decision to defer the proposed Part 1 draft guidance until the position on fiduciary duty and the Supreme Court judgement in the Palestine Solidarity Campaign Ltd has been resolved.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 proceeded 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 Following offers of interest from a number of web design teams, based on a scoring methodology that tested bids relevance and knowledge of the LGPS and strength of the bid, the Secretariat recommended that the contract to prepare and implement the online database should be awarded to

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Digitech. Under delegated authority granted by SAB in October the Chair approved the recommendation.

1.6 The Secretariat met with Rosham Abraham, the project leader at Digitech, on the 6th January to discuss the project's design and timeline. The project will work towards the online database going live at the end of March with several milestones before then to ensure that the work is being undertaken according to the agreed specification and costing of £34k. The first such milestone will be at the end of January when Digitech will have ready a working version of the database for discussion. After the first milestone meeting meetings the Secretariat will meet with Digitech every fortnight to monitor progress.

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

Consideration

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 The aim is 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. In October 2020 SAB agreed the Investment Committee's recommendation on the RIAG's membership profile.

3.2 On that basis the Secretariat has sought nominations to be considered by the committee. At the time of writing the following nominations have been made :-

Chair –	Sandra Stewart – Greater Manchester Pension Fund
AA seats –	London administering authority (to be filled) Shire County administering authority (to be filled) Met District administering authority (to be filled) Welsh administering authority (to be filled)
Pools -	Three seats nominated by Cross Pool RI Group (to be filled)
Consultants* -	Nick Buckland – Mercer

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Pete Smith – Barnett Waddingham

Asset Managers - Ashley Hamilton Claxton – RLAM
Piers Lowson – Bailie Gifford

Special Interest – Caroline Escott – RPMI

Industry Group - Sarah Wilson - Medina

PLSA – Joe Dabrowski

Scheme Member - Colin Meech – UNISON

3.2 If agreed by the committee the Secretariat will seek SAB's approval when it meets on the 8th February. If approved the intention is to hold the first meeting in early March.

Recommendation – that the committee agrees to the individuals listed above being put forward to SAB for consideration and approval.

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

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