

Investment Committee

Hybrid Meeting – 7 July 2025

Item 8 – Paper E

Update from Responsible Investment Advisory Group (RIAG)

Report from last meeting on 9 June 2025

1. The Ministry of Housing, Communities and Local Government (MHCLG) official confirmed that no further progress had been made in relation to the earlier consultation on climate risk reporting in LGPS.
2. The Group discussed the effect of proposed pooling model on RI policies and agreed that there were areas that still needed clarifying following on from the [Government's response to the Fit for the Future consultation](#). A key issue would be managing the complexities between delivering value for money on investments and delivering on responsible investment policies. The Group felt that the task was easier on climate risk but there may be more difficulties for pools in developing a defined stance on RI issues where the focus and concerns were more varied, such as biodiversity, human rights issues and war/conflict. The Group would welcome more guidance on how pools should manage differing RI policies between their partner funds.
3. Local investment was also discussed in light of the consultation response. The Group supported local investment but felt that pools would need sufficient time to develop the regional relationships necessary to work with newer Combined and Mayoral Combined Authorities as stipulated by Government. There were also questions about local investment in the case of funds such as the Environment Agency Pension Fund which is a national fund. The official present from MHCLG acknowledged that this would need to be clarified further but in the vast majority of cases, local investment would mean investment in projects local or regional to the fund.
4. The Group supported SAB producing practical guidance on how to involve scheme members and employers in setting RI policy. Given the competing demands of ongoing pensions reform, this would need to be addressed at a later date, and it was agreed to continue discussion at the next meeting. The Group also noted that increasing turnover on pension committees made it necessary to have more and better training for elected members – especially around topics like RI.
5. The Group were informed that the refresh of the earlier [legal advice on fiduciary duty](#) had been received from Nigel Giffin KC and published on

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the Board website. The Secretariat had also published a [summary with the Board's interpretation of the advice](#).

6. The Group discussed the FRC's [overhaul of the Investment Stewardship Code](#) which takes effect from 1 January 2026 and replaces an explicit reference to ESG considerations with one to "sustainability". . Also discussed was the potential issue of increasing resistance to ESG considerations which private markets investment managers in the US. Members of the Group said that in their experience managers were happy to consider these areas in the international sections of their corporation however did not want to explicitly mention ESG factors.
7. The date of the next meeting was confirmed as 6 October 2025 at 2pm.
