PENSIONS COMMITTEE

Wednesday, 20 September 2023 at 6.30 pm Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA

The live stream can be viewed here:
https://youtube.com/live/Rg354i4MM2A

Back up link:
https://youtube.com/live/Y9nG-lroUWE

Members of the Committee:

Councillor Grace Adebayo
Councillor M Can Ozsen
Councillor Ian Rathbone
Councillor Kam Adams (Chair)
Councillor Robert Chapman (Vice-Chair)
Councillor Margaret Gordon
Councillor Ben Hayhurst
Councillor Lynne Troughton
Councillor Frank Baffour

Co-Optees
Jonathan Malins-Smith
Henry Colthurst

Dawn Carter-McDonald
Interim Chief Executive
Tuesday, 12 September 2023
www.hackney.gov.uk

Contact: Rabiya Khatun
Governance Officer
rabiya.khatun@hackney.gov.uk

Pensions Committee
Wednesday, 20 September 2023
Agenda

1 **Apologies For Absence**

2 **Declarations of Interest - Members to declare as appropriate**

3 **Terms of reference of the Pensions Committee** (Pages 9 - 12)

To note the revised Terms of Reference of the Pensions Committee contained within the refreshed Council Constitution, which came into effect on 4 September 2023.

4 **Consideration of the Minutes of the previous meeting** (Pages 13 - 18)

5 **Deputation**

Divestment of Hackney Local Government Pension Scheme (LGPS) from companies complicit in human rights abuses in the Occupied Palestinian Territories

In this deputation, we will ask Hackney Council to commit to divesting its Local Government Pension Scheme from companies complicit in human rights abuses in the Occupied Palestinian Territories.

Our deputation is in line with recent calls by Amnesty International and the United Nations as well as with the ongoing call from Palestinian civil society for support in their struggle against 56 years of illegal occupation under which they have been subjected to countless human rights abuses by the Israeli state.

We make this deputation at a time of increased violence against and ethnic cleansing of Palestinians in the Occupied Territories under the new far-right Israeli government.

Finally, we note the commitment made last year by Hackney Council to remove Russia linked stocks from its pension fund following Russia's invasion of Ukraine as "a show of solidarity with the Ukrainian nation".

Lead Deputation: Heather Mendick.

6 **Exclusion of The Press And Public**

Proposed resolution:

THAT the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt items 7,8,9 and 10 (exempt appendix) on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

7 **Strategic Asset Allocation Review - Multi Asset Credit Implementation EXEMPT** (Pages 19 - 30)

Appendix 2 –TO FOLLOW

8 **Pooling Consultation - Draft Response EXEMPT (TO FOLLOW)**

9 **Treasury Management Strategy EXEMPT** (Pages 31 - 40)

10 **Quarterly Update Report** (Pages 41 - 126)

11 **High Level Monitoring (HLM) Report** (Pages 127 - 148)

12 **Any Other Business Which in The Opinion Of The Chair Is Urgent**

13 **Consideration of the Exempt Minutes of the Previous Meeting** (Pages 149 - 156)

Public Attendance

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council.

We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - https://hackney.gov.uk/coronavirus-support

Rights of Press and Public to Report on Meetings

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in ‘real time’ or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to ‘silent’ mode;
- You should focus any recording equipment on Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of

the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

Advice to Members on Declaring Interests

If you require advice on declarations of interests, this can be obtained from:

- The Monitoring Officer;
- The Deputy Monitoring Officer; or
- The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

Disclosable Pecuniary Interests (DPIs)

You will have a Disclosable Pecuniary Interest (*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.
- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;
- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

You **must not:**

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

Other Registrable Interests

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions,, lobbying or campaign groups, voluntary organisations in the borough or governorships at any educational institution within the borough.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, **you must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Disclosure of Other Interests

Where a matter arises at any meeting of the Council which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you **must** disclose the interest. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which **affects** your financial interest or well-being, or a financial interest of well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. You **may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

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Terms of Reference of Council Committees etc
Pensions Committee

Functions

Pensions Committee is responsible for the functions set out below:

1. To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, and the various pension legislation.

2. To act as Scheme Manager for the Pension Fund.

3. To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.

4. To formulate and publish a Statement of Investment Principles.

5. To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and develop a medium-term plan to deliver the objectives.

6. To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.

7. To make arrangements for the triennial actuarial valuation, monitor liabilities and to undertake any asset/liability and other relevant studies as required.

8. To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.

9. To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against the budget.

10. To receive and approve an Annual Report on the activities of the Fund prior to publication

11. To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.

12. To keep the terms of reference under review.

13. To determine all matters relating to admission body issues.

14. To focus on strategic and investment related matters at two additional Pensions Committee meetings.

15. To review the Pension Fund's policy and strategy documents on a regular cycle and review performance against the Fund's objectives within the business plan.

16. To maintain an overview of pensions training for Members.

Type of Committee

Pensions Committee is a non-executive committee established by Full Council to discharge regulatory functions.

Membership

Membership of this Committee is appointed in accordance with political balance at Full Council.

The Pensions Committee will also co-opt a non-voting employer representative and a non-voting scheme representative.

Chairing arrangements

The Chair and Vice Chair of this committee is appointed at Full Council. In the absence of the Chair or Vice Chair, and subject to being quorate, the Committee members can agree who may preside over the meeting based on the number of those present in person.

Quorum and Voting Arrangements

The Quorum for the Pensions Committee shall be two elected Councillors.

Substitutes

Substitutes to the Committee will be appointed by Full Council for the purposes of establishing a quorum and will have the same voting rights as regular committee members.

Order of Business

(a) Receive apologies;

(b) Receive any declarations of interest from Councillors;

(c) Approve the minutes of the previous meeting

(d) Receive questions from, and provide answers to, members of the public on matters covered on the agenda;

(e) Consider reports as set out in the agenda.

(f) Consider any items of urgent business.

Who may attend?

Meetings of the Committee will normally be open to the public, unless confidential or exempt information is to be discussed.

Location

This Committee meets at the Council's main offices or any other suitable location.

You can also view meetings online in accordance with the Access to Information Procedure Rules in Part 6, Section C of the Council's Constitution with the Protocol on Recording and Live Streaming Council Meetings set out in Part 6, Section F of the Constitution.

Questions to the Committee

A member of the public who lives, works, or studies in the Borough can ask a question of the Committee with one supplementary question relating to an item on the agenda.

A Councillor may ask a question of the Committee with one supplementary question relating to an item on the agenda.

The total amount of time for questions with notice at the Committee will be no more than 15 minutes.

If the Chair agrees, a member of the public can ask a question at the Committee without having given notice. If a question without notice is asked, the Chair will explain that it might not be possible to give a full answer at the meeting and that a written response will be provided.

Frequency of meetings

The Committee meets on dates set out in the Council's meetings calendar.

Papers and Notice

The agenda and any papers for the Committee will be issued at least 5 working days in advance of the meeting, except in the case of matters of urgency.

Review

The terms of reference will be reviewed on an annual basis, or as necessary, to support the functions and objectives of this Committee. Updates to the terms of reference will be agreed annually at the Committee's first meeting of the municipal year.

Hackney

MINUTES OF A MEETING OF THE PENSIONS COMMITTEE

WEDNESDAY 14 JUNE 2023

Councillors Present:	**Councillor Kam Adams in the Chair** **Cllr Robert Chapman (Vice-Chair) and Cllr Lynne Troughton**
Co- Optees:	**Jonathan Malins-Smith**
Apologies:	**Cllr M Can Ozsen, Cllr Ian Rathbone, Cllr Margaret Gordon and Cllr Ben Hayhurst**
Officers in Attendance:	Rachel Cowburn (Head of Pension Fund Investment and Actuarial), Jackie Moylan (Director of Financial Management), Angelie Walker (Senior Lawyer), and Rabiya Khatun (Governance Officer)
Also in Attendance:	Jill Davys and Sam Yeandle (Redington Investment Consultancy) Catherine Pearce and Karen McWilliam (Aon Consultant).

1 **Appointment of Chair and Vice-Chair of the Pensions Committee for the Municipal Year 2023/24**

RESOLVED:
The Committee noted the appointment of Cllr Kam Adams as the Chair and Cllr Robert Chapman as the Vice- Chair of the Pensions Committee for the municipal year 2023/24.

2 **Terms of Reference of the Pensions Committee for the Municipal Year 2023/24**

RESOLVED:
The Committee noted their Terms of Reference of the Pensions Committee for the municipal year 2023/2024.

3 **Apologies For Absence**

3.1 Apologies for absence were received from Cllrs Ozsen, Gordon, Hayhurst, Rathbone and Henry Colthurst.

3.2 Apologies for lateness have been received from Cllr Gordon.

3.3 It was noted that Cllr Gordon (joined at 7.30pm), Cllr Hayhurst and Jonathan Malins-Smith had joined the meeting remotely. Councillors accessing the meeting remotely, were reminded that they were not counted as being 'present' for the purposes of the Local Government Act 1972 and may not vote on any item under consideration. At the discretion of the Chair, the Councillors may however participate in non-decision making capacity.

4 Declarations of Interest - Members to declare as appropriate

4.1 Cllr Chapman declared that he was an LGPS pensioner.

4.2 Cllr Adams declared that his partner was a member of the LGPS.

4.3 Karen McWilliam declared an interest at item 8 - Threadneedle CNRET Update as an adviser for another Pension Fund and left the meeting prior to consideration of this item.

5 Consideration of The Minutes of The Previous Meeting

RESOLVED:
That the minutes of the previous meetings held on 30 March 2023 and 27 April 2023 be agreed as a true and accurate record of proceedings.

The Chair considered item 7 on the agenda before item 6.

7 Exclusion of The Press And Public

RESOLVED:
That the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt Report/Appendices at items 6, 8, 10 and 14 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

6 Investment Strategy Implementation - EXEMPT

The discussion and decision relating to this item is exempt.

(Karen McWilliam left the room prior to the consideration of item 8)

8 Threadneedle CNRET Update -EXEMPT

The discussion and decision relating to this item is exempt.

9 Draft Pension Fund Statement of Accounts

9.1 Rachel Cowburn Head of Pension Fund Investment and Actuarial, introduced the Draft Statement of Accounts for the London Borough of Hackney Pension Fund for the year ended 31st March 2023. The audit of the accounts had not yet commenced and a timetable for the audit was not yet available. It was emphasised that the Fund's 2020/21 and 2021/22 Annual Reports remained in draft status due to the ongoing backlogs across local government audit largely due to a national issue in relation to infrastructure assets.

RESOLVED:
To note the contents of the report.

10 **Quarterly Update Report**

10.1 The Committee noted the Supplementary paper circulated prior to the meeting.

10.2 Rachel Cowburn, Head of Pension Fund Investment and Actuarial introduced the Fund’s quarterly report providing an update on performance across the following key areas since the last meeting: Governance, Funding and any changes in participating employers, Investment, including an update on the London CIV and implementation of the Fund's Responsible Investment policy, and Pension administration and communications.

10.3 Catherine Pearce, AON highlighted the following point:

- Cyber update
- Funding and Investments Update
- Administration and Communications Update - McCloud Programme
  There was a significant risk of the Fund not being able to administer benefits in line with the McCloud remedy due to the delay in the Compendia software development until the regulations were finalised which would create some uncertainty in relation to administering benefits. Equiniti had proposed an alternative plan for administering the benefits from 1 October 2023 which involved a period where benefits would be calculated and subsequently revisited. This risk would be reflected in the risk register.

10.4 Following the introduction, Members of the Committee asked question which were responded to as follows:

- In response to a question relating to the consultation, it was stated that consultation was being undertaken on LGPS regulations, which was impacting on the Compendia software development
- In response to the query regarding a further consultation, it was explained that there was currently a consultation on the LGPS regulation. However, some consultations were for the entire public sector and some were specific to the LGPS. There had been some delays nationally as a result of the liaison between different public sector schemes to ensure the broad policy was being followed.
- In response to the workstream issue, the Benefit Rectification workstream was progressing as expected and Equiniti would revisit the project plan and remediation specification document in line with the consultation response published on 6 April 2023 to determine if any updates were needed.
- Equinti was expecting to deliver the solution from 1 October 2023.
- In response to a query about the number of scheme members that would be affected, it was stated that it would affect some members but the impact would be less and it was noted that good communication with scheme members was needed.

- In response to a concern regarding meeting the deadline for the Annual Benefits Statement due to be issued on 31 August 20223, they were mindful of the pressures on Equinti but anticipated this would meet this deadline.
- In response to a question relating to the valuation, the funding level was estimated to be at 126% with a valuation value of £390m. The increase in the funding level had been the result of movement in yields.

RESOLVED:

1. **To note the report.**
2. **Approve extensions to the Fund's Actuarial Services Contract and Benefits and Governance Services Contracts until 31 December 2023.**

11 **High Level Monitoring Report**

11.1 The Committee noted the Supplementary paper circulated prior to the meeting.

11.2 Rachel Cowburn, Head of Pension Fund Investment and Actuarial, introduced the high level update on key strategic Pension Fund matters, including progress against the Business Plan, Strategic Objectives Scorecard and Risk Register. It also included Breaches of the law and the latest information on the position of the Fund since the last meeting.

11.3 Karen McWilliam highlighted the key actions and tasks in the Business Plan Progress Update on page 125.

11.4 Following the update, Members of the Committee asked question which were responded to as follows:

- In response to a concern regarding the delivery of pensions by the third party administrators Equiniti, this was discussed in EXEMPT session.
- Officers indicated that they would be mindful of meeting clashes before setting the workshop date in October 2023

RESOLVED to:

1. **Note the progress against the Business Plan tasks and actions, and agreed Budget.**
2. **Note the current measures on the Strategic Objectives Scorecard**
3. **Note the Risk Register and the risks identified.**
4. **Note the Breaches Register.**

12 **Stewardship Code Timeline**

12.1 Rachel Cowburn, Head of Pension Fund Investment and Actuarial, presented a proposed timeline for work on the Fund’s Stewardship Code submission, to ensure the Fund meets the deadline to submit in May 2024

12.2 Following the introduction, Members of the Committee asked question which were responded to as follows:

- In response to a question relating to the Fund, Jill Davys confirmed that the Fund was in a good position and an application would be submitted.
- In response to a query relating to a panel for engagement, it was confirmed that the Working Group had met on 8 March regarding the target.

RESOLVED:
To note the contents of the report.

13 **Any Other Business Which in The Opinion Of The Chair Is Urgent**

13.1 The Chair on behalf of the Committee recorded their thanks for Ian Williams his hard work and dedication over the years.

14 **Consideration of the Exempt Minutes of the Previous Meeting**

RESOLVED:
That the exempt minutes of the previous meetings held on 30 March 2023 and 27 April 2023 be agreed as a true and accurate record of proceedings.

Duration of the meeting: 6.30-8.50pm

Contact:
Rabiya Khatun
Governance Services
020 8356 6279

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Hackney

Title of Report	Quarterly Update Report
For Consideration By	Pensions Committee
Meeting Date	20 September 2023
Classification	Public (Exempt Appendices)
Ward(s) Affected	All
Group Director	Jackie Moylan - Interim Group Director, Finance

1. **Introduction**

1.1. This report is an update on performance across the following key areas since the last meeting:

- Governance
- Funding and any changes in participating employers
- Investment, including an update on the London CIV and implementation of the Fund's Responsible Investment policy
- Pension administration and communications update

It provides the Committee with the most recent information on the position of the Fund. Funding and investment information is provided for Q1 2023/24 as this is the most recent available. Information on Governance and Pensions administration is available up to 31st August 2023.

2. **Recommendations**

2.1. The Pensions Committee is recommended to note the report.

3. **Related Decisions**

3.1. Various previous policies and strategies agreed at Pensions Committees.

4. **Comments of the Interim Group Director of Finance.**

4.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct impacts from the information contained in this report, quarterly monitoring of key aspects of the Pension Fund helps to provide assurance to the Committee of the overall financial performance of the Fund and enables the Committee to make informed decisions about the management of the Fund.

4.2. The report includes monitoring the performance of the Fund's investment managers which is essential to ensure that managers are achieving performance against set benchmarks and targets. The investment performance of the Fund, together with change in the liabilities (as set out in the quarterly funding updates) are key factors in the actuarial valuation process and therefore directly impact on the contributions that the employers are required to make into the Pension Fund.

4.3. Monitoring of key administration, communication and governance targets ensures that the Fund monies are being used appropriately including ensuring that the Fund is achieving value for money.

5. Comments of the Acting Director of Legal, Democratic and Electoral Services

5.1. The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension Fund, as reflected in the Committee's Terms of Reference. The Committee has delegated responsibility:

- To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pension legislation.
- To act as Scheme Manager for the Pension Fund.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium term plan to deliver the objectives.

5.2. Given these responsibilities, it is appropriate for the Committee to consider a regular quarterly update covering funding, investment matters, scheme administration, communication and governance.

6. Governance Update

6.1. Governance strategy and policy reviews

No current updates to main strategies and policies.

6.2. Other Hackney Pension Fund governance matters

Changes to the Pensions Committee, Pensions Board and Senior Officers since the last report:

- Pensions Board - Pensions Board - Pradeep Waddon (Hackney Council) and Rebecca Datta (Primary Advantage Federation) have been appointed to the Pensions Board. 2 scheme member representatives are due to be appointed imminently.
- Senior Officers – Jackie Moylan has been appointed as Group Director,

Finance on an interim basis. Since the previous report, Mark Carroll has departed as Chief Executive; his role has been filled by Dawn Carter-McDonald on an interim basis.

Changes in staffing/resourcing - The following key pension team staff and supplier changes occurred since the last report:

- Staff Joiners: None
- Staff Leavers: None
- Supplier update: Northern Trust commenced as Custodian on 1st September 2023, replacing HSBC.

6.3. *Knowledge and Skills Policy implementation*

The following training has taken place since the last report.

- The Pensions Committee undertook training in Nature-based solutions on 7 June 2023 and which provided an introduction to Nature-based solutions as an asset class.
- Jonathan Malins-Smith attended the LGC Investment & Pensions Summit from 6-8 September 2023.
- Jonathan Malins-Smith attended the PLSA LGPS Conference from 26-28 June

Upcoming training includes:

- Local Investment 26 October 2023 – this is essential for all Committee members
- Administration Service 16 November 2023– this is essential for all Committee members

6.4. Cyber Security

Cyber threats continue to be a major risk for organisations and are increasingly being recognised as a threat to pension schemes. In its guidance issued in April 2018 and in the draft new Code of Practice, the Pensions Regulator (TPR) explains that pension schemes should take appropriate measures to protect against this risk, including assuring themselves that all third-party providers have put sufficient controls in place in relation to cyber security. The Fund has an ongoing programme of work to ensure it is managing its cyber risk. The current key areas of focus include:

- A Fund specific Incident Response Plan is currently being drafted which will dovetail with the Council's Business Continuity Plan. This will provide a set of guidelines for the effective management of a cyber related incident.

- Cyber induction training for all newer Pension Committee and Board members is due to take place later this year as part of the Fund's training requirements set out in its Knowledge and Skills policy.

- The next supplier assessments to assess cyber resilience, which will be carried out during quarter three and four will be in relation to Hymans Robertson as Fund actuary, the London CIV as the Fund's asset pool and Northern Trust as its custodian.

There have been no new cyber security related incidents since the last meeting

6.5. **Other governance related developments and news**

Scheme Advisory Board (SAB) update

The SAB met virtually on 17 July 2023. At the time of writing the summary note of the meeting had not been published; in due course it will be found here: https://www.lgpsboard.org/index.php/about-the-board/board-updates. Some of the agenda items have been published and can be found here – https://www.lgpsboard.org/index.php/about-the-board/prev-meetings.The main areas covered in the meeting were:

- A consultations update
- Cost Control Mechanisms
- Board budget and terms of reference

The SAB Annual Report working group has been reviewing the 2019 CIPFA "Preparing the Annual Report" guidance and has identified several areas within the current guidance which now require updating and clarification.

6.6. **TPR Annual report and accounts for 2022/23**

On 13 July 2023, TPR published its Annual report and accounts for 2022/23. These can be found at the following link https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/annual-reports

6.7. **Procurement**

Officers of the Fund are currently undertaking the tendering process for the Fund's Actuarial Services contract and Benefits and Governance contract. These procurements have been slightly delayed, and it is now anticipated that they will run concurrently during the autumn, with the Invitation to Tender (ITT) due to be issued in mid September 2023.

Interviews with the Pensions Committee for the highest placed suppliers after scoring of the ITT are due to take place on 8th November, with the final decision being taken at the Pensions Committee on 28 November 2023.

These contracts have been extended to 31 December 2023; no further extensions are required.

7. Funding Update

7.1 Funding strategy and policy reviews

The new Small Employers Admission Policy has been brought to Committee for review and initial approval ahead of a period of employer consultation. The Policy is due for final approval in November 2023.

7.2 Other Hackney Pension Fund funding matters

Appendix 1 to this report provides the funding update to 30 June 2023 from the Fund's Actuary, Hymans Robertson. The key statistics are as follows:

	31/3/2022 (last valuation date)	31/3/20223 (last quarter)	30/6/20223 (most recent quarter)
Funding level (assets / liabilities)	106%	126%	138%
Surplus/(deficit)	£100M	£390M	£520M

7.3 The results shown above are estimates based on rolling forward the fund's funding position from 31 March 2022, allowing for market conditions but not for the effect of changes in the membership profile since 31 March 2022. The key driver of the changes since March 2022 have been movements in gilt yields, which have increased since the valuation. Whilst asset values have reduced since the valuation date, the drop in liability values as a result of rising gilt yields has more than compensated, resulting in an increase in the estimated funding level.

7.4 Changes to participating employers: The following changes occurred during the quarter:

- New Employers to the Fund –
  - Community Schools Trust (01/09/2023)
  - Skinners Academies Trust (01/09/2023)
  - Olive Dining - Millfields (01/09/2023)
  - Harrison Catering Services - Mossbourne (01/09/2023)
  - CleanTec Services - Shoreditch Park (20/08/2023)

- Employers leaving the Fund – N/A

- Other employer matters – N/A

7.5 **Other funding related developments and news**

Scheme Valuation Report
In August the Scheme Advisory Board published a detailed report pulling together data from all of the 2022 local fund valuation reports. The report provides information about a range of issues for scheme members, employers and other stakeholders. It shows that:

- The average funding level has improved from 98% in 2019 to 107% at 2022 (on local funding bases), with all Funds reporting an improvement in their position since 2019. Hackney has reported an increase from 92% to 106%.
- Average contribution rates to meet future service costs rose from 18.6% of payroll at 2019 to 19.8% of payroll at 2022. Hackney's future service cost is 20.1%.
- Overall, contribution rates fell – reflecting lower deficit contributions – to 21.1% of payroll at 2022 from 22.9% of payroll at 2019. Hackney's contribActuary'sution rate also fell, from 30% to 27% for the Council.
- Employee contributions increased marginally from 6.5% of pay to 6.6%

The report also examines the main assumptions used by funds in their 2022 valuations, looking at trends around setting of the discount rate, life expectancy and future expectations for inflation and salary increases.

Overall, the report shows that Hackney is in the middle of reported funding levels at 106%, and slightly below average on the standardised basis. Like most funds, the Hackney Fund is better funded on a standardised basis than on its locally reported basis, as a result of the inclusion of a measure of prudence in the valuation assumptions. The Fund's whole fund contribution rate remains high relative to other funds (8th of 86) but is no longer an outlier thanks to substantial recent reductions.

LGPS Gender Pensions Gap Report
The initial Gender Pensions Gap report for LGPS identified a substantial difference between the average level of LGPS pension benefits accrued by male and female scheme members. The difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme. For benefits in payment the difference was even greater (49%).

The Board then asked the Government Department (GAD) to explore these gender gaps in more depth. This further report sets out GAD's findings. It shows there is a complex interaction between the types of work women do, their career patterns (in terms of part-time working and gaps in service) and their ability to progress their careers after having taken on childcare or other caring responsibilities.

There is as yet no settled approach to data and methodological issues that would allow detailed comparisons to be drawn between gender gaps with different public sector pension schemes. The Board has therefore proposed that GAD put in place a common reporting framework for all of the public sector schemes, potentially working this into the scheme valuation process. The Board has now set up a working group to consider the next steps. e.g. in scheme changes.

The Hackney Fund has had a Gender Pensions Gap Analysis carried out by the Fund Actuary, Hymans Robertson. This will be considered at the November Pensions Committee.

8. **Investment including LCIV and RI update**

8.1 **Investment strategy and policy reviews**

The Pension Fund Treasury Management Treasury Management strategy has been brought to Committee for triennial review.

The Fund commenced a review of its investment strategy in March 2023, following approval of the 2022 actuarial valuation. The Strategic Asset Allocation was agreed in April 2023, with implementation due to take place during 2023/24 and beyond.

The Committee has agreed that Fund should make new allocations as follows:

- 5% to Multi Asset Credit
- 5% to Impact Property
- 5% to nature-based solutions

At its meeting on 14 June, the Committee agreed a paper setting out a suggested approach to implementation of the above allocation decisions.

On 20 September, the Committee is due to consider a report making recommendations around the investment in Multi Asset Credit.

The Fund's asset allocation as at 30 June 2023 was as follows:

Asset Class	**Target Allocation**	**Actual Allocation 30/06/23**
Equities	40.0%	51.1%
Bonds	10.0%	10.9%
Ultra short bonds	0.0%	5.0%
Multi class credit	5.0%	0.0%
Property	10.0%	8.7%
Impact Property	5.0%	0.0%

Private Debt	10.0%	7.8%
Senior Loans	10.0%	7.0%
Infrastructure	5.0%	2.5%
Diversified Growth	0.0%	6.8%
Nature-based solutions	5.0%	0.0%
Other balances	0.0%	0.2%
Total	100.0%	100.0%

The Fund is currently significantly overweight in equities. Given recent moves to decrease risk, and pending the transition of assets to the new mandates, officers have sought advice from Redington on an increased allocation to bonds on a temporary basis. This could help improve income generation and reduce equity risk whilst decisions are made on the implementation of the new mandates.

The underweights to illiquid assets (private debt, senior loans and infrastructure) are the result of the gradual funding of these mandates through capital calls from the managers concerned. These allocations will therefore increase over time.

8.2 **Other Hackney Pension Fund investment matters**

Investment performance update

Appendix 2 to this report provides a manager performance update from the Fund's Investment consultants, Redington. The report includes an analysis of quarterly, 1 year and 3 year and since inception performance against benchmark, and a brief commentary on performance for each mandate.

The LCIV Sustainable Equity Fund, LCIV Diversified Growth Fund, LCIV EM Equity Fund and the BMO bond mandate all delivered negative returns over the quarter. All other funds delivered positive returns. The Blackrock World Equity Fund was the best performer in absolute terms, returning 7.0%, whilst the Threadneedle TPEN Property Fund delivered the strongest excess return above benchmark, at 0.5% (0.9% total return).

Six funds delivered returns below the benchmark - LCIV GAGPA Fund (3.2%, -0.1% relative to benchmark), LCIV Sustainable Equity Fund (-0.1%, -4.0% relative to benchmark), LCIV Diversified Growth Fund (-2.1%, -4.2% relative to benchmark), LCIV EM Equity Fund (-2.8%, -0.8% relative to benchmark), Blackrock Short Bond Fund (-5.6%, -0.4% relative to benchmark) and the Threadneedle Bond Mandate (1.0%, -0.1% relative to benchmark).

In monitoring performance, particular attention is paid to funds or mandates that have seen sustained below benchmark performance. London CIV will be attending the Pensions Committee to discuss the performance of the LCIV GAGPA and Sustainable Equity Funds, which have each seen a lengthy period of underperformance.

A wider market update is included at Appendix 3.

Responsible investment update

The Fund agreed a new set of climate targets in March 2023. As part of its journey towards net zero, the Fund has set the following targets for 2030:

- Achieve a 50% carbon footprint (scope 1&2) by 2030 compared to 2023 carbon footprint as the baseline.
- Target a 2C portfolio by 2030 with a 1.5C goal for 2040.
- Allocate no less than 10% of Fund assets to climate solutions over the next 5 years in line with the Strategic Asset Allocation (SAA) changes subject to fiduciary duties

Progress against these targets will be monitored on an annual basis.

Work has begun on developing a new engagement framework for the Fund to support a Stewardship Code submission in May 2024. The work has started with a survey of Pensions Committee members over the summer. 4 responses have so far been received and the survey remains open if any other members wish to complete it.

Results will be presented at the Committee meeting 20 September - a short briefing note can be found at Appendix 4.

A meeting of the RI Working Group to support this work has been provisionally scheduled for 2 November 2023.

The Pensions Committee has also looked to increase the level of engagement with the underlying companies in which it invests. This includes taking a more proactive role in encouraging managers to take into consideration the voting recommendations of the Local Authority Pension Fund Forum (LAPFF).

Appendix 5 to the report therefore provides the Committee with an update on where managers have deviated from LAPFF's voting recommendations. At present this information is only provided for the London CIV, but Officers will also explore options to strengthen the Fund's approach to voting in the passive mandates held by BlackRock.

The LAPFF Quarterly Engagement report is attached at Appendix 6 to this report, setting out LAPFF's engagement activity over the Quarter in relation to environmental, social and governance issues. Following the restructuring of its equity portfolio, the Fund no longer retains any segregated mandates and therefore has no direct holdings in the companies referenced. It does, however, retain exposure via its pooled passive funds to a large number of the companies LAPFF engages with.

8.3 **Other investment related developments and news**

Next Steps on Investments - Consultation

DLUHC has issued a consultation on a number of investment-related proposals for the LGPS. These include imposing a deadline of 31st March 2025 for the transition of listed assets from funds to pools; proposals around increasing LGPS investments in private equity and projects that meet the government's levelling up agenda; details around the implementation of the CMA Order relating to investment consultants, and a technical change to the 2016 investment regulations. The consultation will run for twelve weeks and closes on Monday 2nd October 2023. The consultation can be viewed on the gov.uk website.

DLUHC is asking that respondents use the online consultation link to respond. The SAB will be responding to the consultation and will publish information about its discussions, as well as a draft response, in due course. A draft response to the consultation on behalf of the Hackney Pension Fund is due to be discussed at the 20 September Pensions Committee meeting.

Climate-related financial risks disclosure delayed

DLUHC have confirmed that implementation of climate reporting obligations will be delayed at least until next year. Presuming regulations are forthcoming in time for 1st April 2024, reports covering the period 1 April 2024 - 31 March 2025 would need to be produced by December 2025. In the meantime, the Responsible Investment Advisory Group (RIAG) will look at what advice could be given to funds wishing to do a shadow reporting year, which will be relevant to Hackney, and also what could be done to standardise the development of climate reporting approaches at the pool level.

Economic Activity of Public Bodies (Overseas Matters) Bill

In June 2023 the Government published the Economic Activity of Public Bodies (Overseas Matters) Bill, which aims to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions.

The Bill had its second reading in the House of Commons on 3rd July 2023. In the course of the debate, significant concerns were expressed about the Bill, centring around its rationale, its practicability and also whether it constituted a significant over-reach of Ministerial authority. The LGA has published a technical brief on the Bill which includes a section on the Bill's effect on pensions as well as the LGA view on this.

The SAB will be providing written evidence on the Bill to the Public Bill Committee which will scrutinise the draft Bill. The Vice-Chair of the Board, Jon Richards, and LGA's Head of Pensions, Jo Donnelly, have also been invited to give oral evidence to that Committee. As far as the Board is aware, there is no evidence that any LGPS fund has instituted inappropriate politically motivated boycott or divestment policies.

9. Pensions Administration and Communications Update

9.1 Administration and communications and strategy policy reviews

The Pension Tax Communication Strategy was due to be reviewed but has been delayed by the McCloud remedy and guidance around tax implications. Further work is needed on this with input form Equiniti. An update can be given next meeting.

9.2 Other Hackney Pension Fund administration and communication matters

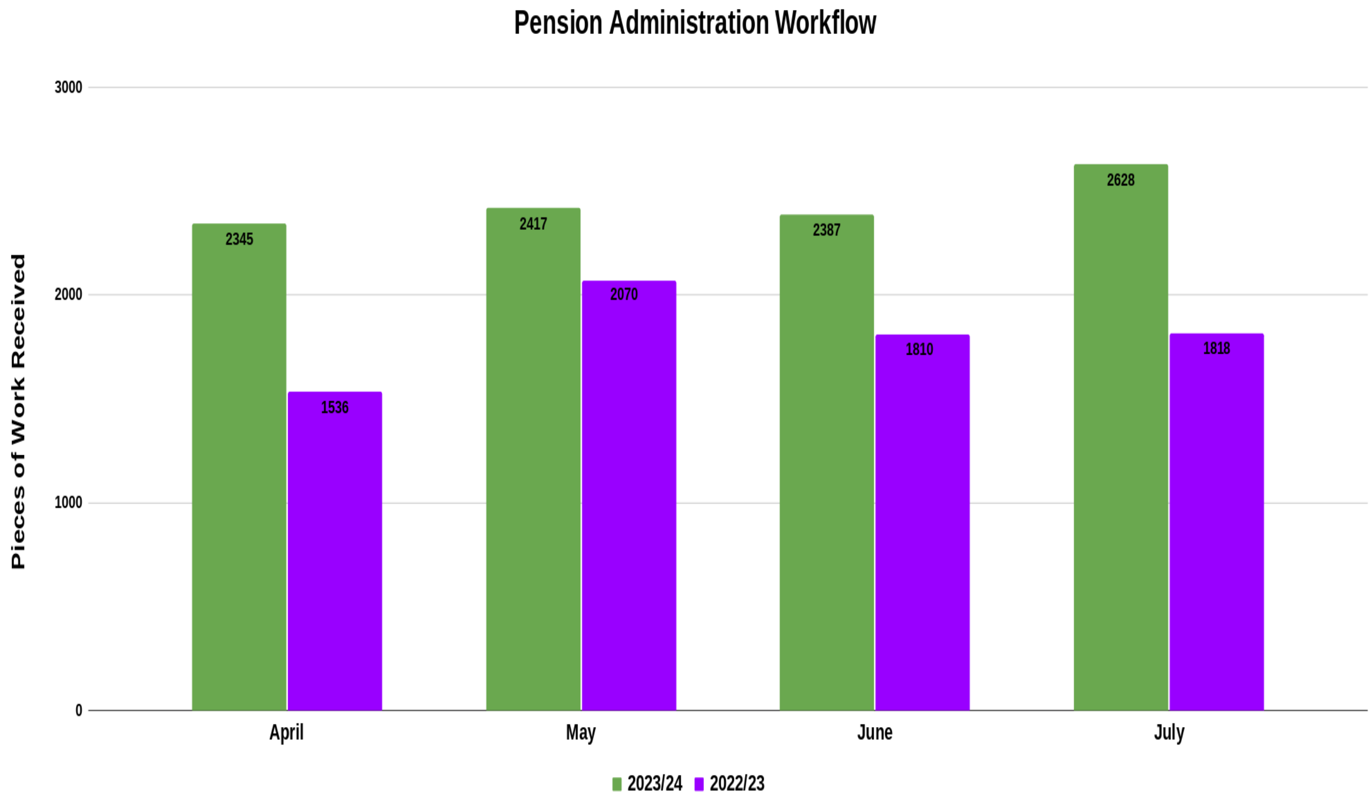
Equiniti Monthly Monitoring

The current contract in place with Equiniti has resulted in some changes to performance measures. Monthly reporting is now required on the basis of a large number of service level agreement standards (SLAs). The graph in 9.3 reflects this reporting change, showing from the beginning of the financial year 1 April 2023.

In addition to the reporting changes the SLA timeframes are also being revised to bring them in line with new SLAs under the contract. Equiniti are still working on amending their work management system to capture these and it was hoped that these would be ready to report on for the September committee. At the time of writing the systems are still awaiting sign off and testing within Equiniti and therefore, this will be reflected in the data shared at the next Committee meeting.

Case levels

During the reporting period (the green bars) EQ have seen significantly higher new cases received when compared to the same period in 22/23. However, this trend is in line with the higher workload seen in the last quarter of 22/23



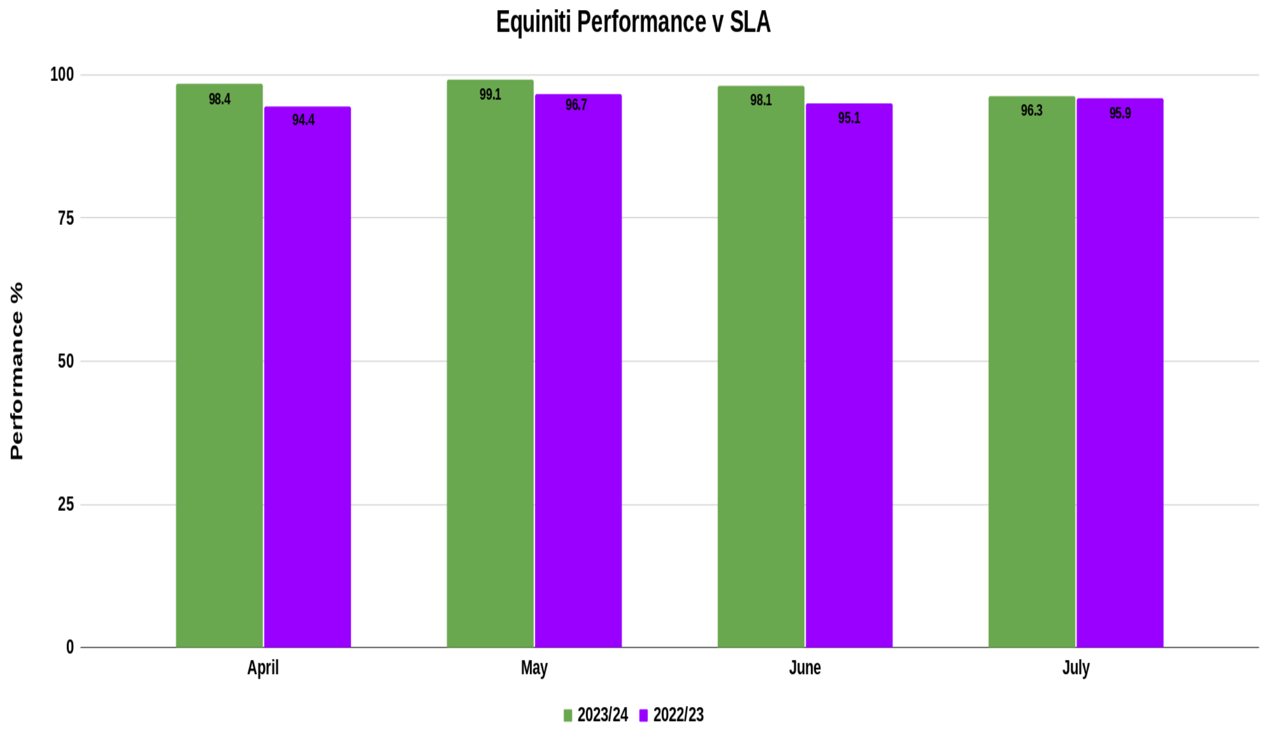
9.3 *SLA monitoring*

The contract with Equiniti includes a large number of service level agreement standards (SLAs). The SLAs include target timescales for processes such as:

- providing new members with information about the scheme
- notifying retiring members of the amount of retirement benefits and paying them their tax free cash lump sum
- informing members who leave the scheme before retirement of their deferred benefit entitlement.

The following graph shows Equiniti's performance in these areas since April 2023 (the green bar) and shows the comparable position last year (the purple bar). The graph shows the overall SLA performance against all service level agreement standards in place.

An averaged SLA of 98% was achieved for the reporting period, compared to 95.5% for the same period last year.



9.4 *Communications*

Since the last update the following communications have been issued to scheme members:

<u>Annual Newsletter</u>

All pension members were issued with the Annual Members Newsletter in August

<u>Website</u>

Two news articles were added to the website to inform members of the Lifetime Allowance and Annual Allowance tax changes and the change in the scheme revaluation date. Updates were also made to the tax sections of the website along with updates to the members tax factsheet to reflect the changes.

Following the updated Government Actuary's Department early retirement factors updates have been made to two factsheets which reference the factors- flexible retirement and early retirement factsheets.

<u>Pre Retirement Seminars</u>

The Pensions Team arranges 'Pre-retirement workshops' with a company called Affinity Connect, aimed at members who are thinking of retiring within the next 2 to 5 years. These workshops are held remotely with Affinity providing the facilitator, learning material and bookings free of charge. These are currently being held on a monthly basis and feedback received has been positive.

Annual Benefit Statements

There is a legal timescale for issuing annual benefit statements to all active and deferred members of the scheme, which is 31 August. This is a major exercise carried out by Equiniti, but it relies on all the Fund's employers providing them with pensions information relating to the scheme members in a timely manner.

As a result of previous lessons learnt the process was improved this year with increased communication and coordination between the different teams involved in the process within Equiniti. The internal controls and processes, plus increased automation of the system has also been undertaken.

Statements have been issued by the legal deadline this year as outlined below:

- Active member benefit statements 6,595 (which also includes any pension credit members). Some 700 records were suppressed due to having a flag on the system as a potential unsolved leaver/change in status is yet unknown. These records are currently being worked through to finalise the status and if benefit statements are due on these then they will be issued as the query is resolved.

- Deferred member benefit statements
  - statements issued: 7,238
  - statements not able to be issued due to no current address: 1,585 .

Equiniti are continuing to work through circa 450 records which have data queries on and if any of these do require a statement these will be issued as and when the query is resolved.

As a result of the outstanding queries a breach has been reflected in the breaches register and, once further investigation and analysis has taken place, the Fund will decide whether the breach is significant enough to make a report to the Pensions Regulator.

A further update on the benefit statement work will be provided at the next meeting.

9.5 *Internal Disputes Resolution Procedure (IDRP)*

This is the procedure used by the Fund for dealing with appeals from members both active and deferred. The majority of the appeals are in regard to either disputes around scheme membership or the non-release of ill health benefits. The process is in two stages:-

- Stage 1 IDRP's are reviewed and determinations made either by the Pensions Manager or by a senior technical specialist at the Fund's pension administrators, Equiniti.
- Stage 2 IDRP's are determined by the Group Director, Finance & Corporate Resources taking external specialist technical advice from the Fund's benefits consultants.

Stage 1 – Two applications were submitted during the reporting period. One was against the former Employer for an ill health decision, investigations are still ongoing. The second is against the administering authority in relation to a Pension Saving Statement issue and investigations are still ongoing.

Stage 2 – Two applications were submitted during the reporting period. The first is in relation to an historic transfer out against the administering authority, with investigations still ongoing. The second is against the administering authority in relation to a Pension Saving Statement issue and investigations are still ongoing.

9.6 *Third Party Administration Implementation Update*

The previously agreed extension of the Fund's third party administration services contract with Equiniti for 3 years from 1st January 2023 was agreed and signed on 28 February 2023. The Fund is now working with Equiniti on the delivery of the software upgrade. The migration to the new software has been delayed. Once new timeframes have been proposed a further update will be given at the next meeting.

9.7 *McCloud Programme Update*

Summary
Following two consultations and numerous delays to draft regulations, the regulations were laid on 8 September 2023 before the coming into force date of 1 October 2023.

In addition, on 17th August the Public Service Pension Schemes (Rectification of Unlawful Discrimination)(Tax)(No. 2) Regulations 2023 were laid and came into force on 14th September.
These set out changes to how pensions tax rules will apply as a result of the public service pensions remedy and make changes to how individuals are treated for tax purposes if, as a result of the McCloud remedy, they are subject to tax charges.

Workstreams

Most workstreams are progressing with regular meetings being attended by key Hackney pensions officers and representatives from Equiniti and Aon.

Good progress continues to be made in relation to the Data, Communications, Finance, Governance and Benefit Rectification Workstreams although some actions continue to be paused due to the delay in the regulatory timetable. These will be progressed now the regulations have been published.

The Ongoing Administration workstream has also made good progress in recent weeks and Equiniti now have in place a dedicated project manager. The project manager has issued a plan outlining key tasks and milestones to ensure cases are administered in line with the legislation from 1 October 2023. This plan is under review and Equiniti's progress against this plan was discussed at a meeting on 6 September.

Good progress has been made by Equiniti with the updating of processes and checklists. However, due to resourcing issues the development of off-system spreadsheets has not progressed as much as hoped. Equiniti have established that a potential workaround for this is to use the off-system tool that has been developed for Benefit Rectification and the BAU team will receive training on the application of this tool in the coming weeks, to enable cases to be processed in line with the regulations from 1 October 2023. A further meeting will take place on 26 September.

The Compendia software is key to the delivery of the Ongoing Administration workstream, and the Fund are due to migrate to an updated version of the software – this is now known to be after the McCloud regulations come into force on 1 October 2023. Therefore, it has been established that in the interim period between 1 October 2023 and the migration to the updated software, Equiniti will carry out "off-system" calculations in line with the legislation – this is expected to be done using Excel spreadsheets.

The Benefit Rectification workstream is currently planned to be delivered off-system, but the outputs will need to meet the requirements of the administration software and so this workstream will also be impacted by the timeframes for the software migration.

The risk logs for each workstream continue to be discussed at workstream meetings and at the PMG meeting and updated as appropriate with the key risks continuing to be the impact of the delay in the regulatory timetable and the Compendia software migration.

Whilst the overall project is running slightly behind schedule, principally due to the slower than expected progress with the Ongoing Administration workstream, this needs to be considered in the context of the regulatory timetable, which has continued to change. Now that the regulations have been published it is expected that any 'on hold' actions can be progressed. A further update will be provided at the next Committee meeting.

9.8 Address Tracing

In order to continually attempt to trace and manage the numbers of records which are currently held as holding no current address Equiniti have carried out the annual tracing exercise on the deferred member population who do not have an address on the administration system.

Some 1,988 verification letters were sent with 343 responses being returned. These addresses have now been updated on the system in time for the annual benefit statement production. The responses were low but this now forms part of the annual data cleanse cycle and therefore it is hoped that the number of records held with no addresses will gradually decrease year on year.

9.9 *Pension Saving Statements*

The Finance Act 2006 sets out that individuals can only save up to £40,000 each year in their pension funds (a lower amount applies for some of the very highest earners). For a defined benefit scheme such as the LGPS, this is calculated as the overall growth in their benefits over the year. The Pension Fund is required to send a Pensions Savings Statement to notify any member whose benefits within the Hackney Pension Fund have exceeded £40,000. These statements must be issued by 6th October in respect of the previous financial year.

Equiniti's projects team are currently working on the Pension Saving Statements, and an update will be provided on these at the next meeting.

9.10 **Other administration and communications related developments and news**

SCAPE discount rate change and GAD factor updates

The superannuation contributions adjusted for past experience (SCAPE) discount rate reduced on 30 March 2023. The SCAPE discount rate is used to set the employer contribution rates in the unfunded public service pension schemes (PSPS) and determine the actuarial factors across **all** PSPS. The Government also published its response to the June 2021 consultation on the methodology used to set the SCAPE discount rate. All the documents relating to the consultation are on the non-scheme consultation pages of www.lgpsregs.org.

Due to the change in SCAPE discount rate the Government Actuary Department (GAD) factors have needed to be amended accordingly. DLUHC has since issued three batches of new factors (covering CETVs in and out, Pensioner CEVs, pension credits and pension debits, early and late retirements, trivial commutation, inverse commutation, Annual allowance scheme pays and lifetime allowance scheme pays). The factors spreadsheets and various transitional arrangements can be found on the Actuarial Guidance page of the LGA Regulations website:

https://www.lgpsregs.org/schemeregs/actguidance.php

Pensions Dashboards

As explained in previous reports, the Pensions Dashboards are a national initiative which will allow people to see what they have in their various pensions – including their State Pension – in a single place online, at any time they choose. All pension schemes will be included within the programme, including the LGPS.

There have been delays to the national Pension Dashboards programme and the Department for Work and Pensions (DWP) has now laid the Pensions Dashboards (Amendment) Regulations 2023. A revised staging timetable will be set out in guidance and all schemes in scope will need to connect by 31 October 2026. The staging timetable will indicate when schemes are scheduled to connect, based on their size and type.

The Pensions Regulator (TPR) has updated its 'Failing to comply with dashboards duties' guidance. The purpose of the updates is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable. More details are on tPR website https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/failing-to-comply-with-pensions-dashboards-duties

The Pensions Dashboards Programme (PDP) has also launched or updated the following resources:

• A new video introducing the dashboards available point. The dashboards available point is the date when pensions dashboards will be made available to the public.
• The Pensions dashboards development FAQs have been updated to reflect the new connection deadline announcement.
• The Connection deadline page has been updated to provide more information on the new approach to connection for pensions dashboards.

Further information on the above resources can be found using the link below: https://www.pensionsdashboardsprogramme.org.uk/

Appendices

Appendix 1 - Funding Update
Appendix 2 - Investment Performance Report
Appendix 3 - Market Update
Appendix 4 - Stewardship Code briefing note
Appendix 5 - Voting - Exceptions to LAPFF policy (**EXEMPT**)
Appendix 6 - LAPFF Engagement Report

Background documents

None

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London Borough of Hackney Pension Fund

Funding update report at 30 June 2023

This report is addressed to the Administering Authority of the London Borough of Hackney Pension Fund. This document should be read in conjunction with the fund's current Funding Strategy Statement.

The purpose of this report is to provide the funding position of the London Borough of Hackney Pension Fund as at 30 June 2023 and show how it has changed since the previous valuation at 31 March 2022. This report has not been prepared for use for any other purpose and should not be so used. The report should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. Hymans Robertson LLP accept no liability where the report is used by or disclosed to a third party unless such liability has been expressly accepted in writing. Where permitted, the report may only be released or otherwise disclosed in a complete form which fully discloses the advice and the basis on which it is given.

The figures presented in this report are prepared only for the purposes of providing an illustrative funding position and have no validity in other circumstances. In particular, they are not designed to meet regulatory requirements for valuations.

This report also contains the data and assumptions underlying the results and the reliances and limitations which apply to them.

1 Results

1.1 Funding position update

The table below shows the estimated funding position at 31 March 2022 and 30 June 2023.

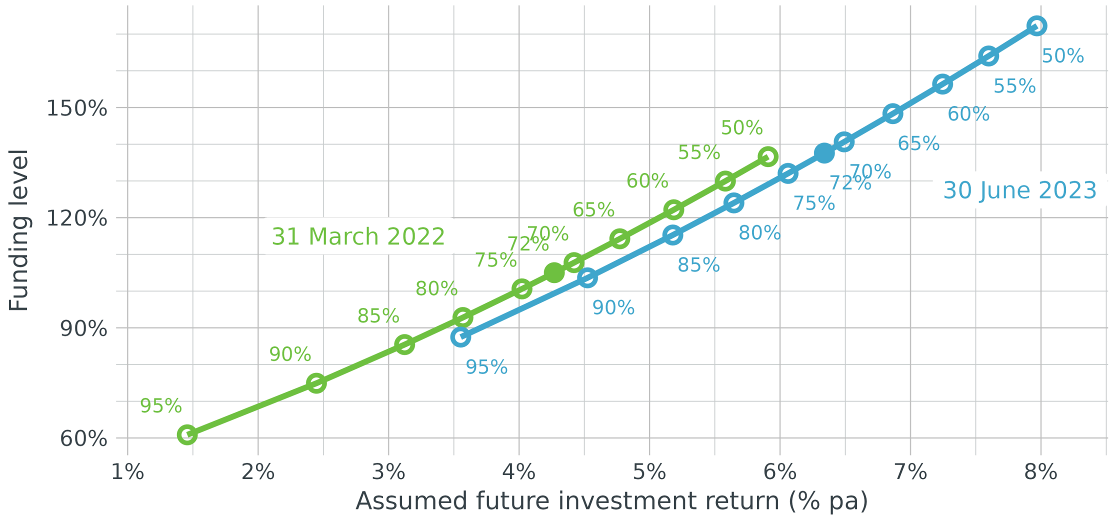
Please note that the asset value at 30 June 2023 shown in this report may differ to the actual asset value at that date because it is an estimate based on estimated cashflows (see section 3.2) and estimated investment returns (see section 3.3). However, the estimated value is consistent with the liabilities and therefore gives a more reliable estimate of the funding position than the actual asset value at the same date.

The table also shows what assumed investment return would be required at each date for the deficit to be exactly zero, along with the likelihood of the investment strategy achieving this return. An increase in this likelihood corresponds to an improvement in the funding position.

Monetary amounts in £bn	Ongoing basis	
	31 March 2022	30 June 2023
Assets	1.96	1.92
Liabilities		
– Active members	0.53	0.38
– Deferred pensioners	0.47	0.32
– Pensioners	0.86	0.69
Total liabilities	1.86	1.40
Surplus/(deficit)	0.10	0.52
Funding level	106%	138%
Required return assumption (% pa) for funding level to be 100%	4.0%	4.0%
Likelihood of assets achieving this return	75%	93%

1.2 Funding level range chart

The chart below shows how the funding level varies with the assumed rate of future investment returns, comparing the position at 31 March 2022 with the updated position at 30 June 2023 . The percentages next to each point show the likelihood of the investment strategy achieving that return (for further details see section 3.4). The solid coloured point indicates the assumed future investment return and funding level on the Ongoing basis.



1.3 Funding level progression

The chart below shows the estimated funding level (ratio of assets to liabilities) over time between 31 March 2022 and 30 June 2023. It allows for changes in market conditions and other factors described in Appendix A. If the fund has moved to a different basis since 31 March 2022 this may give rise to step changes in the funding level on the date of the change.

2 Next steps

2.1 Understanding the results

The results at 30 June 2023 in this report are estimates based on rolling forward the fund's funding position from 31 March 2022. You should understand the methodology and limitations of this approach described in appendices A and B.

Decisions should not be based solely on these results and your Hymans Robertson LLP consultant should be contacted to discuss any appropriate action before any is taken. Please also bear in mind that the information is estimated and consider other factors beyond the funding level or surplus/deficit. These could include, but are not limited to, changes to investment strategy, membership profile and covenant strength (where relevant).

Please get in touch with your usual Hymans Robertson contact if you wish to discuss the results in this report further.

3 Data and assumptions

3.1 Membership data

The membership data underlying the figures in this report was supplied by the fund for the purpose of the valuation at 31 March 2022 and is summarised below:

31 March 2022	Number	Average age	Accrued benefit (£k pa)	Payroll (£k pa)
Active members	7,275	53.0	33,231	210,226
Deferred pensioners	10,921	53.6	26,185	
Pensioners and dependants	7,788	68.9	55,902	

The membership is assumed to evolve over time in line with the demographic assumptions described in the Funding Strategy Statement. Please see Appendix A for details of the rollforward methodology which includes the estimated changes in membership data which have been allowed for.

3.2 Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 30 June 2023. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Estimated cashflows (£k)	31 March 2022 to 30 June 2023
Employer contributions	80,740
Employee contributions	18,924
Benefits paid	87,933
Transfers in/(out)	0

3.3 Investment returns since the valuation at 31 March 2022

Investment returns are based on actual returns where available and index returns otherwise.

Investment strategy	Actual/index	From	To	Return
Whole fund	Actual	1 April 2022	31 March 2023	(4.13%)
Whole fund	Index	1 April 2023	30 June 2023	1.39%

The total investment return for the whole period is (2.80%).

3.4 Financial assumptions

The financial assumptions used to calculate the liabilities are detailed below. For further details please see the Funding Strategy Statement.

Assumption	31 March 2022	30 June 2023
Funding basis	Ongoing	Ongoing
Discount rate methodology	Expected returns on the Whole Fund strategy over 20 years with a 72% likelihood	Expected returns on the Whole Fund strategy over 20 years with a 72% likelihood
Discount rate (% pa)	4.3%	6.3%
Pension increase methodology	Expected CPI inflation over 20 years with a 50% likelihood	Expected CPI inflation over 20 years with a 50% likelihood
Pension increases (% pa)	2.7%	2.3%

Salary increases are assumed to be 0.5% pa above pension increases, plus an additional promotional salary scale.

3.5 Demographic assumptions

Demographic assumptions are set out in the Funding Strategy Statement. All demographic assumptions, including longevity assumptions, are the same as at the most recent valuation at 31 March 2022.

Life expectancies from age 65, based on the fund's membership data at 31 March 2022, are as follows. Non-pensioners are assumed to be aged 45 at that date.

	Ongoing basis	
Life expectancy from age 65 (years)	**Male**	**Female**
Pensioners	21.5	24.2
Non-pensioners	22.8	25.8

Appendix A - Technical information

A.1 Funding update methodology

The last formal valuation of the fund was carried out as at 31 March 2022. The results in this report are based on projecting the results of this valuation forward to 30 June 2023 using approximate methods. The rollforward allows for

- estimated cashflows over the period as described in section 3.2;
- investment returns over the period (estimated where appropriate) as described in section 3.3;
- changes in financial assumptions as described in section 3.4;
- estimated additional benefit accrual.

The CARE, deferred and pensioner liabilities at 30 June 2023 include a total adjustment of 7.2% to reflect the difference between actual September CPI inflation values and the assumption made at 31 March 2022. The adjustment for each year's actual inflation is applied from 30 September that year, cumulative with prior years' adjustments, which may lead to step changes in the funding level progression chart.

In preparing the updated funding position at 30 June 2023 no allowance has been made for the effect of changes in the membership profile since 31 March 2022. The principal reason for this is that insufficient information is available to allow me to make any such adjustment. Significant membership movements, or any material difference between estimated inputs and actual ones, may affect the reliability of the results.The fund should consider whether any such factors mean that the rollforward approach may not be appropriate.

No allowance has been made for any early retirements or bulk transfers since 31 March 2022. There is also no allowance for any changes to Local Government Pension Scheme (LGPS) benefits except where noted in the formal valuation report or Funding Strategy Statement.

A.2 Sensitivity of results to assumptions

The results are particularly sensitive to the real discount rate assumption (the discount rate net of pension increases) and the assumptions made for future longevity.

If the real discount rate used to value the accrued liabilities was lower then the value placed on those liabilities would increase. For example, if the real discount rate at 30 June 2023 was 1.0% pa lower then the liabilities on the Ongoing basis at that date would increase by 17.5%.

In addition, the results are sensitive to unexpected changes in the rate of future longevity improvements. If life expectancies improve at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the liabilities. An increase in life expectancy of 1 year would increase the accrued liabilities by around 3-5%.

Appendix B - Reliances and limitations

The last formal valuation of the fund was carried out as at 31 March 2022 and these calculations rely upon the results of that valuation. The reliances and limitations that applied to that valuation apply equally to these results. The results of the valuation have been projected forward using approximate methods. The margin of error in these approximate methods increases as time goes by. The method may not be appropriate if there have been significant data changes since the previous formal valuation (for example redundancy exercises, significant unreduced early retirements, ill health retirements and bulk transfers). The methodology assumes that actual experience since the valuation at 31 March 2022 has been in line with our expectations.

The data used in this exercise is summarised in section 3. Data provided for the purposes of the formal valuation at 31 March 2022 was checked at the time for reasonableness and consistency with other sources. Data provided since then (eg actual investment returns) has been used as-is. The data is the responsibility of the Administering Authority and the results rely on the data.

The results in this schedule are based on calculations run on 11 September 2023 using the data set out in section 3. Any other factors coming to light after this report was prepared have not been allowed for and could affect the results. If any data has materially changed since 11 September 2023 the results could be materially different if they were recalculated.

Some financial assumptions may be based on projections from our Economic Scenario Service (ESS) model which is only calibrated at each monthend. Results between monthends use the latest available calibration, adjusted in line with the movement in market conditions. This adjustment is approximate and there may be step changes at monthend dates when a new ESS calibration is factored in.

The methodology underlying these calculations mean that the results should be treated as indicative only. The nature of the fund's investments means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out should not be taken as being applicable at any date other than the date shown.

As with all modelling, the results are dependent on the model itself, the calibration of the underlying model and the various approximations and estimations used. These processes involve an element of subjectivity and may be material depending on the context. No inferences should be drawn from these results other than those confirmed separately in writing by a consultant of Hymans Robertson LLP.

Decisions should not be based solely on these results and your Hymans Robertson LLP consultant should be contacted to discuss any appropriate action before any is taken. Hymans Robertson LLP accepts no liability if any decisions are based solely on these results or if any action is taken based solely on such results.

This report complies with the relevant Technical Actuarial Standards.

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Hackney

MANAGER PERFORMANCE REPORT

Q2 2023

Private and Confidential

CONTENTS

WHAT HAS HAPPENED IN THE MARKETS?

Pete Drewienkiewicz (CIO, Global Assets)

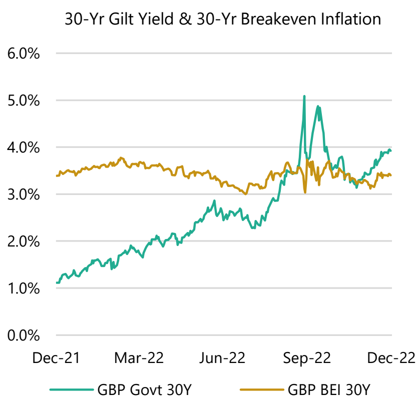
Market Summary

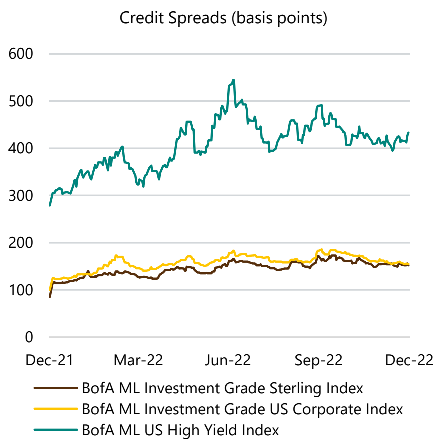
Q2 saw markets shrug off the banking sector turmoil seen in Q1, with risk assets performing strongly as inflation moderated meaningfully in the US and Europe. Technology stocks also saw a resurgence, led by a wave of Artificial Intelligence enthusiasm. The ECB, Fed and Bank of England continued to hike interest rates in response to inflation prints above their respective targets. The BoE hiked rates by 75bps over the quarter relative to 25bps and 50bps moves in the US and Europe, a likely response to the slower fall in UK inflation. This put pressure on UK markets which performed poorly relative to other developed market counterparts over the quarter.

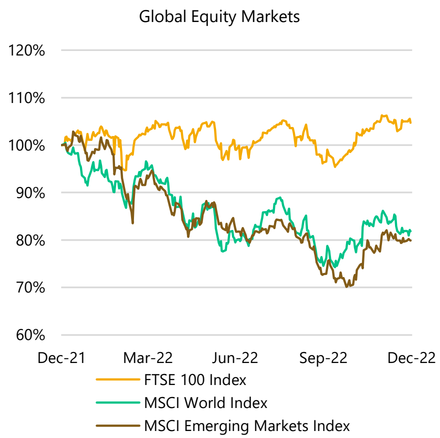
Sustainable Investment Update

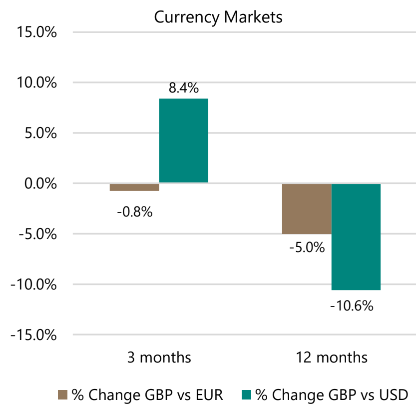
A report by the Institute and Faculty of Actuaries (IFoA) and the University of Exeter found that climate scenario models used in financial services significantly underestimate climate risk. The study highlighted the potential for severe economic and financial impacts if the models fail to accurately capture the risks associated with climate change.

The International Sustainability Standards Board (ISSB) released its first sustainability disclosure standards, the Science Based Targets Network (SBTN) released its first science-based targets for nature, and the Taskforce on Nature-related Financial Disclosures (TNFD) published its final beta framework, with its final recommendations set to be published in September.









VIEWS FROM THE ASSET CLASS SPECIALISTS

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 **Kate Mijakowska** **UK Gilts and Inflation**	The second quarter of 2023 saw a significant increase in yields, particularly in May, as the UK labour market proved surprisingly resilient to the central bank rate hikes, but inflation prints remained elevated. Over the quarter, UK 30-year nominal gilt yields rose 50bps, while 20-year index-linked gilt yields increased 63bps. Bank of England hiked the base rate by 25bps in May, and another 50bps in June. UK CPI May year-on-year figure printed at 8.7%, above expectations and more than double the US CPI of 4.0% for that month. That said, in June, UK CPI fell to 7.9% which was below market expectations. In April, TPR published guidance around resilience of LDI portfolios. This was in line with the recommendations published in March by the Bank of England Financial Policy Committee. We saw a few LDI managers re-adjust their collateral buffer frameworks, including levels at which notifications are sent to clients.
 **Oliver Wayne** **Liquid Markets (Equities)**	Developed markets ("DM") delivered positive returns over Q2, largely attributed to the strong performance of mega-cap tech names that were boosted by enthusiasm over Artificial Intelligence ("AI"). This created an exceptionally narrow market leadership, with the vast majority of DM market returns generated by a small number of companies. Emerging markets ("EM") generated moderately negative returns, primarily driven by China which was the worst-performing market. Despite the removal of pandemic-related restrictions, the economic rebound has disappointed investors. On a style factor basis, there has been contrasting performance across DM and EM. Growth and Quality factors performed strongly in DM but poorly within EM. Value and Momentum underperformed within DM and outperformed within EM. From a size perspective, larger cap names outperformed within DM but underperformed with EM. Overall, this backdrop was more supportive for active EM managers whereas active DM managers faced headwinds.
 **Tom Wake-Walker** **Liquid Markets (Multi-Asset)**	It was a mixed second quarter for multi-asset performance. Global equities rose, led by the US, global investment grade corporates were broadly flat whilst high yield gained. Interest rates rose over the quarter causing pain for those long government bonds. Broad commodities had a volatile quarter and also ended in negative territory. This combination has led to varying results for long only multi-asset strategies as they try to navigate this macro-driven environment, with fairly mixed results across the board both positively and negatively depending on risk allocation. Diversified Risk Premia ("DRP") strategies had a positive quarter, helped by strong performance from trend following after what was a historically challenging Q1 as a result of the banking turmoil in March. Most style factors also performed well, benefitting style premia strategies.

VIEWS FROM THE ASSET CLASS SPECIALISTS

 **Chris Bikos** **Liquid & Semi-Liquid Credit**	From a credit perspective, the second quarter proved resilient as corporate balance sheets remained relatively strong, despite some uptick in default rates. Consequently, credit spreads tightened across the board. However, the volatility in interest rates remained elevated with all the major developed market central banks raising interest rates. More specifically, the Federal Reserve (Fed) raised interest rates by 25 basis points (bps) in May, European Central Bank (ECB) hiked twice in the quarter, as did the Bank of England (BoE). With that in mind, corporate credit outperformed government bonds with high yield outperforming its investment grade counterparts. Long-duration assets, such as long-dated corporate bonds, suffered the most. On the other hand, floating-rate assets such as structured credit and leveraged loans benefited from the high income on offer due to the high level of rates. Dispersion within emerging market debt picked up, with South Africa being among the worst performers as the country's power situation continued to deteriorate.
 **Tricia Ward** **Illiquid Credit**	Infrastructure had a relatively resilient Q2, with the Infra300 index returning 0.89% driven primarily by renewables. Infrastructure equity valuations remained stable over the quarter despite major central bank rate rises. Despite positive returns, infrastructure fundraising continued to suffer, with Preqin reporting only c.$7bn raised over the quarter, a c.88% decrease against Q2 last year. A surprise rise in UK core inflation caught the Real Estate market off-guard leading to further falls, albeit marginal ones, in commercial property values in May and June, with the MSCI UK Quarterly Property Index showing capital returns of -0.03% and -0.48%. This was offset by steady income returns, with only June showing a negative total return (-0.03%). The decline in capital values continued to be led by offices, with yields on prime city offices expanding 0.25% over the quarter, and market sentiment around offices more broadly remaining negative due to ongoing concerns around working from home and asset stranding resulting from minimum energy efficiency standards.
 **Sarah Miller** **Illiquid Markets**	Private credit issuance in Q2 continued to outpace broadly syndicated loan financing - taking 85%, by count, of LBO deals (LCD, Pitchbook). Default rates declined marginally in Q2, per Proskauer, to 1.64%, suggesting stability. However, interest and fixed charge coverage ratios declined to ~1.1x as interest expenses have almost doubled, reflecting the potential stress for existing loans. Concurrently, continued higher rates constrain the amount of debt lenders will offer and companies can support for new loans, typically resulting in larger equity cushions and a stronger relative positioning for lenders. Current credit market activity is driven by refinancings and loan extensions (Pitchbook, KKR), addressing near-term maturities. Larger private credit facilities would historically have been replaced by cheaper public credit at maturity, but private lenders now provide the refinancing, owing to their certainty of capital. As pressure on bank lending continues, opportunity is created for corporate direct lending and for asset-based lending – either as replacement capital to banks or for private lenders to finance collateralised loans sitting on bank balance sheets.

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HOW HAVE YOUR MANAGERS PERFORMED FOR YOU?

Long Term (Since Inception and 3 Year Returns)

Fund	Benchmark	Inception Date	Current Holdings £m	Since Inception Return (Annualised if >12m)			3 Year Return (Annualised)		
				Fund	Bmk	Excess	Fund	Bmk	Excess
Liquid Markets: Equities									
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)	September 2021	206.8	-9.6%	3.2%	-12.8%	-	-	-
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)	September 2021	73.5	-8.2%	-7.4%	-0.9%	-	-	-
LCIV Sustainable Equity Fund	MSCI World (GBP)(TR Net)	June 2018	292.1	7.7%	9.5%	-1.8%	6.2%	11.1%	-4.9%
LCIV Diversified Growth Fund	SONIA + 3.5%	October 2021	126.1	-7.0%	5.7%	-12.7%	-	-	-
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP	June 2018	128.2	9.5%	-	-	12.4%	11.9%	0.5%
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index	June 2018	242.9	9.6%	9.1%	0.5%	10.7%	10.2%	0.5%
Liquid and Semi-Liquid Credit									
BMO Bonds	Bond Composite	September 2003	202.0	4.1%	3.7%	0.4%	-9.6%	-10.3%	0.8%
BlackRock Short Bond	3-month SONIA	February 2019	92.2	1.9%	1.6%	0.2%	1.2%	1.1%	0.1%
Illiquid Credit									
Churchill Senior Loans	IRR (net of fees) of 6-7%	December 2018	59.9	5.7%	6.0%	-0.3%	-	-	-
Permira Senior Loans	IRR (net of fees) of 6-8%	December 2019	83.4	7.9%	7.0%	0.8%	-	-	-
LCIV Private Debt Fund	IRR (net of fees) of 6-8%	March 2021	123.9	-	-	-	-	-	-
Illiquid Markets									
LCIV Renewable Infrastructure Fund	IRR (net of fees) of 7-10%	March 2021	39.8	-	-	-	-	-	-
Columbia Threadneedle Pension Property (TPEN)	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index	March 2004	143.6	5.7%	5.1%	0.6%	3.8%	3.4%	0.4%
Columbia Threadneedle Low Carbon Property	-	May 2016	17.3	-1.5%	-	-	-8.6%	-	-

Source: Fund Managers

The information above describes the past performance of the investment. Past performance is not a reliable indicator of the future results or performance of any investment. If the investment described above is not denominated in pounds sterling, the return generated by the investment may increase or decrease as a result of fluctuations in exchange rates between currencies.

HOW HAVE YOUR MANAGERS PERFORMED FOR YOU?

Short Term (12 Month and 3 Month Returns)

Fund	Benchmark	Inception Date	Current Holdings £m	Previous Holdings £m	12 Month Return			3 Month Return		
					Fund	Bmk	Excess	Fund	Bmk	Excess
Liquid Markets: Equities										
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)	September 2021	206.8	200.5	11.0%	12.2%	-1.2%	3.2%	3.3%	-0.1%
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)	September 2021	73.5	75.5	3.8%	-2.8%	6.6%	-2.6%	-1.9%	-0.8%
LCIV Sustainable Equity Fund	MSCI World (GBP)(TR Net)	June 2018	292.1	292.4	1.1%	13.2%	-12.1%	-0.1%	3.9%	-4.0%
LCIV Diversified Growth Fund	SONIA + 3.5%	October 2021	126.1	128.8	-1.8%	7.0%	-8.7%	-2.1%	2.1%	-4.2%
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP	June 2018	128.2	119.8	17.2%	16.7%	0.4%	7.0%	6.8%	0.2%
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index	June 2018	242.9	231.7	12.9%	11.4%	1.6%	4.8%	4.7%	0.1%
Liquid and Semi-Liquid Credit										
BMO Bonds	Bond Composite	September 2003	202.0	214.0	-11.9%	-13.0%	1.3%	-5.6%	-5.2%	-0.4%
BlackRock Short Bond	3-month SONIA	February 2019	92.2	100.1	3.1%	3.1%	0.0%	1.0%	1.1%	-0.1%
Illiquid Credit										
Churchill Senior Loans	IRR (net of fees) of 6-7%	December 2018	59.9	61.9	-	-	-	-	-	-
Permira Senior Loans	IRR (net of fees) of 6-8%	December 2019	83.4	79.7	-	-	-	-	-	-
LCIV Private Debt Fund	IRR (net of fees) of 6-8%	March 2021	123.9	117.4	-	-	-	-	-	-
Illiquid Markets										
LCIV Renewable Infrastructure Fund	IRR (net of fees) of 7-10%	March 2021	39.8	37.3	-	-	-	-	-	-
Columbia Threadneedle Pension Property (TPEN)	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index	March 2004	143.6	142.1	-16.9%	-17.4%	0.6%	0.9%	0.4%	0.5%
Columbia Threadneedle Low Carbon Property	-	May 2016	17.3	17.3	-25.9%	-	-	0.9%	-	-

Source: Fund Managers

The information above describes the past performance of the investment. Past performance is not a reliable indicator of the future results or performance of any investment. If the investment described above is not denominated in pounds sterling, the return generated by the investment may increase or decrease as a result of fluctuations in exchange rates between currencies.

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YOUR FUND DETAILS AND COMMENTS

Fund	Inception Date	Commentary on the Quarter
Liquid Markets: Equities		
LCIV Global Alpha Growth Paris Aligned Fund	September 2021	The fund delivered a return of 3.2% over Q2 2023, underperforming the benchmark by 0.1%. At the stock level, the largest positive contributors to relative performance were B3, the Trade Desk and Entegris. The fund has been a long-term holder of Alphabet, Amazon and Microsoft, all of which have performed exceptionally well this year.
LCIV Emerging Market Equity Fund	September 2021	The fund delivered a return of -2.6% over Q2 2023, underperforming the benchmark by 0.8%. At the sector level, an overweight to financials, led by Indian and Indonesian banks, and underweights in materials and consumer discretionary proved beneficial. However, underweight to energy detracted from performance; this was due to one single stock, Petrobras.
LCIV Sustainable Equity Fund	June 2018	The fund delivered a return of -0.1% over Q2 2023, underperforming the benchmark by 4%. After the 2022 drawdowns, the investment manager had taken a more cautious approach to portfolio construction and positioning, favouring stocks with defensive and low beta characteristics. In Q2, underperformance was wide across the portfolio as several high conviction positions are currently not favoured by the market. These are typically companies with longer term investment horizons and a high level of intangibles which given the current environment of macroeconomic uncertainty and high interest rates are being penalised.
LCIV Diversified Growth Fund	October 2021	The fund delivered a return of -2.1% over Q2 2023. The investment manager increased exposure to developed market government and corporate bonds this year in the expectation that the pace of tightening of monetary policy would decelerate. This segment of the Subfund, which was biggest source of profits in Q1, accounted for about 60% of the loss reported in Q2. These losses were partially offset by gains on emerging market local and hard currency bonds (+0.9%), another of the segments which has been built up this year.
BlackRock World Equity	June 2018	The fund delivered a return of 7.0% over Q2 2023, performing roughly in line with the benchmark, as expected for a passive fund.
BlackRock Low Carbon	June 2018	The fund delivered a return of 4.8% over Q2 2023, performing roughly in line with the benchmark, as expected for a passive fund.
Liquid and Semi-Liquid Credit		
BMO Bonds	September 2003	The fund delivered a return of -5.6% over Q2 2023, underperforming the benchmark by 0.4%. Tactical duration and cross market positioning in the UK detracted from performance, along with curve steepeners. Longs in government-related and, in particular, EU issues added to performance. The fund was overweight in duration, which proved unfavourable as gilt yields rose strongly. Against this, a slight overweight in overall credit risk helped performance as credit spreads tightened.
BlackRock Short Bond	February 2019	The fund delivered a return of 1.0% over Q2 2023, performing roughly in line with the benchmark, as expected for a passive fund.

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YOUR FUND DETAILS AND COMMENTS

Fund	Inception Date	Commentary on the Quarter
Illiquid Credit		
Churchill Senior Loans	December 2018	The net internal rate of return of the fund was 5.7% over Q2 2023, with the fund having drawn 94% of its commitments as at 30 June 2023.
Permira Senior Loans	December 2019	The net internal rate of return of the fund was 7.9% over Q1 2023, with the fund having drawn c.87% of its commitments as at 31 March 2023.
LCIV Private Debt Fund	March 2021	Overall, the Fund was drawn c.63% as at 31 March 2023. In accordance with the trust deed, the performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period.
Illiquid Markets		
LCIV Renewable Infrastructure Fund	March 2021	As of 31 March 2023, the fund had drawn c.34% of its commitments. In accordance with the trust deed, the performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period.
Columbia Threadneedle Pension Property (TPEN)	March 2004	The fund delivered a return of 0.9% over Q2 2023, outperforming the benchmark by 0.4%.
Columbia Threadneedle Low Carbon Property	May 2016	The fund delivered a return of 0.9% over Q2 2023.

APPENDICES

ASSET CLASS GROUPINGS

Government Bonds & LDI

- Manage unrewarded interest rate and inflation risk through efficient use of entire universe of hedging instruments.
- Examples: gilt portfolios, swap overlay strategies, LDI pooled funds.

Liquid Markets

- Highly marketable asset classes that generate returns through market risk premia.
- Examples: equities, commodities, liquid multi-asset strategies.

Liquid & Semi-Liquid Credit

- Steady income via regular coupon payments.
- Bulk of excess returns are compensation for credit risk.
- Examples: investment grade and high yield corporate bonds, "go-anywhere" credit.

Illiquid Credit

- Long-dated, hold-to-maturity instruments that pay an illiquidity premium.
- Potential for inflation-linked cashflows.
- Examples: infrastructure debt, secured leases, direct lending.

Illiquid Markets

- High potential returns but often difficult to access and relatively complex.
- Generally aim to take advantage of market dislocation and more exotic risk premia.
- Examples: private equity, property, infrastructure equity.

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2021 FINANCIAL NEWS **INVESTMENT CONSULTANT OF THE YEAR**

2017 EUROPEAN PENSIONS AWARDS **RISK MANAGEMENT FIRM OF THE YEAR**

2021 PIPA AWARDS **INVESTMENT CONSULTANT OF THE YEAR**

2017 FINANCIAL NEWS AWARDS FOR EXCELLENCE **INVESTMENT CONSULTANT OF THE YEAR**

2020 PROFESSIONAL PENSIONS UK PENSIONS AWARDS **DC INNOVATION OF THE YEAR**

2017 INVESTMENT WEEK WOMEN IN INVESTMENT AWARDS **YOUNG INVESTMENT WOMAN OF THE YEAR**

2018 CEO MONTHLY MAGAZINE **CEO OF THE YEAR: LONDON**

2016 LONDON STOCK EXCHANGE **1000 COMPANIES TO INSPIRE BRITAIN**

2017 PENSION INSIGHT DC AWARDS **BEST INNOVATION IN DC**

2016 EUROPEAN PENSIONS AWARDS **CONSULTANCY OF THE YEAR**

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MARKET UPDATE

Q3 2023

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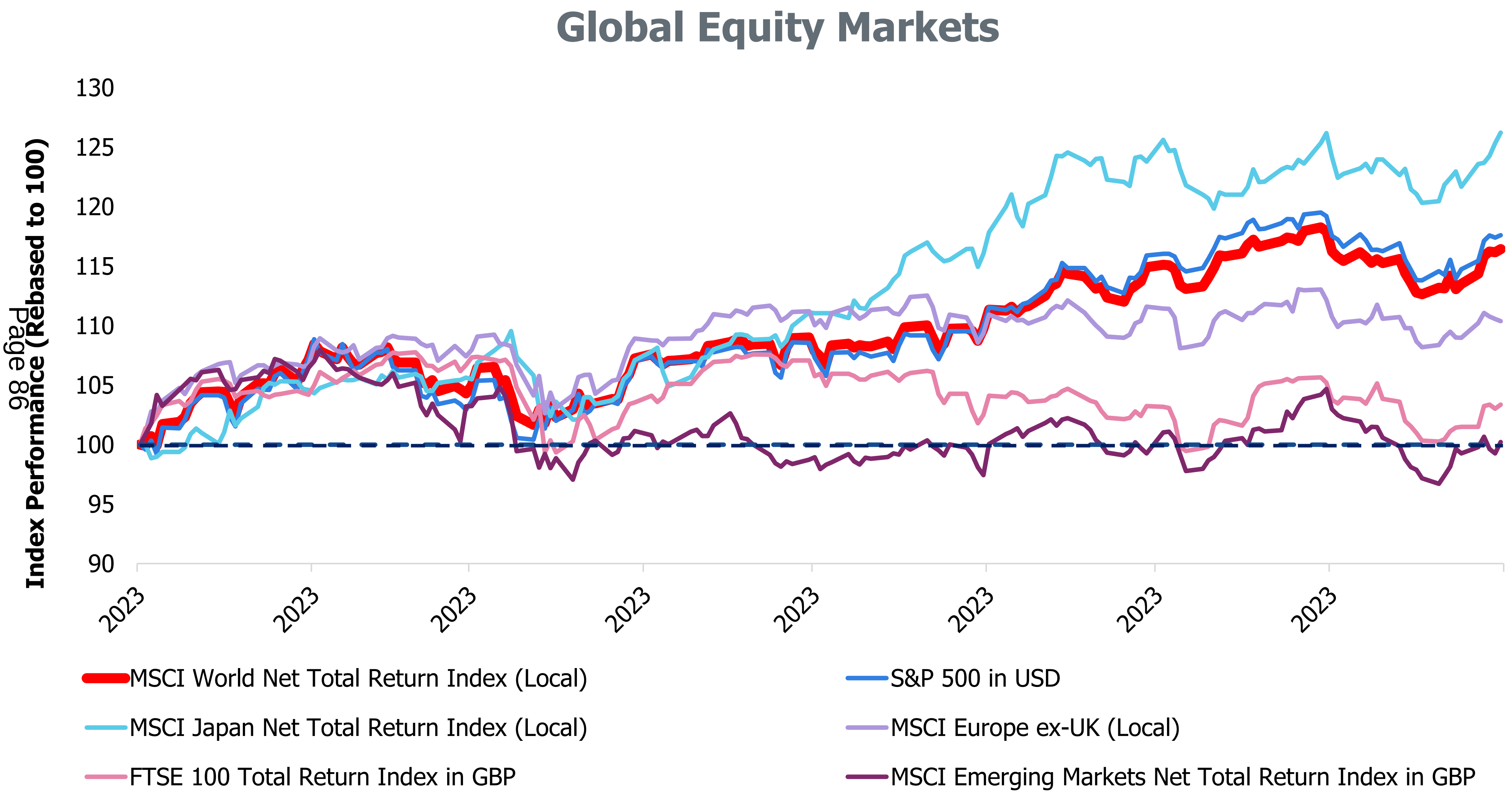
QAS Institute and Faculty of Actuaries ®
Quality Assurance Scheme

EQUITY MARKETS

A NEW BULL MARKET?

A STRONG YEAR FOR EQUITY MARKETS...



Sources: Bloomberg, ICE (to 1st September 2023)

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...LED BY ENTHUSIASM FOR AI

Past performance is not a guide to future performance and may not be repeated.
Super-7 portfolio is portfolio of seven largest companies in MSCI USA by free float market capitalisation. These are Apple, Microsoft, Alphabet (Google), Amazon, Nvidia, Tesla, Meta (Facebook). Ex Super-7 is a portfolio of the remaining constituents of MSCI ACWI. Data to 31 July 2023. Source: Refinitiv, Schroders. Please see relevant disclaimers on slide 40

Source: Schroders (to 31st July)

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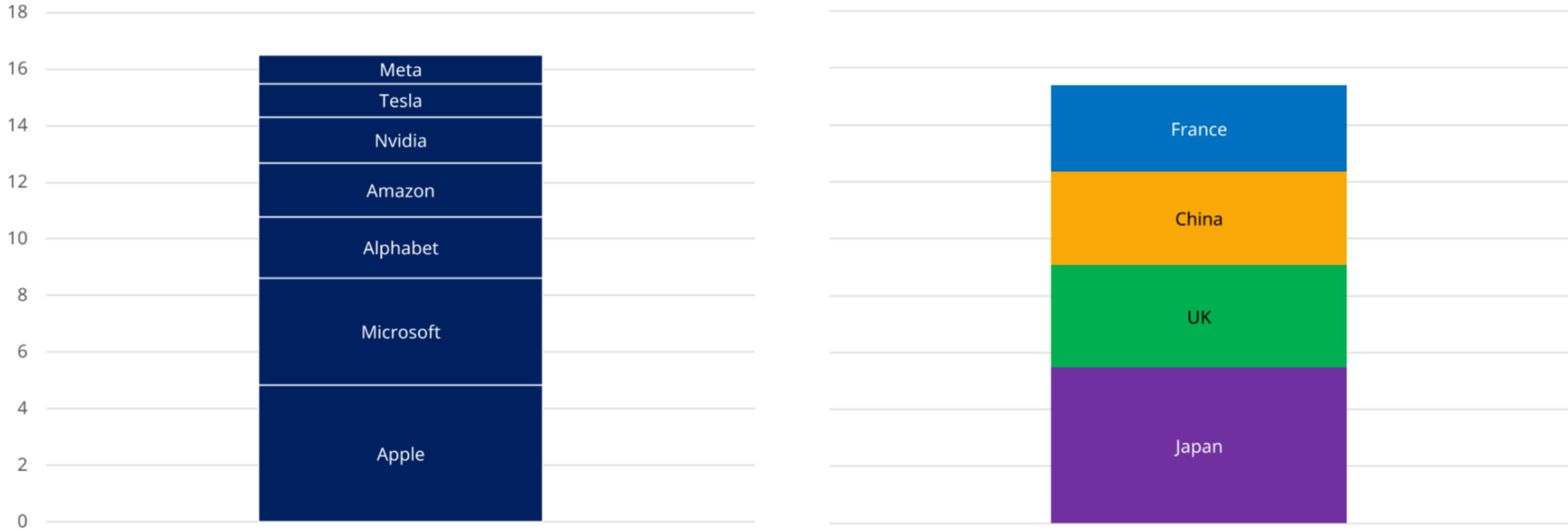
AN INCREASINGLY CONCENTRATED MARKET

The Super-7 US stocks now make up more of MSCI ACWI than Japan, UK, China and France combined

Weight in MSCI ACWI



Past performance is not a guide to future performance and may not be repeated.
Data as at 31 July 2023. Source: Refinitiv, Schroders. Please see relevant disclaimers on slide 40

Source: Schroders (to 31st July)

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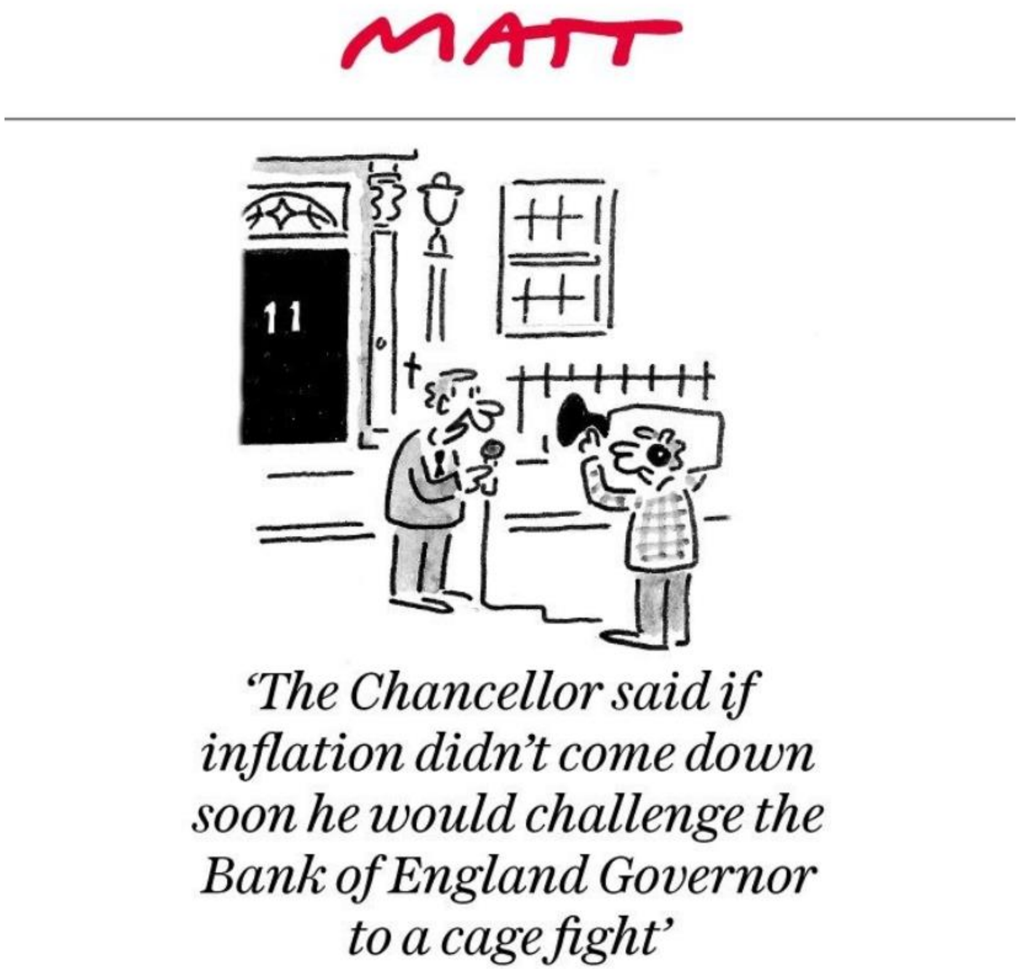
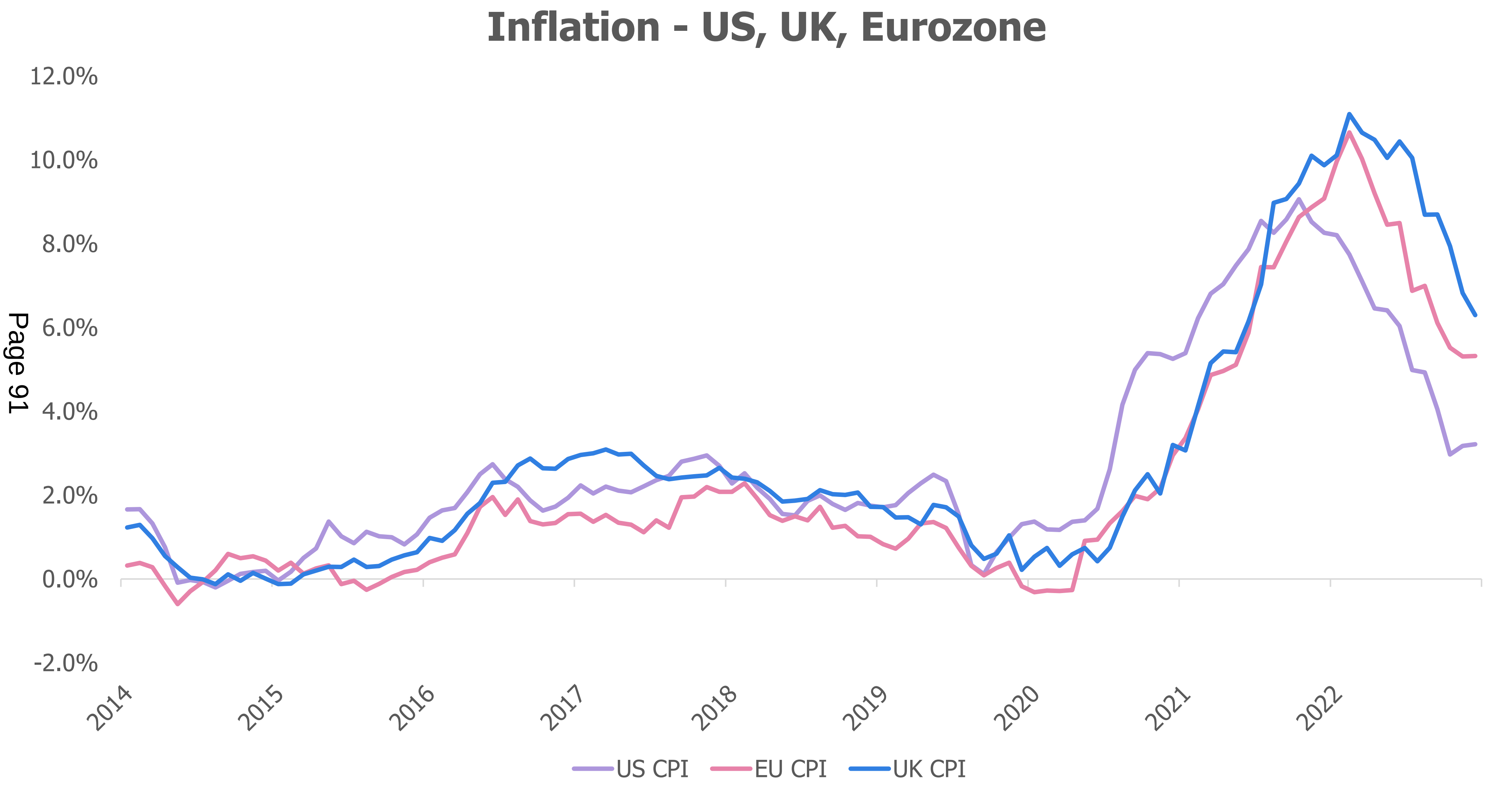
INFLATION AND INTEREST RATES

INFLATION CONTINUES TO DOMINATE THE HEADLINES



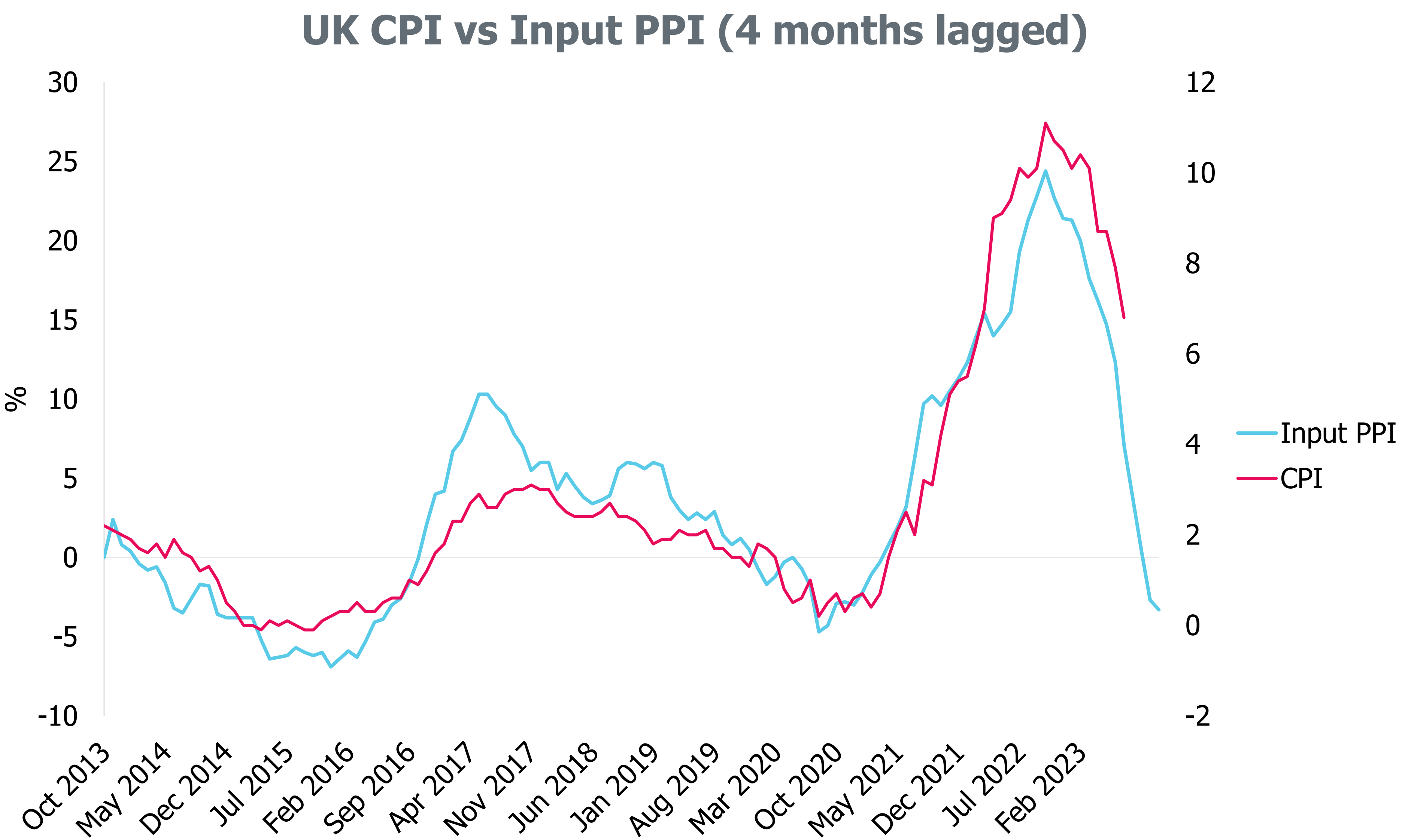
Source: Telegraph.co.uk

INFLATION CONTINUING TO EASE



Sources: Bloomberg, ICE (to 31st August 2023)

UK INFLATION – POSITIVE SIGNS…



Source: ONS (to 31 July 2023)

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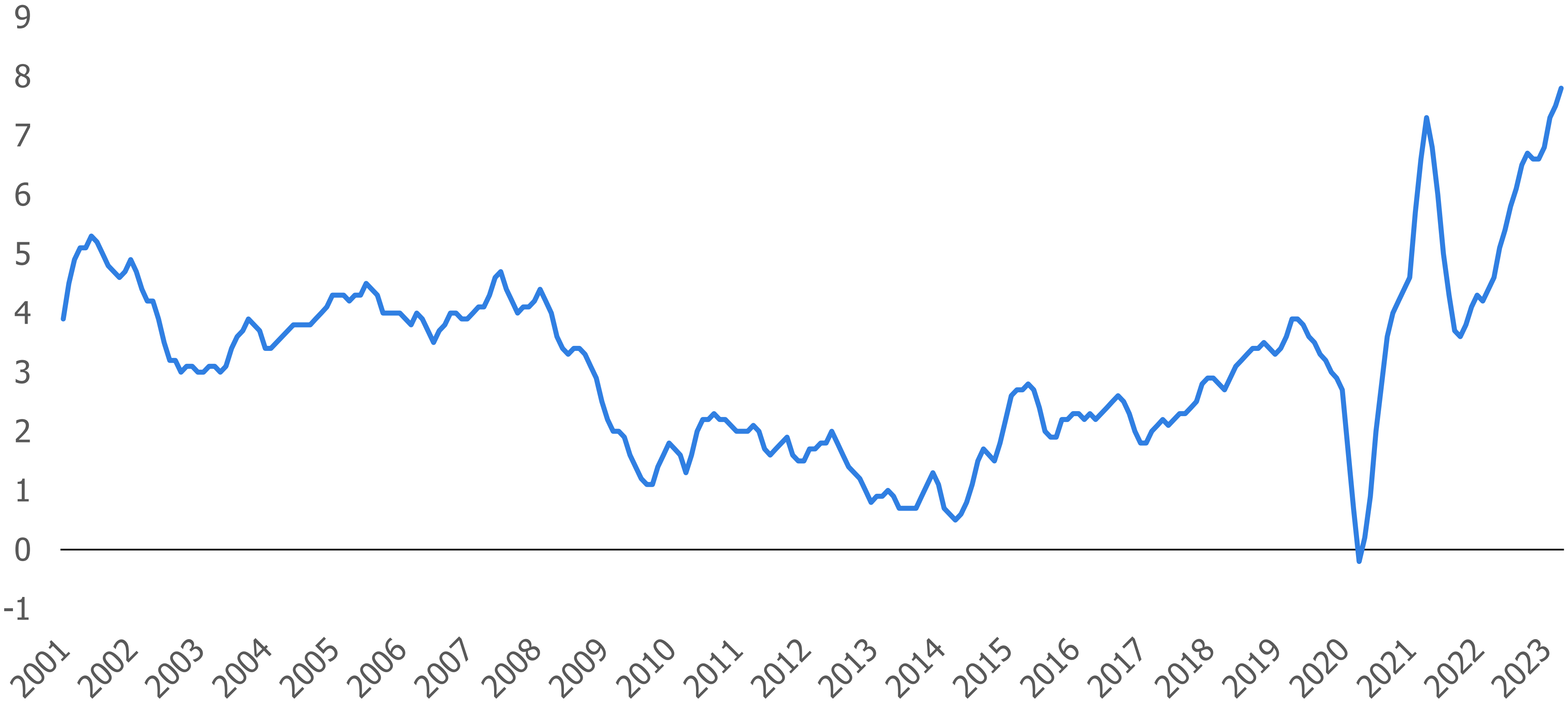
...BUT WAGE GROWTH REMAINS A CONCERN

Regular Pay (% Growth)



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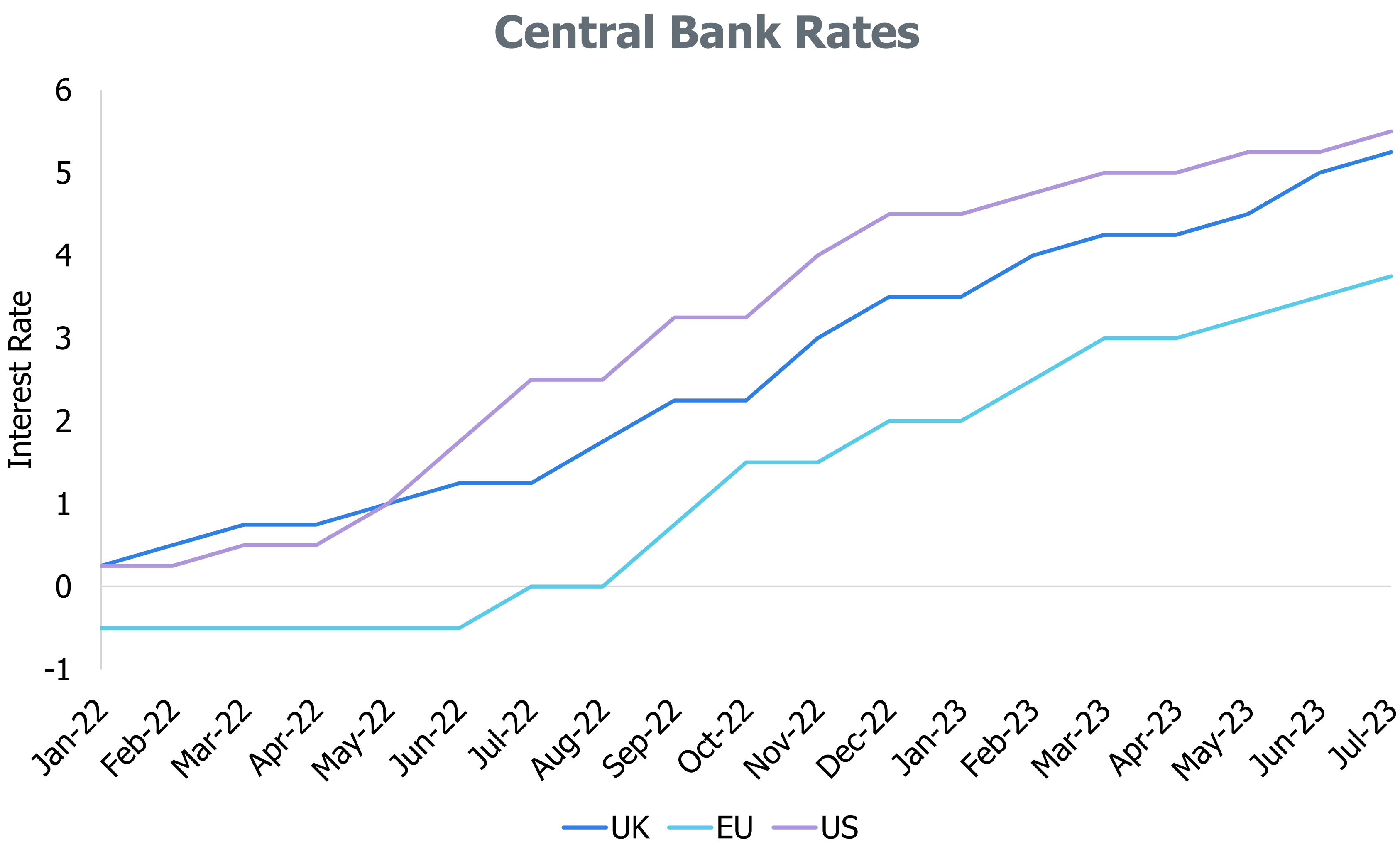
Source: ONS

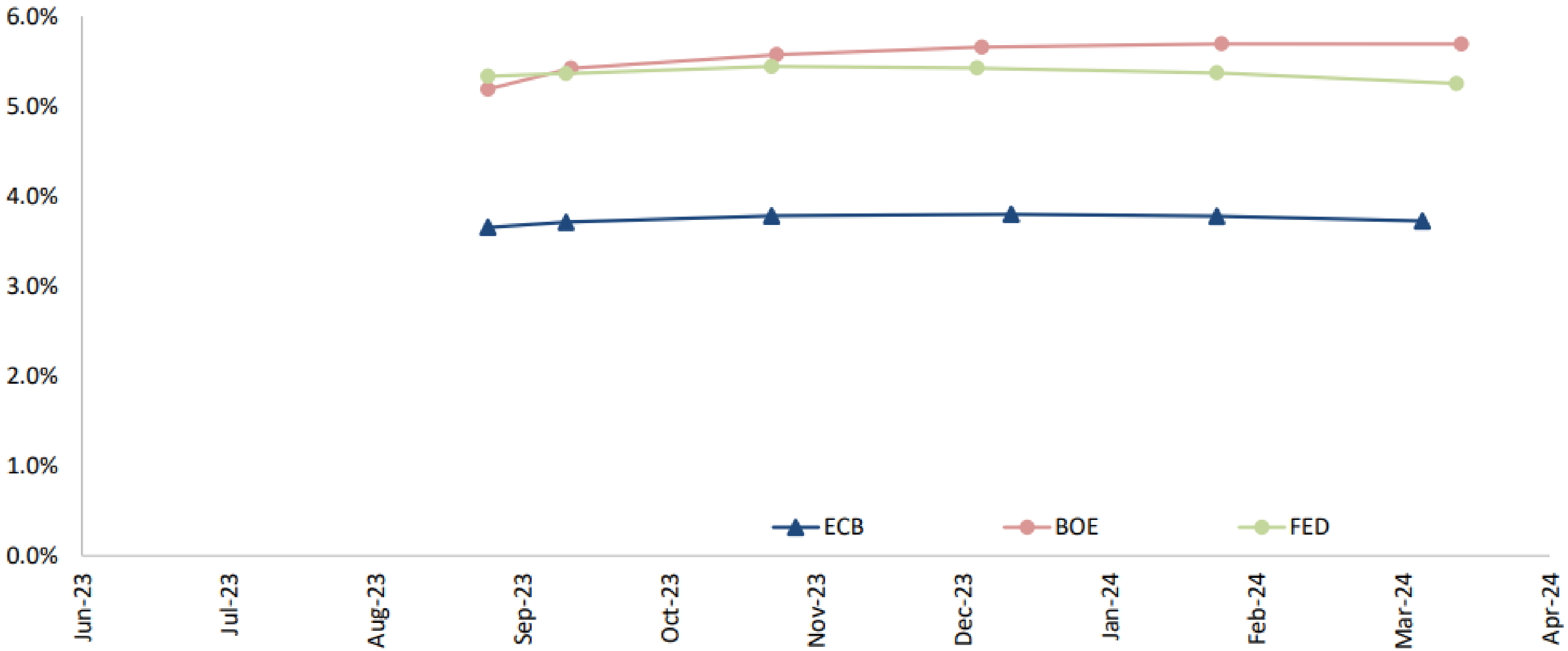
CENTRAL BANK TIGHTENING COMING TO AN END...



Source: ECB, BoE, Fed (data as at 1st September 2023)

...BUT TIGHTER FOR LONGER IN THE UK

Fig 7. BoE, Fed and ECB implied base rate



Source: Citi

As at 1st September 2023

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THE US ECONOMY – SOFT LANDING?

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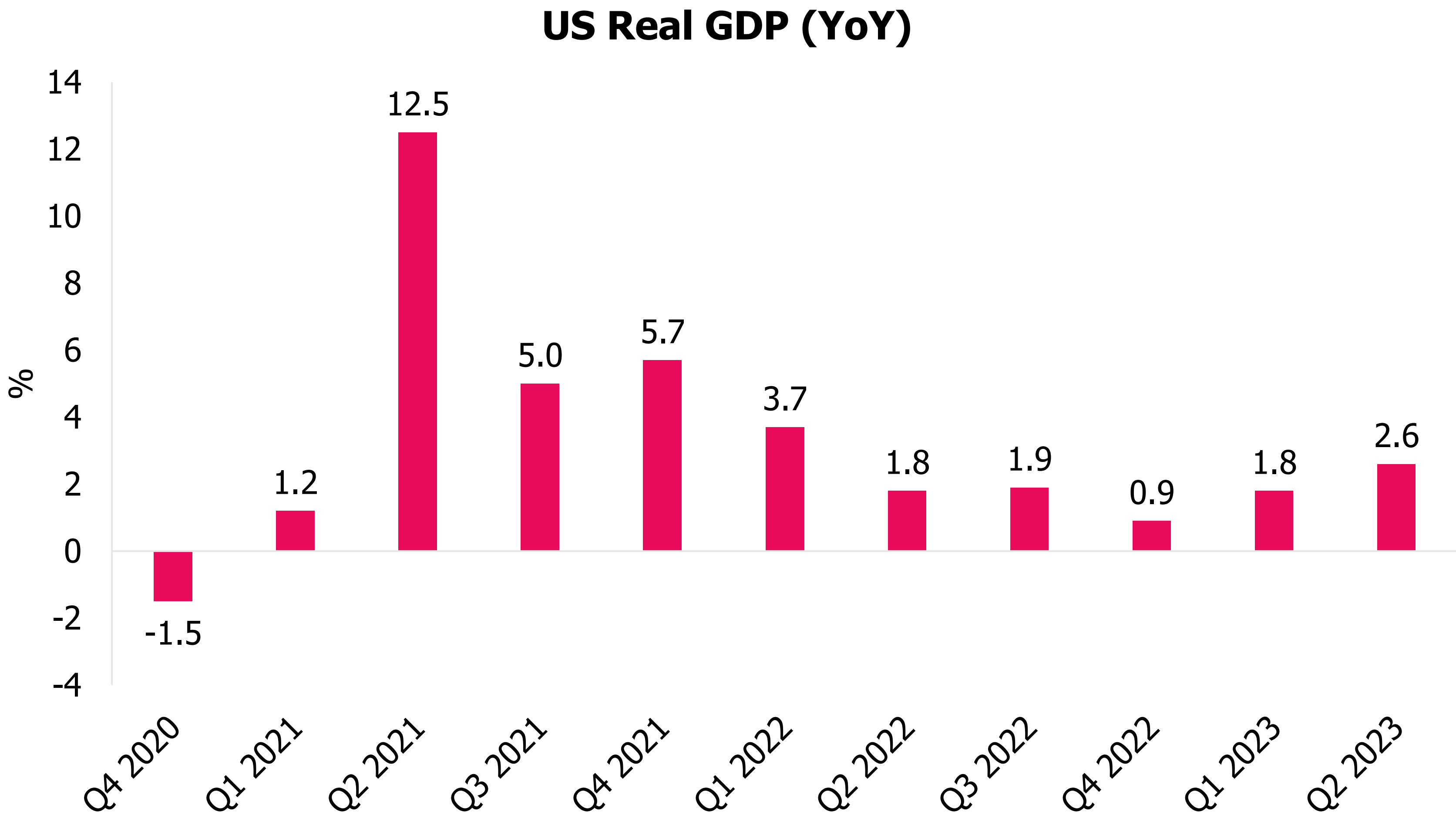
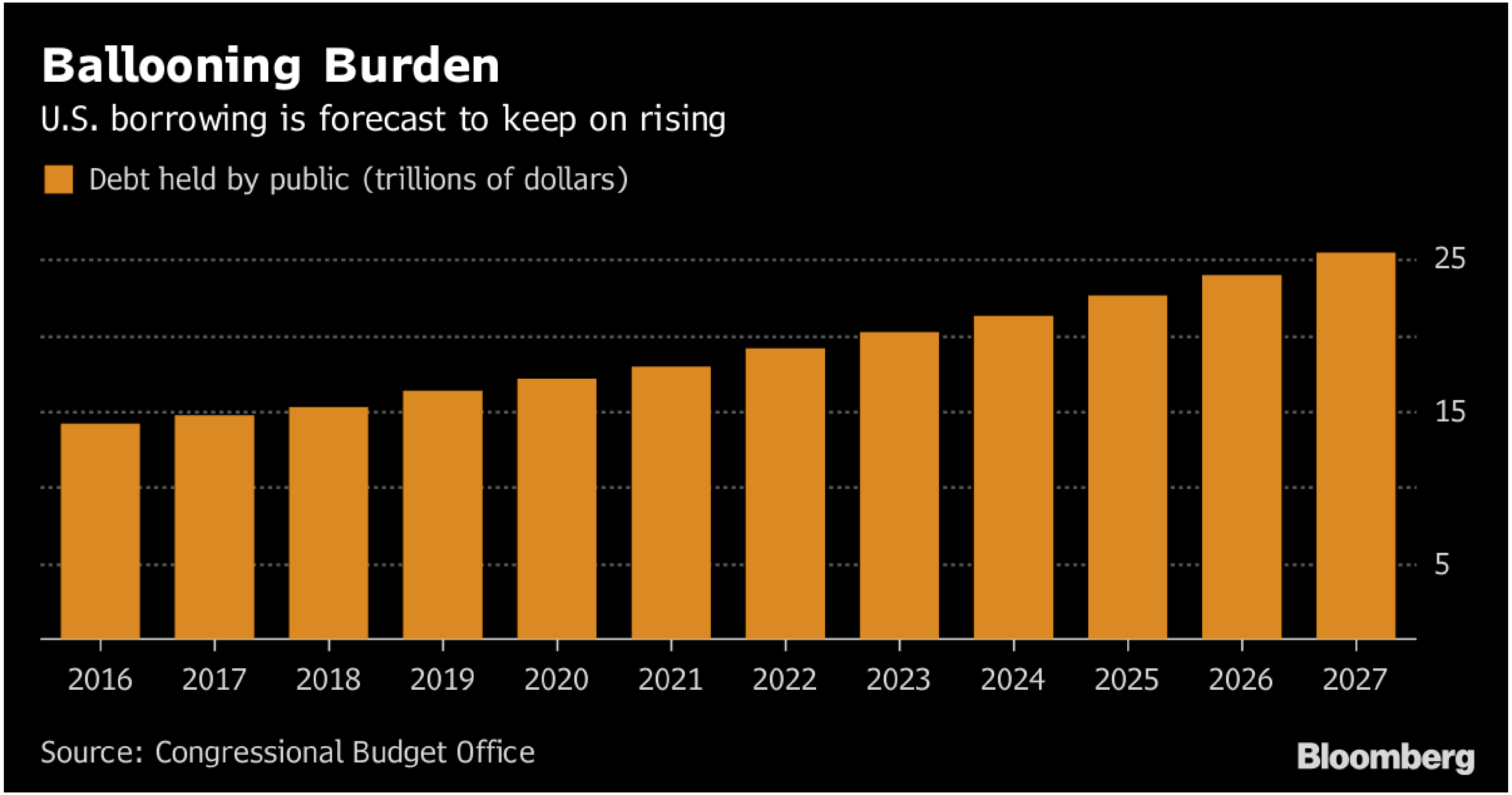
US ECONOMY REMAINING RESILIENT…



Source: St Louis Fed

ROOM FOR FURTHER FISCAL STIMULUS LIMITED



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US LEAVING THE TRIPLE A CLUB

Global Credit Ratings

	Fitch	Standard & Poors	Moody's
Germany	AAA	AAA	Aaa
Denmark	AAA	AAA	Aaa
Netherlands	AAA	AAA	Aaa
Sweden	AAA	AAA	Aaa
Norway	AAA	AAA	Aaa
Switzerland	AAA	AAA	Aaa
Luxembourg	AAA	AAA	Aaa
Singapore	AAA	AAA	Aaa
Australia	AAA	AAA	Aaa
US	**AA+**	**AA+**	**Aaa**

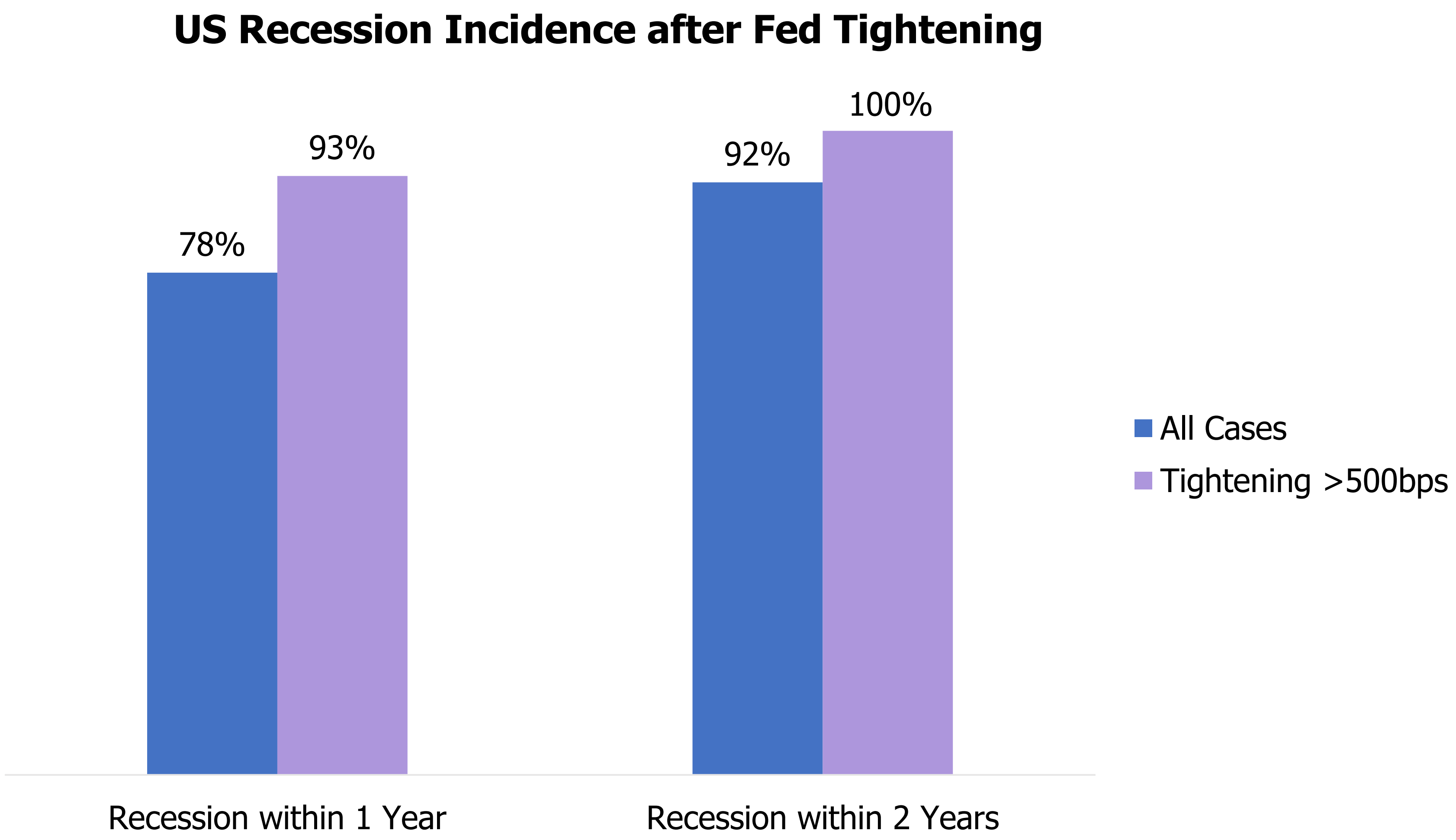
Source: Bloomberg
Note: Local currency long-term rating

Bloomberg

Microsoft

Johnson & Johnson

RECESSION AVOIDED OR DELAYED?



Source: Bridgewater

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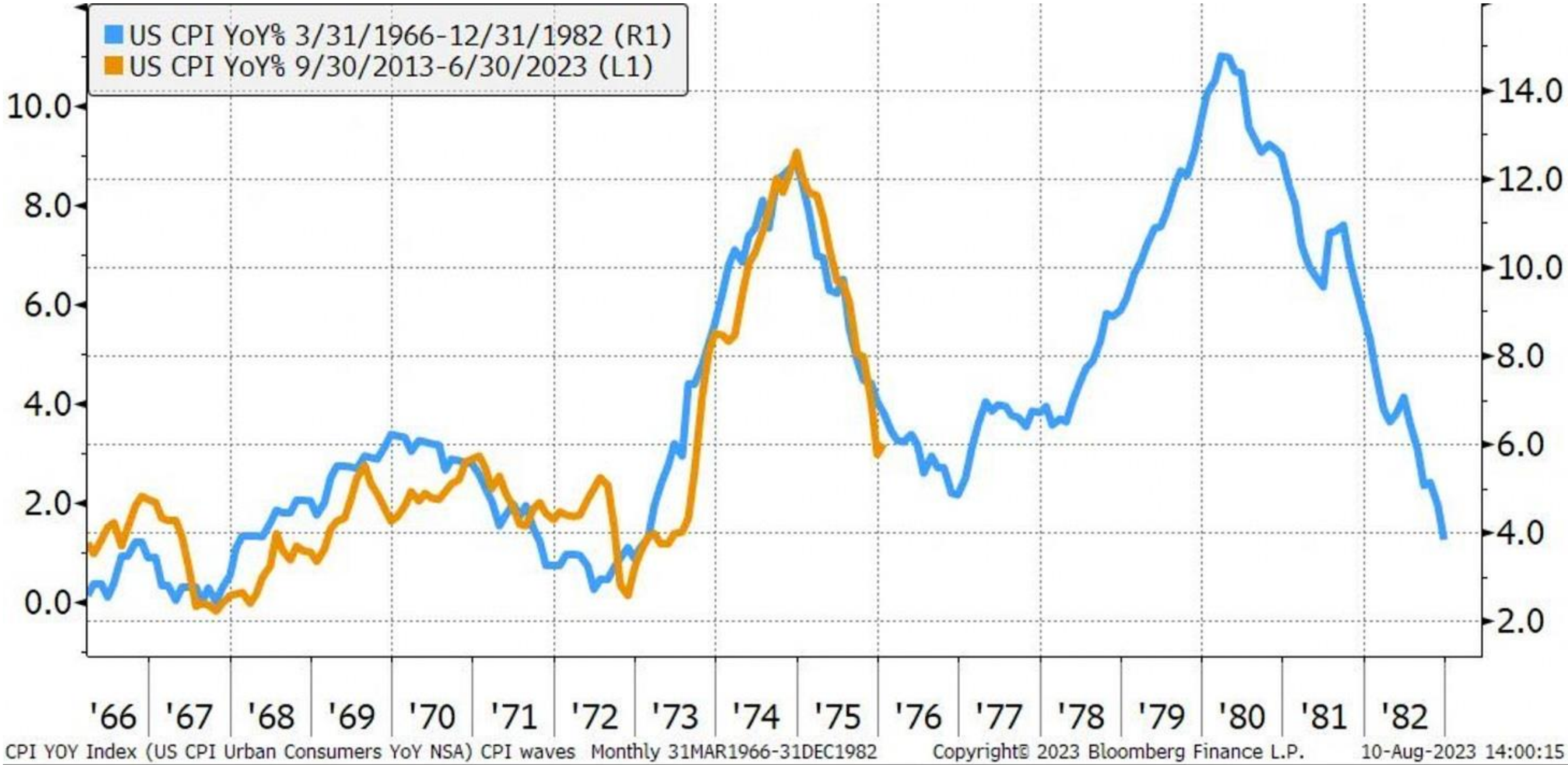
FED REMAINS CONCERNED ABOUT A SECOND PEAK



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FIXED INCOME MARKETS

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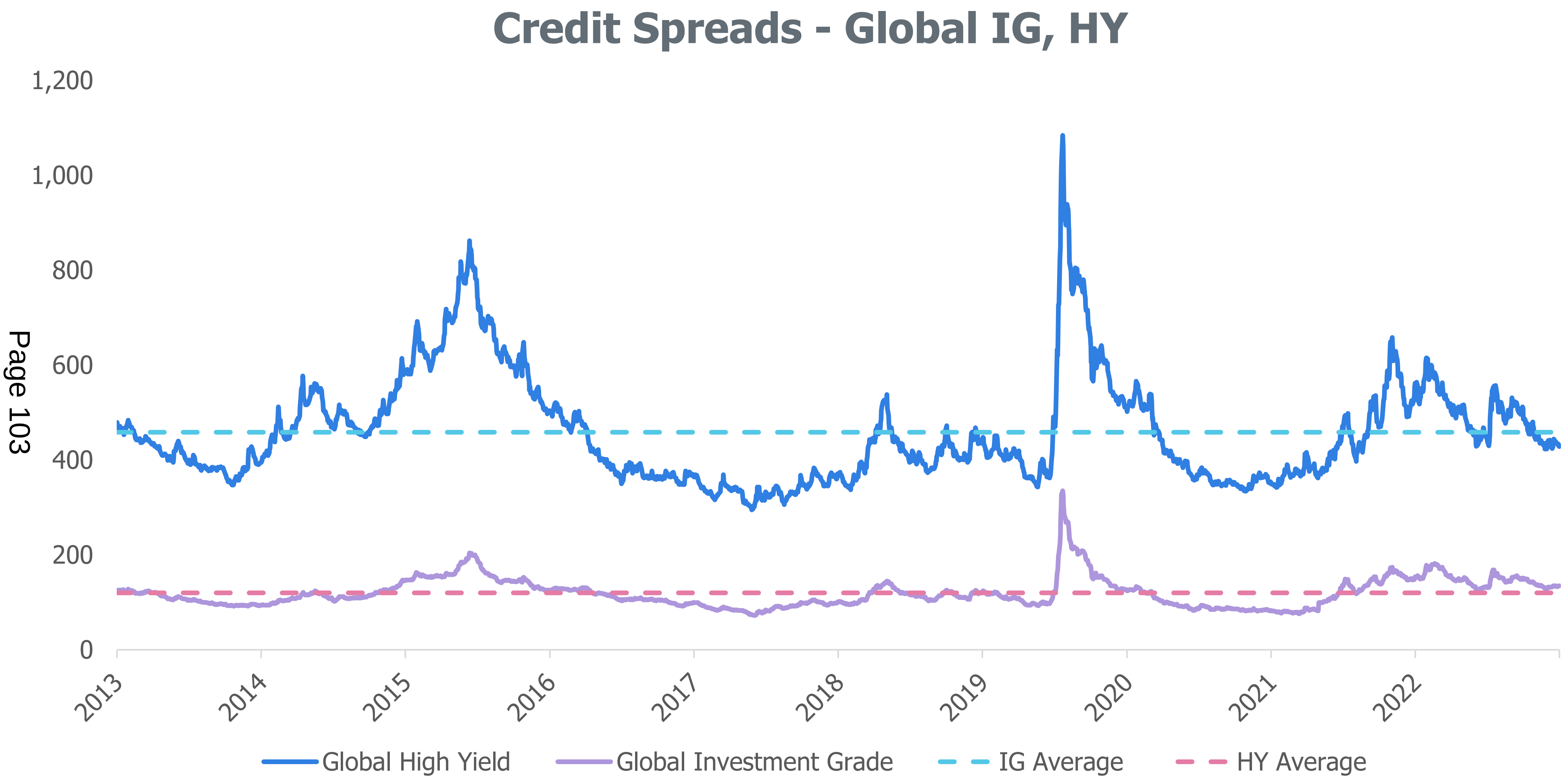
CREDIT SPREADS CLOSE TO LONG TERM AVERAGES



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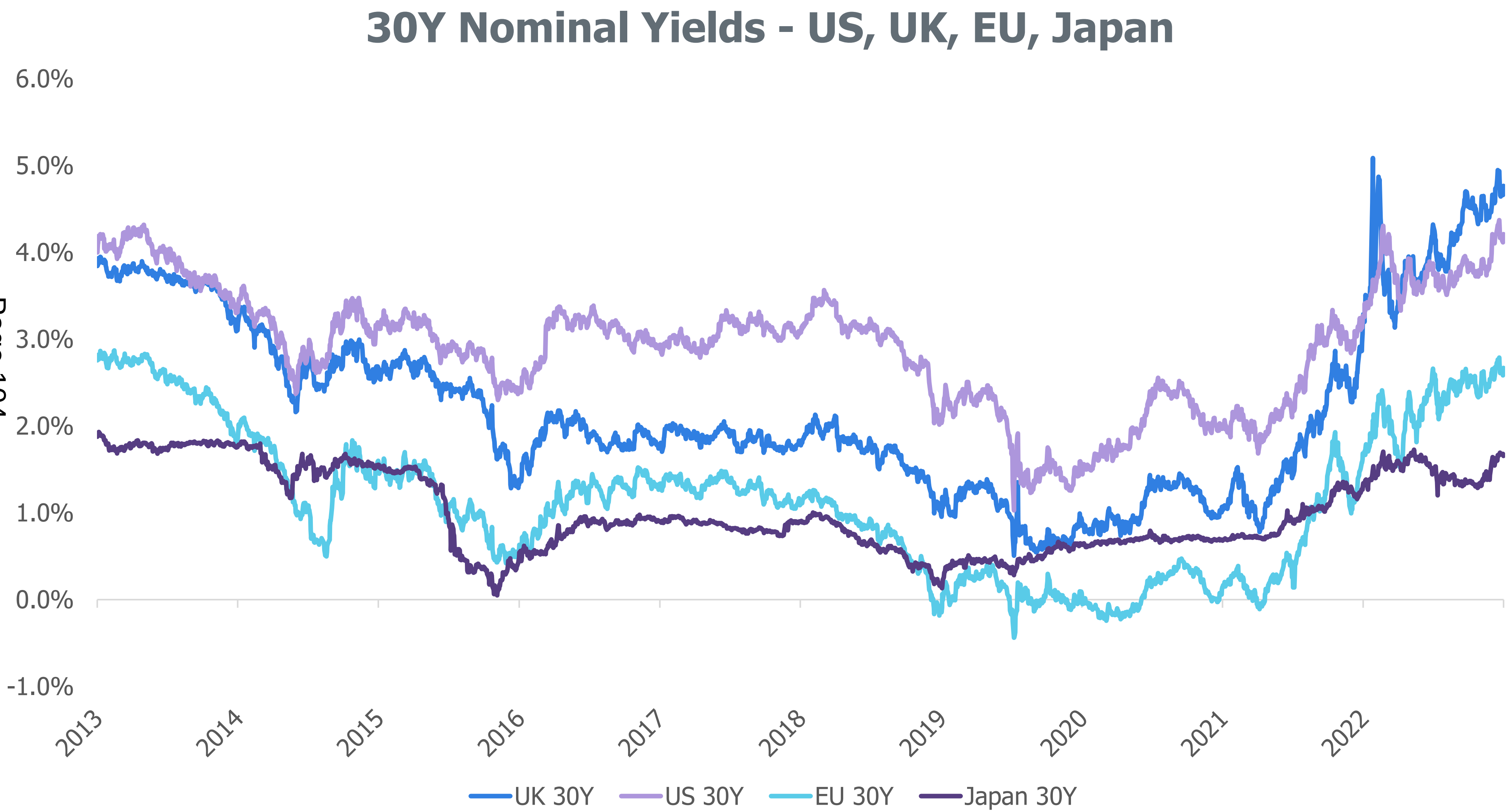
Source: ICE/BofA (to 1st September 2023)

GOVERNMENT BOND YIELDS RESUME THEIR UPWARD TREND



Source: Bloomberg (to 1st September 2023)

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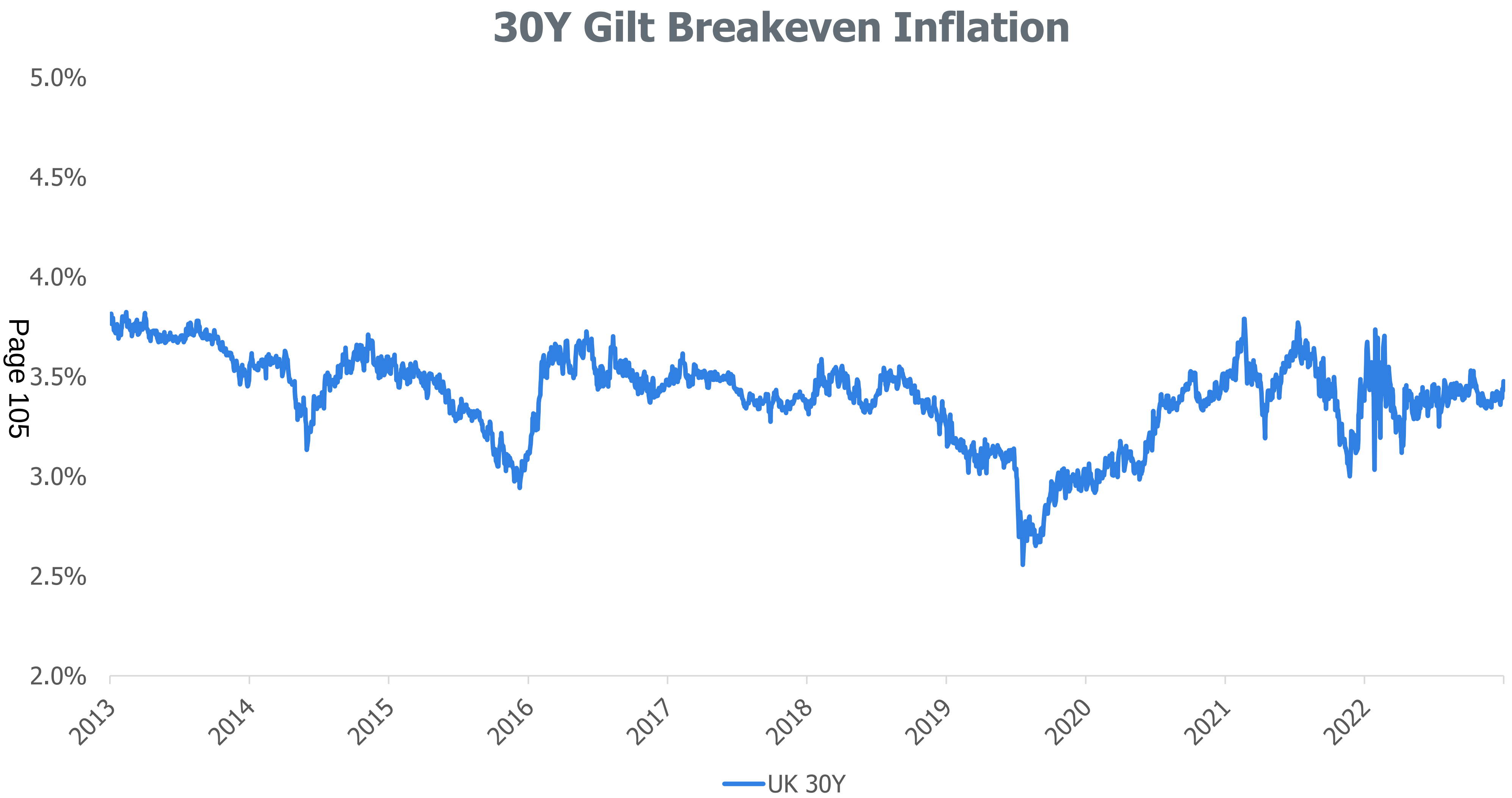
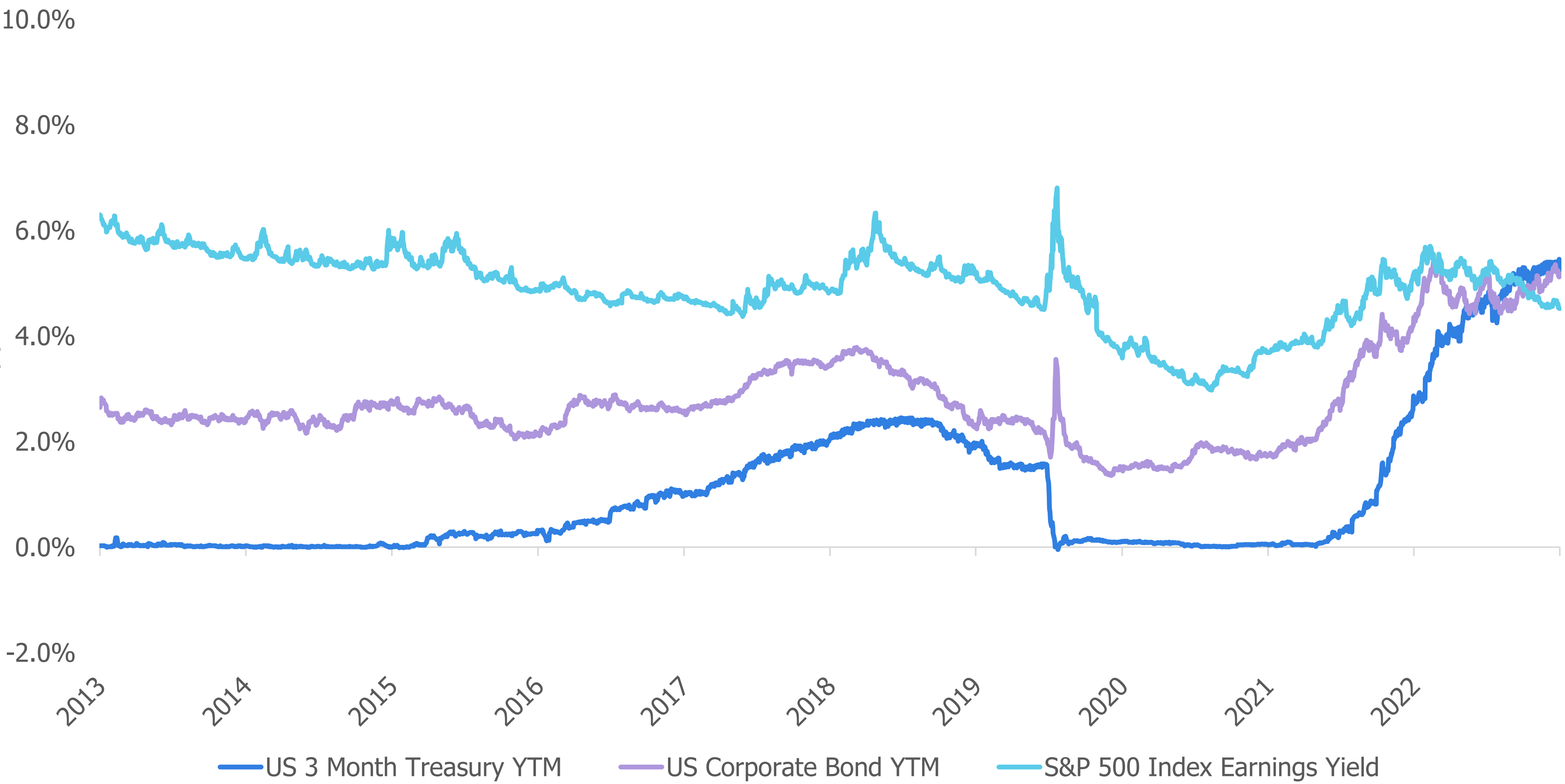
LONG-TERM INFLATION EXPECTATIONS REMAIN ANCHORED



Source: Bloomberg (to 1st September 2023)

CASH IS NO LONGER TRASH

Yields on US Cash, Bonds, Equities



Source: Bloomberg (to INSERT DATE)

KEY TAKEAWAYS

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KEY TAKEAWAYS

- Equities have had a strong run in 2023 but gains have been narrow – is AI-led boom sustainable?
- Sharp falls in inflation and resilient US consumer have raised hopes that Fed can engineer a rare soft landing.
- More mixed outlook in other major economies with both recession and "sticky" inflation remaining concerns.
- Relatively attractive returns on cash could be a headwind for both equities and bonds -> diversification remains key.

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2021 FINANCIAL NEWS **INVESTMENT CONSULTANT OF THE YEAR**

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REDINGTON

Hackney

RESPONSIBLE INVESTMENT SURVEY AND NEXT STEPS

September 2023

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HACKNEY'S RESPONSIBLE INVESTMENT JOURNEY - QUICK RECAP

Recent Milestones in Hackney's Responsible Investment Journey	
Net Zero Target Setting	2040 Net Zero with 2030 Interim Targets
Strategic Allocation to Nature Based Solutions	5% Allocation to Nature Based Solutions in addition to 5% allocation to renewable infrastructure
Next Steps – Stewardship	
Strategy Survey – January 2023	Broad agreement engagement is a more powerful tool than divestment (see chart)
Focused Responsible Investment Survey – August 2023	Detailed survey to capture Committee views on stewardship and wider responsible investment principles – currently being collated to be presented to Committee in September
Responsible Investment Working Group	To support development of responsible investment policy and stewardship programme
Stewardship Code Submission – April 2024	Application to Financial Reporting Council in support of Hackney Pension Fund Compliance to the Stewardship Code 2020
Ongoing monitoring and reporting of the Fund's stewardship activities and progress towards climate targets	Quarterly responsible investment reporting to Pensions Committee demonstrating ongoing commitment to best practice in responsible inveseting

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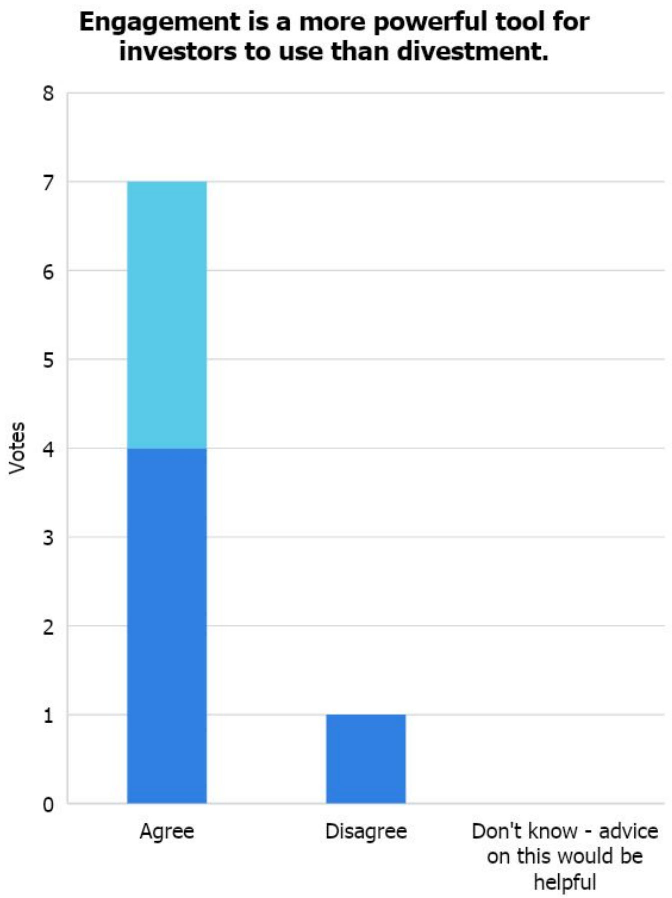
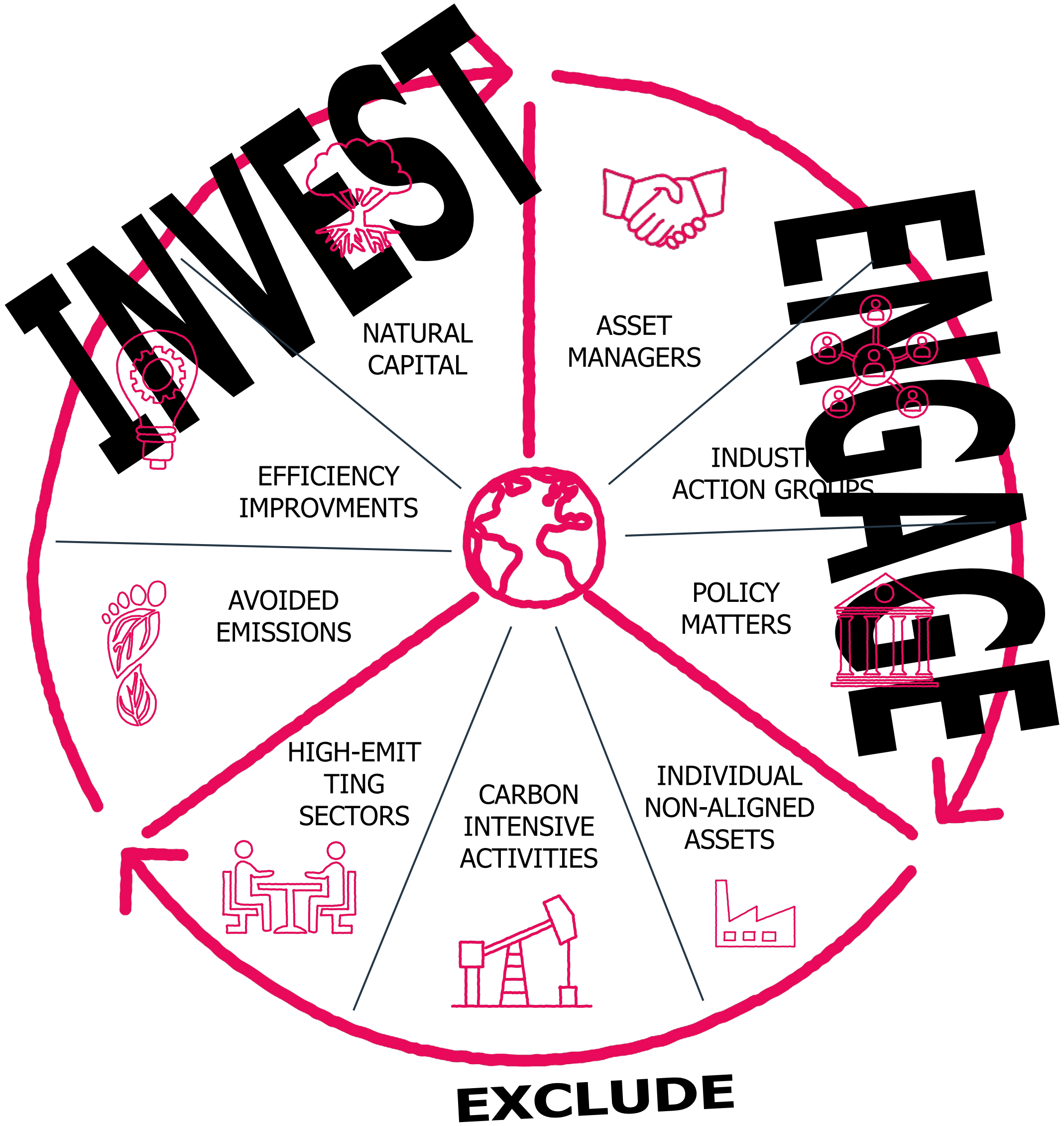


REMINDER OF THE LEVERS YOU CAN PULL



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RESPONSIBLE INVESTMENT SURVEY

Survey results currently being collated – to be presented to the Committee at meeting 20 September 2023

Key areas of the survey:

- High level overview of Environmental, Social, Governance (ESG) beliefs
- Integration of ESG factors into investment decision making
- Engagement themes for the Fund
- Exclusion – where might it be appropriate and timeframe
- Climate Change
- Social Factor
- Resourcing ESG at the Fund
- Pooling

RESPONSIBLE INVESTMENT WORKING GROUP

Responsible Investment Working Group
Role: To increase its capacity for the consideration of responsible investment issues, the London Borough of Hackney has created a responsible investment working group. The group comprises a subset of the Pension Fund Committee Members, Officers and the Fund's Investment Adviser. The Group will consider responsible investment issues and take forward development work in relation to the Fund's responsible investment policy, climate change and stewardship activities and will make recommendations to the Committee.
Terms of Reference: **i.** Oversee the development of and make recommendations to the Pensions Committee regarding the Fund's ESG strategy; **ii.** To review and consider any changes to the Fund's responsible investment policy and make recommendations to Pensions Committee **iii.** To monitor progress on the Fund's climate targets and initiatives and to report to the Committee on progress; **iv.** To consider and develop the Fund's reporting in respect of the Taskforce for Climate related Financial Disclosure (TCFD); **v.** To support the Fund's stewardship and engagement activities including the Fund's compliance with the UK's Stewardship Code 2020; **vi.** To monitor regulatory and wider developments in the Environmental, Social and Governance arena and consider the implications for the Fund and any actions required.

RECAP - INDICATIVE TIMELINE FOR LB HACKNEY PENSION FUND STEWARDSHIP CODE SUBMISSION

Activity	Suggested Timing
Focused Responsible Investment Survey to identify and capture Fund's responsible investment beliefs and develop key engagement themes	August 2023
Feedback from survey; consideration of Stewardship Code requirements; and workstreams for Responsible Investment Working Group (RIWG) – September Pensions Committee	20 September 2023
Identifying gap analysis of Stewardship Code requirements; establishment of an engagement framework and regular stewardship reporting to Pensions Committee; consideration of enhancements to current approach	September – November 2023
Proposals to meet the Stewardship Code reporting requirements with ongoing monitoring to be approved by Pensions Committee	28 November 2023
Capturing current stewardship work, drafting Stewardship Code submission	November 2023 – February 2024
Draft Stewardship Code for approval by Pensions Committee	26 March 2024
Stewardship Code reporting and application	April 2024
FRC notification of acceptance of submission or rationale for rejection	Late summer 2024
Ongoing stewardship activities reported to Pensions Committee quarterly	2024/2025
Annual review and approval of Stewardship Code submission by Pensions Committee to maintain signatory status	April 2025 and annually thereafter

APPENDIX

STEWARDSHIP CODE – PRINCIPLES

The principles provide a helpful guide for adopting effective stewardship practices. We split the twelve principles into three groups below:

1. **Policy foundations** – ensuring the right policies and governance processes are in place to facilitate good stewardship – **'WHO?'**;
2. **Integration** – integrating stewardship policies into the investment process, including regular assessment of asset managers/service providers – **'HOW?'**;
3. **Engagement delivery**– how engagement is put into practice, and the resultant change that has been achieved – **'WHAT?'**.

		Substantive requirements
1	**Purpose, beliefs, strategy and culture enable stewardship**	More depth of cultural expectation, requires detail of investment beliefs
2	**Governance, resources and incentives support stewardship**	Senior management buy-in, link of governance and process with effective stewardship, details of resourcing and structure
3	**Conflicts: policy and application to stewardship**	Disclosure of instances of actual or potential conflict, stewardship-specific
5	**Regulatory review policies and assess effectiveness**	Extends need for self-review and assessment; reporting to be fair, balances and understandable
6	**Take account of client/beneficiary needs, communicate activities and outcomes**	Required to specify time-horizon for investment approach; greater focus on outcomes
7	**Stewarship integrated into investment decisions**	Details of integration approach and resources; refers to climate change; disclose differences between funds, asset classes, geographies
8	**Monitor service providers**	How quality of service providers is regularly assessed; better delivery sought over time
9	**Engagement**	Disclose how engagements are prioritised, outline precise objectives of engagement, outcomes
10	**Collaborative engagement**	Disclose method(s) of collaboration, examples of collective engagement, outcomes
11	**Escalation**	Disclose how engagements are prioritised, outline precise objectives of engagement, outcomes
12	**Exercise rights (voting)**	Voting and use of proxy advisers, including monitoring and oversight
4	**Respond to market-wide and systemic risk, promote positive system**	Identify and respond to market and systemic risk; how worked with other investors or industry initiatves to address; how aligned investments

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Quarterly Engagement Report

April-June 2023

Local Authority Pension Fund Forum

AGM Season, LAPFF Brazil Visit Report, Climate Voting Alerts, BP, Shell

UPDATES

AGM Season

LAPFF is always busy during AGM season, and this year was no different. In addition to attending six AGMs (including the US-based Home Depot's meeting) this quarter, LAPFF drafted a record number of voting alerts. These alerts showcased LAPFF's climate voting alert initiative, for which voting alerts were issued on over 50 climate-related shareholder resolutions.

LAPFF also issued 55 voting recommendations for environmental, social and governance (ESG) resolutions at mining companies and technology companies. These recommendations were prompted by another round of shareholder resolutions at US technology companies covering a range of ESG issues. Notably, Amazon faced 16 resolutions this year, with Alphabet and Meta Platforms each facing 10 and 11 respectively. A couple of LAPFF members even co-filed resolutions on freedom of association and collective bargaining.

LAPFF issued a voting alert for Starbucks this year in support of a shareholder resolution calling for the company to uphold better practices on freedom of association and collective bargaining. This resolution was supported by a whopping 52 percent of the shareholder vote. There were a number of shareholder resolutions on this topic at US AGMs this year, and LAPFF anticipates more during the 2024 season.

Oil and gas companies and banks were a further area of focus for LAPFF this AGM season. LAPFF supported the Follow This resolutions at BP and Shell. The resolution received nearly 15 percent support at BP and over 20 percent support at Shell. LAPFF also raised concerns about HSBC's approach to human rights and engaged extensively with Barclays.

Drax's rhetoric and practices on climate have been a particular concern for LAPFF over the last few years. Consequently, LAPFF Vice Chair, Cllr Rob Chapman, attended the Drax AGM on the back of a LAPFF voting alert that raised significant concerns about the company's climate practices and reporting in this area.

It is interesting to note that while many ESG resolutions, and in particular socially oriented resolutions, gained traction this year, the so-called 'anti-ESG' resolutions aimed at questioning the value of ESG issues in relation to financial performance, appeared to lose ground. LAPFF will continue to issue voting alerts throughout the year as appropriate.

LAPFF Report on Visit to Brazil

As reported previously, LAPFF Chair, Cllr Doug McMurdo, visited communities devastated by the Mariana tailings dam collapse of 5 November 2015 and the Brumadinho tailings dam collapse of 25 January 2019 during the summer of 2022. The Mariana dam is owned by Samarco, which is a joint venture between BHP and Vale. The Brumadinho dam is wholly owned by Vale. LAPFF also visited Conceição do Mato Dentro to see Anglo American's Minas Rio tailings dam, which has not collapsed but about which surrounding community members have concerns.

The report of LAPFF's findings from this visit has now been made public. A related video is also available.

The report flags a host of human rights and environmental concerns that have yet to be addressed in the wake of the Mariana and Brumadinho disasters. Apart from issues related to housing, health, and livelihoods, the impact on cultural rights was a prominent problem for affected community members to whom LAPFF spoke throughout the visit. Among the range of environmental impacts noted in conversations with affected community representatives, severe concerns about water quality and availability arose consistently. There were underlying concerns about the companies' failure to engage meaningfully and effectively with all communities affected by all three of the companies' mining operations.

Cllr McMurdo also met with company

"I knew the visit would be difficult, but I wasn't prepared for the scale of devastation I saw nearly seven years on from the Mariana collapse and three and a half years on from the Brumadinho collapse. Seeing it with my own eyes was a wake up call – investors must do more! It was truly heartbreaking. My main concerns were the issues around water quality and availability and the apparent lack of communication between the companies and the communities. I can't see how there can be meaningful progress until this communication gap is rectified, but it is a tall order. I am also now more convinced than ever that this is an issue of financial materiality."

LAPFF Chair, Cllr Doug McMurdo

VOTING ALERTS

representatives and Brazilian investors during his visit. Vale Chair, José Penido, spent two days showing Cllr McMurdo two resettlement areas in Mariana and the site of the dam collapse at Brumadinho. Cllr McMurdo met with staff at Samarco to understand better how the collapse had happened and measures the company is taking to rectify the problems. JGP Asset Management then organised a meeting of LAPFF, Brazilian investors, and Vale to discuss a sustainable way to rectify the outstanding reparations work. BHP declined to make a representative available to meet with LAPFF in Brazil.

It was clear to LAPFF from these meetings that the companies need to do a better job of communicating to both communities and investors the steps they are taking to address human rights and environmental concerns.

CLIMATE VOTING ALERTS

Objective: Due to the scale of the investment risks and as part of a continued focus on mitigating climate risks, LAPFF has been issuing a series of dedicated climate change voting alerts. These alerts recommend voting positions on climate-related shareholder resolutions with the aim of ensuring companies properly address the climate risks they face. The alerts covered companies in different sectors and centred on climate topics that LAPFF engages on, including transition plans, adequate targets, lobbying, and a just transition.

Achieved: Over the quarter, LAPFF issued climate alerts covering over 50 resolutions with half receiving the backing of 20 percent or more shareholder votes. The scale of support highlights the support for climate action among responsible investors and delivered a strong message to companies on the need for credible climate action policies and plans.

Resolutions focused on climate transition plans did well. Almost half (48 percent) of shareholder votes backed a resolution at Quest Diagnostics and over a third at Raytheon Technologies (37 percent), and JPMorgan Chase (35 percent). Similar resolutions received significant support at Lockheed Martin (33 percent), Wells Fargo (31 percent), Mosaic Company (30 percent) and Bank of America (28 percent).

Several resolutions focused on emission targets, including targets that cover all emission scopes, absolute emission reductions targets and Paris aligned targets. There were significant votes on the issue at Public Storage (35 percent), Valero Energy (32 percent), Chubb Limited (29 percent), TotalEnergies (29 percent) and Berkshire Hathaway (23 percent).

Shareholder requests for reports into alignment of direct and indirect lobbying activity with climate goals gained significant backing by shareholders. Cenovus board supported the shareholder proposal which received backing of 99 percent of shareholder votes. Lobbying resolutions were also strongly supported in spite of board opposition at Paccar (46 percent), Coterra Energy (37 percent), Wells Fargo (32 percent) and Amazon (24 percent).

This year also saw shareholder resolutions on just transition reporting, a topic which LAPFF has focused on over the past few years. The just transition resolution at BorgWarner received 31 percent of shareholder votes, 27 percent at Amazon and 16 percent at Marathon Petroleum.

In Progress: LAPFF will continue to issue climate voting alerts to support resolutions aligned with LAPFF engagement objectives. LAPFF also intends to follow up with the companies where there were significant votes in favour of shareholder resolutions to understand how the board intends to respond.

MINING VOTING ALERTS

Objective: LAPFF issued voting alerts this quarter for Rio Tinto, Anglo American, Glencore, and Vale. The aim of these voting alerts was to draw attention to both the companies and investors that there is still significant work to do on both human rights and decarbonisation in respect of creating shareholder value for investors.

Achieved: Three of the resolutions for which LAPFF recommended oppose votes at Rio Tinto were related to executive remuneration and the re-election of the sustainability committee chair. These resolutions received the highest number of oppose votes from voting shareholders. The sustainability committee chair is scheduled to step down later in the year because she reached her nine-year limit on the board. However, LAPFF has opposed her re-election since 2021 because she has been in this role since before the company's destruction of Juukan Gorge in 2020. LAPFF also recommended opposing Anglo American's remuneration implementation and policy reports, which received oppose votes at the AGM of over five and four percent respectively.

In addition to issuing voting alerts for Rio Tinto and Anglo American, LAPFF attended the AGMs of these two companies. As with the Rio Tinto sustainability committee chair, the Anglo American sustainability committee chair received a high oppose vote (over six percent). However, unlike his Rio Tinto counterpart, he was not present at the AGM. The Anglo American chair also received an oppose vote of over three percent. LAPFF was quite surprised and disappointed when he requested that people asking questions at the meeting do so only in English, especially given that a number of affected community members had travelled from South America to attend the AGM and ask questions.

The Vale and Glencore AGMs were in Brazil and Switzerland, respectively, so LAPFF was not able to attend. Nearly 22 percent of votes opposed and abstained on Vale's annual report (the vast majority abstaining); LAPFF had recommended an oppose vote on this report in relation to its coverage of the Mariana and Brumadinho tailings dam collapses. LAPFF recommended a vote in favour of the shareholder resolution on climate at Glencore, which received nearly 30 percent support from voting shareholders.

In Progress: LAPFF will continue to engage all of these companies on both their human rights and environmental practices on the basis that improved practice in these areas will set the conditions for sustainable shareholder returns.

COMPANY ENGAGEMENTS

The headquarters of Tesla Motors

TECHNOLOGY VOTING ALERTS

Objective: LAPFF has issued voting alerts largely supporting ESG shareholder resolutions filed at technology companies over the last few years and did so again this year. In LAPFF's experience, US companies do not have a culture of engaging with investors in the way that UK and Australian companies do. Therefore, while voting alerts are part of an engagement escalation strategy in most markets, LAPFF often issues voting alerts as an initial point of engagement with US companies with which it deems there are ESG or financial concerns. LAPFF continues to have concerns about corporate governance and social practices at large US technology companies.

Achieved: LAPFF issued voting alerts for Amazon, Tesla, Meta Platforms, and Alphabet, supporting shareholder resolutions on platform content and improved corporate governance practices, among others.

In Progress: Prior to issuing voting alerts, LAPFF sends the draft alerts to the target companies for comment. If the companies comment, LAPFF includes the company comments in the alert issued to its members. However, none of the technology companies receiving voting alerts provided comments or responses to LAPFF. LAPFF continues to seek ways to engage these companies meaningfully in relation to the issues of concern to LAPFF.

COMPANY ENGAGEMENT MEETINGS

Shell

Objective: LAPFF has been seeking a meeting with the new CEO given concerns about the company's climate transition strategy under the previous CEO. Instead, Shell offered a meeting with the Chair, Sir Andrew Mackenzie.

Achieved: After a difficult start to the meeting, the tone and content of the engagement improved, and there was a more refreshing and open conversation about the challenges of decarbonisation. For that reason, and because Sir Andrew is relatively new, and was appointed after the deficit 2021 Climate Transition Plan, LAPFF recommend voting for his re-election and against the incumbent NEDs that were appointed prior to him.

In Progress: LAPFF noted at the AGM that Sir Andrew indicated that Shell would be presenting a new Climate Transition Plan before the 2024 AGM; the Forum will be engaging further on that plan. Of particular interest is the extent of disclaimers in the Transition Plan itself and in the Annual Report's reference to the Transition Plan. We therefore have the conclusion that the Transition Plan is not reliable enough to be included for strategic purposes in the Annual Report, the requirements for which have legal thresholds of reliability.

BP

Objective: LAPFF sought a meeting with the CEO to better understand BP's decision to move down its 2030 reduction targets.

Achieved: LAPFF had a cordial meeting and gained some explanations of BP's thinking, with further research and engagement in this area to follow.
In Progress: Further contact and engagement with the company is ongoing.

HSBC

Objective: LAPFF's aim in engaging with HSBC is to ensure the company continues to show leadership in climate and addresses the human rights concerns arising from the increasing integration of Hong Kong into mainland China. While HSBC has made substantial progress on climate, certain aspects of its strategy need strengthening, in particular over the assessment of credible transition plans when lending. HSBC also faces growing human rights challenges from the increasing integration of Hong Kong into mainland China and has faced criticism for blocking the accounts of activists and the payment of pensions to those leaving Hong Kong. This point relates to shareholder proposals to split the UK and Hong Kong businesses, which have been strongly opposed by management but would be one approach to easing human rights concerns.

Achieved: LAPFF met with the Senior Independent Director to discuss its concerns. On the issue of the company split LAPFF explained that it is prepared to support the company for now, but this issue does link with broader human rights concerns over strategy and involvement in mainland China.

As a result of this meeting, LAPFF decided to issue a voting alert, recommending voting against the report and accounts as the human rights disclosures were inadequate and a broader strategy in response to the changes in Hong Kong is needed. Climate disclosure too could be improved, in particular around credible transition plans.

In Progress: The company has invited LAPFF to a follow up meeting to focus on human rights. LAPFF will seek to explore further with HSBC how it can manage the challenge of having substantial retail operations in Hong Kong now that it is under effective direct control of mainland China, while maintaining a progressive international reputation. LAPFF has also been invited to have further discussion with the company on climate finance and reporting.

Barclays

Objective: The aim of meeting with Barclays was two-fold. The first objective was to ensure continued progress on climate related disclosure and investment, including challenging the company on fossil fuel investments. The second objective was to seek to improve governance, noting CEO appointments have been a long-term issue for the company.

COMPANY ENGAGEMENTS

Headquarters of Barclays Bank in Canary Wharf

Achieved: LAPFF was offered a very late meeting with the Chair, where it expressed its concerns primarily over governance. The discussion centred on why the Financial Conduct Authority (FCA) investigation reached a different conclusion to that of the Board a year earlier, and what that might mean for the analysis and judgement of the Board. Recent press allegations had further heightened our concerns, with suggestions that the Board could have known more. LAPFF was considering issuing a voting alert recommending abstaining on the election of the Chair. However, in light of further discussions with the Chair, the alert was withdrawn.

In Progress: LAPFF expects to follow up with the Chair shortly and will further discuss governance, seeking reassurances and identifying any possible actions. LAPFF will also follow up with Barclays on climate action and disclosure, in particular the rate of wind down of fossil fuel lending.

Rio Tinto

Objective: LAPFF was outspoken about Rio Tinto's destruction of Juukan Gorge and has been engaging consistently with communities around the world affected by the miner's activities. Although LAPFF met briefly with Rio Tinto's new Chair, Dominic Barton, at the 2022 Rio Tinto AGM, it had not met with him one-on-one. LAPFF's aim was to have a meaningful meeting with him and ensure that the company is being overseen by an effective chair.

Achieved: LAPFF Chair, Cllr Doug McMurdo, met with Mr Barton toward the end of March to discuss the company's on-going transformation in the wake of Juukan Gorge. The meeting was cordial, and Mr Barton was receptive to LAPFF's thoughts and observations. LAPFF also met with community representatives from the US, Serbia, and Madagascar to hear about their experiences with Rio Tinto. Shortly after meeting Mr Barton, Cllr McMurdo attended the Rio Tinto AGM and posed a question about how the company is seeking to improve its social license to operate.

The morning of the AGM, LAPFF also met with Vicky Peacey, the new head of Rio Tinto and BHP's joint venture, Resolution Copper, in Arizona. Having met with a community representative from Arizona, it was helpful to hear about Resolution Copper's view on the project's developments and its perceptions of community concerns about the project.

In Progress: In addition to continued community concerns about Rio Tinto's engagement with them on social and environmental matters, LAPFF continues to question the company's approach to social and environmental impact assessments. LAPFF's view is that these impact assessments need to be more methodologically rigorous, independent, and more reflective of concerns raised by affected stakeholders critical of the company's operations.

Anglo American

Objective: LAPFF's main objective in engaging with Anglo American this quarter was to obtain the company's views on its report from LAPFF's time in Brazil visiting communities affected by Anglo American's Minas Rio mine. However, as a member of the PRI Advance group on Anglo American, LAPFF also sought to work with the other group members to establish a relationship with the company through that forum.

Achieved: Anglo American engaged significantly with LAPFF in relation to the Brazil report. Part of the engagement included a meeting with operational staff familiar with Minas Rio and with community concerns in relation to the mine and its tailings dam. The company's insights and contributions were extremely useful, and LAPFF was able to include many of them in the Brazil report.

LAPFF also attended the Anglo American AGM after having met community members from Peru, Colombia, and one of the Brazilian community members it had met during its visit. LAPFF's AGM question was whether the board would commit to visiting community members affected by Anglo American's operations during its visits to various Anglo American project sites throughout the year. The Anglo American Chair, Stuart Chambers, stated that the board would make this commitment.

Toward the end of the quarter, LAPFF joined with lead investors, Morgan Stanley and Schroders, to meet with Anglo American through the PRI Advance initiative. The company representatives appeared to welcome the engagement. LAPFF asked about the company's perceptions of why affected community members did not want to meet with local management at Anglo American sites.

In Progress: LAPFF was surprised at the Chair's request that AGM participants ask

COMPANY ENGAGEMENTS

their questions in English given the effort and expense made by the community members in traveling to the UK to attend the AGM. In the PRI Advance meeting, LAPFF asked whether the company would be willing to re-think this requirement at the next AGM. LAPFF will also seek to engage the chair about this decision.

BHP

Objective: LAPFF was pleased that BHP began to respond to LAPFF's request for engagement in relation to Brazil given that the company did not grant a meeting with BHP Brazil during LAPFF's visit. LAPFF's aim was to meet with the company to discuss further its approach to non-operated joint ventures and its community engagement approach, as well as developments in Brazil.

Achieved: The company provided helpful comments on LAPFF's report about its visit to Brazil and offered a meeting to discuss the UK litigation pertaining to the company's activities in relation to the Samarco tailings dam collapse. Samarco is a joint venture between Vale and BHP, with BHP being the non-operating joint venture partner.

In Progress: LAPFF will continue to try to engage meaningfully with BHP, including in relation to its role in the reparations for the Mariana communities in Brazil affected by the Samarco tailings dam collapse.

Vale

Objective: An ongoing area of engagement with Vale has been the time it has taken for affected community members to be resettled following the destruction of their homes in the tailing dam disasters. Alongside gaining assurances regarding the resettlement process, LAPFF sought to engage the company on other findings in the report from LAPFF's time Brazil.

Achieved: LAPFF met with representatives from the company. Whilst still slow, the company indicated that progress was being made regarding the resettlement process. LAPFF heard how the company was continuing to seek to learn from what happened to improve its practices and that the changes occurring were in part due to engagement it has had with LAPFF. The meeting also discussed the importance of investors spending time with NGOs and communities, as LAPFF did in its visit to Brazil.

In progress: LAPFF will continue to follow the progress of the resettlement projects and engage on issues highlighted in LAPFF's report, including dam safety and water quality.

B&Q DIY store, Kingfisher plc

Kingfisher

Objective: Kingfisher was cited in a Financial Times article as providing above inflation wage increases for its lowest paid staff, in contrast to the vast majority of FTSE100 companies. LAPFF sought a meeting to understand the company's approach to remuneration and employee engagement, particularly in the context of a cost-of-living crisis.

Achieved: LAPFF met with Kingfisher in April, when company representatives provided an overview of its efforts around employee engagement and where it had provided support for its employees, looking at benefits as well as salary increases. Overall, Kingfisher described steps it was taking business-wide in this context.

In Progress: LAPFF continues to monitor company remuneration, looking at both CEO and employee pay.

Bank Leumi

Objective: As a part of the Forum's engagement with companies considered to be active in the Occupied Palestinian Territories, LAPFF has sought a meeting with Bank Leumi, an Israeli bank, to encourage the company to undergo an independently led human rights impact assessment, and to better understand the company's approach to human rights in its financing decisions.

Achieved: LAPFF met with representatives from the bank, who were open to dialogue. The Forum pointed out areas it believed disclosures could be enhanced around human rights and how the company managed such risks in its investment decisions. Whilst the company talks about human rights in its reporting, it does not provide any detail on its risk management protocols when looking at investment decisions, and how it manages potential direct and indirect adverse human rights impacts.

In Progress: LAPFF continues to push companies for meetings to discuss their approaches to human rights risk management in relation to the Occupied Palestinian Territories.

COMPANY ENGAGEMENTS

Garment factory workers in Myanmar

Home Depot

Objective: The Home Depot was reported to have alleged links to forced labour in its polyvinyl chloride (PVC) supply chain in the 'Built on Repression' report produced by Sheffield Hallam University. Alongside members from the Investor Alliance on Human Rights Uyghur Working Group, LAPFF met with the company in December and subsequently asked a question at the company's AGM in May.

Achieved: At the AGM, LAPFF asked the company if it would commit to undertaking a mapping of its supply chain in higher-risk areas such as Xinjiang, and whether it would undertake an independently led human rights impact assessment on its PVC supply chain. The company provided a general response on its supply chain due diligence but did not commit to either of LAPFF's requests.

In Progress: Alongside the other investors involved in the engagement, LAPFF will be seeking to organise another call with the company to further discuss its global supply chain due diligence with a focus on its PVC supply chain and Uyghur forced labour.

Next

Objective: Myanmar has been under an extended state of emergency and fraught with a variety of human rights issues since the military coup in February 2021. The Ethical Trading Initiative posted guidance last September for companies in the country's garment sector, with many choosing to exit the country having exhausted efforts to leverage positive human rights outcomes. Next is one of just a few companies still operating in the country, so LAPFF wanted to understand why the company has chosen to stay.

Achieved: LAPFF Executive member, Sian Kunert, met with Next to discuss its position in the country and what it was doing in the context of human rights risk management and due diligence. Sian asked the company representatives if they thought that Next was doing something different from its peers that allowed it to stay in the country and to respect workers' and community members' human rights in doing so. Whether it was safe to carry out audits in the country was also probed. LAPFF requested increased disclosure of child labour concerns and remediation practices.

In Progress: LAPFF will continue to monitor the company's response to the ongoing coup in Myanmar and potential labour rights issues that may arise and affect its approach to human rights.

Adidas

Objective: Adidas is another company that maintains operations in Myanmar. It was also subject to a letter from the US House Select Committee on the Chinese Communist Party regarding supply chain links to cotton produced with Uyghur forced labour. As with Next, LAPFF was keen to understand why Adidas has decided to maintain operations in the country.

Achieved: LAPFF met with Adidas to discuss these supply chain issues in the context of the company's approach to human rights risk management in its

COLLABORATIVE ENGAGEMENTS

global supply chains. LAPFF Executive member, Sian Kunert, asked questions about the development of the company's human rights policy, its decision to remain in Myanmar, and on its due diligence regarding Uyghur forced labour in its supply chains, which the company provided comprehensive answers to.

In Progress: It is unclear whether Adidas' response to the House Select Committee is something that will be made public. LAPFF will continue to monitor how the company chooses to publicise its supply chain practices, as well as continuing to monitor labour rights issues in both Myanmar and Xinjiang.

COLLABORATIVE ENGAGEMENTS

Toyota – CA100+

Objective: Transportation is a major cause of carbon emissions and therefore a strategically important sector to decarbonise. It is also a sector in the middle of significant transition, as technology advances and regulations and public policies make EVs more price competitive. Those companies not making the shift and seeking to slow the passage of environmental laws and regulation are therefore creating investment risks associated with not staying within 1.5 degrees of warming and being left behind by competitors shifting to EVs. One company of concern about its lobbying alignment and its plans and targets for moving to electric vehicles has been Toyota. Through the CA100+ transportation group, LAPFF has been seeking to ensure these risks are properly addressed.

Achieved: This quarter LAPFF signed on to a letter to Toyota organised by NYC Office of the Comptroller and Domini Impact Investments, which called on the company to align its strategy and lobbying activity to a 1.5 degree scenario.

Concern about Toyota's lobbying activity led to a shareholder resolution, calling for an annual review and report on the impact on Toyota caused by climate-related lobbying activities and the alignment of their activities with the goals of the Paris Agreement. As part of its climate voting alerts LAPFF supported the resolution.

During the quarter, LAPFF also met with the company as part of the collaborative engagement. The meeting covered proposed US regulations and the company's likely position towards it. The company outlined capital expenditure on EVs, its plans for EV production, and discussed the challenges around battery sourcing.

In Progress: LAPFF will continue to engage with Toyota, and other carmakers, to ensure that plans for EV production are aligned to a 1.5 degree pathway and also ensure alignment of public policy positions with the Paris agreement.

Welltower – IIRC

Objective: LAPFF is a member of the Investor Initiative for Responsible Care (IIRC), a coalition of 138 responsible and long-term investors in the care sector with $4.4 trillion in assets under management, coordinated by UNI Global Union. The initiative aims to address investment risks associated with employment and care standards within the social care sector. The initiative not only engages with care providers, but also Real Estate Investment Trusts to ensure that they are supporting operators meet expectations on such standards. As part of the initiative, LAPFF wrote to Welltower, a US-based REIT, seeking a meeting. LAPFF also requested the company provide information including on exposure levels and oversight mechanisms.

Achieved: As the company had not responded to requests for a meeting and information, LAPFF decided to issue a voting alert. As set out in LAPFF's policy guide, investee companies are expected to engage with shareholders and LAPFF expects boards to keep in touch with shareholder opinion. Given the lack of engagement from the company and the potential investment risks, LAPFF recommended voting against the chair of the company. In total 6.9 percent of shareholders voted against the chair, which although a minority position does indicate some concern from shareholders with the chair of the company.

In Progress: LAPFF will continue to participate in the IIRC and will follow up with Welltower to engage on the potential social risks facing the REIT.

National Grid – CA100+

Objective: LAPFF's aim in engaging National Grid is to ensure that the company remains at the forefront of the energy transition. LAPFF is one of the co-leads at CA100+ on National Grid. Despite a positive superficial impression, detailed analysis reveals substantial issues – gaps in disclosure and transition plans, particularly on climate lobbying and a just transition, continuing involvement in gas distribution without a clear long term transition plan for it, and growing delays in connecting to the grid in UK, affecting the roll out of clean energy in the UK.

Achieved: Several meetings as part of LAPFF's leadership of the group have been held with the company, giving it the chance to explain its concerns and suggest best practice. The company has acknowledged some of LAPFF's comments, particularly on climate lobbying, and shortly before the AGM announced that it would publish a comprehensive review of its climate lobbying activities, a key demand of LAPFF and other CA100+ members. The company has publicised a policy proposal for addressing the delays in grid connection, which is broadly sensible, and a welcome development. In our meeting with the Chair, she acknowledged some of our concerns over strategy communication, and therefore LAPFF will expect to see further improvement on this in the coming year.

In Progress: LAPFF's focus is on understanding the company's broader long-term strategy and the assumptions behind it, in particular the role it sees for domestic gas. Continuing support for gas may explain much of its reluctance to embrace Net Zero more fully. Improved strategic disclosure would help address this, including a more balanced discussion of the use of low carbon gas, and the Company's own plans or vision for improving grid connections (ideally with targets) rather than passing the blame to regulators. These areas will form the focus on LAPFF ongoing engagement with the company over the coming year.

COLLABORATIVE/STAKEHOLDER ENGAGEMENT

National Grid gas distribution operations

Vale and Anglo American - PRI Advance

Objective: LAPFF continued to engage with both the Vale and Anglo American groups through the PRI Advance initiative on human rights. Both groups are in the process of establishing their engagement strategies, and LAPFF's aim is to contribute its knowledge from its own engagements with both companies to these engagement strategies, and to the engagements themselves.

Achieved: The Vale group held a meeting to establish its engagement strategy, and the Anglo American group held its first meeting with the company. Anglo American appeared to be very receptive to a meeting with the group, and the meeting was cordial. LAPFF contributed content to the questions posed at the meeting.

In Progress: LAPFF has been asked to become a lead investor in the Vale group given its work in Brazil and has accepted this invitation. It will continue to work with both the Vale and Anglo American groups to engage the companies and push for meaningful human rights improvements.

30% Club Investor Group

Objective: LAPFF continues to support the 30% Club Investor Group, a coalition of investors pushing for women to represent at least 30% of boardroom and senior management positions at FTSE-listed companies. The group has extended its remit globally and has been engaging in different markets, encouraging companies to join regional charters and looking at other aspects of diversity in company practices.

Achieved: LAPFF met with Sanwa Holdings and Kamigumi Co in April. Although neither company is currently a member of the Japanese 30% Club Charter, both companies provided information around their company wide, and senior level diversity efforts.

In Progress: The Group has continued to extend its outreach to companies outside of the UK, with LAPFF set to lead on engagements through the Group's Global Workstream subgroup.

STAKEHOLDER ENGAGEMENT

OECD Forum on Responsible Supply Chains

Objective: LAPFF was asked to present at a side event of the OECD Forum on Responsible Supply Chains. The aim of the presentation was to share LAPFF's learning from its visit to Brazil and, more broadly, its engagement with stakeholders affected by mining operations. It was also useful to engage with the other panellists to understand their work and perspectives better.

Achieved: LAPFF was approached by a number of event participants after its presentation. These participants stated that they were impressed with LAPFF's work in this area and wanted to learn more about LAPFF's experience.

In Progress: LAPFF is continuing to engage with these contacts and others made through them to explore

STAKEHOLDER ENGAGEMENT

opportunities to develop this work stream further.

Mining Communities and Workers

Objective: Communities affected by mining operations always approach LAPFF in the run up to mining company AGMs. LAPFF's aim in meeting with them is to listen to the communities' experiences in order to understand better any operational, reputational, legal, and/or financial risks associated with its members' investments. This information then feeds into questions LAPFF poses at company AGMs and company meetings.

Because LAPFF has been engaging with these communities for a number of years now, much of the engagement is focused on updates from community members about mining impacts. However, there are sadly always new communities and new concerns arising from community experiences. LAPFF is keen to learn about the perspectives of these new communities too.

LAPFF also meets with trade union representatives and hears from workers at investee companies where possible to inform its engagements with these companies.

Achieved: LAPFF met with community representatives from the US, Serbia, Madagascar, Papua New Guinea, Mexico, Peru, Colombia, and Brazil to hear about their experiences with Rio Tinto, Anglo American, and Vale. LAPFF also virtually attended a 'pre-AGM' meeting hosted by ShareAction and IndustriALL in relation to Glencore where trade union leaders and community members from a range of countries reported their concerns about Glencore's practices.

LAPFF attended a webinar to hear about the Amazon shareholder resolution on freedom of association and collective bargaining. There were Amazon workers on the call who spoke about their experiences and views about Amazon's work place practices. This webinar informed the content of LAPFF's voting alert for Amazon.

In Progress: LAPFF is continuing to meet with representatives of all of these communities on a regular basis to obtain updates for company engagements. In LAPFF's experience, the companies are receptive to the information conveyed. The ultimate goal, though, is to ensure that company practice on human rights and the environment meets community needs so that it can create the conditions for more sustainable shareholder returns.

Uyghur activists and other supporters gathered on Parliament Square

Uyghur Forced Labour in Green Technology Supply Chains

Objective: This year, the Modern Slavery and Human Rights Policy and Evidence Centre (Modern Slavery PEC) announced a project to explore and uncover links between the climate crisis and modern slavery globally. Within this, Anti-Slavery International, Sheffield Hallam University and the Investor Alliance for Human Rights are examining Uyghur forced labour in the production of green technology, such as electric vehicles and solar panels. The project aims to provide guidance on how investors can address the risk of Uyghur forced labour and other affected peoples in green technology holdings.

Achieved: LAPFF took part in an initial consultation process for the project, looking at the Forum's understanding of forced labour in these sectors. LAPFF subsequently joined a two-day workshop alongside other investors and NGOs, taking an in-depth look at the challenges investors face in addressing these risks, engagement barriers and information gaps, before looking at potential avenues to move forward.

In Progress: LAPFF is engaging with electric vehicle manufacturers on a range of issues, inclusive of human rights, and will raise these relevant supply chain issues in engagements with such manufacturers.

CONSULTATION RESPONSES

UN Working Group on Business and Human Rights

Objective: The UN Working Group on Business and Human Rights ran a consultation this quarter on extractives, human rights, and the just transition. LAPFF has been working heavily in all three of these areas so was keen to share its views and experiences.

Achieved: LAPFF submitted a consultation response that expressed support for good human rights and environmental due diligence legislation and emphasised the need for improved stakeholder engagement by extractive companies. LAPFF welcomed the opportunity to respond, appreciating the consultation's recognition that both state and business actors have imperatives to act effectively on these issues. LAPFF's response called for mandatory reporting on climate plans to cover just transition factors, including stakeholder mapping and free, prior and informed consent (FPIC), and for boards to regularly engage with stakeholders and undertake FPIC in good faith.

WEBINARS/MEDIA

In Progress: LAPFF will continue to look for opportunities to respond to consultations when it believes it can contribute helpfully based on its engagement and policy experience.

LAPFF WEBINARS

All-Party Parliamentary Group

In early April, the LAPFF-supported APPG on Local Authority Pension Funds held a meeting with LGPS minister, Lee Rowley MP, accompanied by a senior civil servant from the Department for Levelling Up, Housing and Communities.

The meeting focused in large part on the proposed consultations on LGPS pooling and investment in illiquid assets. The minister indicated the government's preference would be for a voluntary approach to both issues and stated that the pooling consultation would be published in the coming months. On the matter of TCFD reporting, because the department received so many responses to its consultation, it was suggested that reporting requirements may not come into force until the following financial year.

The APPG also met at the end of June to discuss the LGPS and investment in illiquid assets. In the 2023 Budget, the government stated that it would: "Consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets."

On the back of the proposed consultation, the meeting heard from the Karim Palant (director of External Affairs) and Garry Wilson (chairman) of the British Private Equity & Venture Capital Association (BVCA) who highlighted the opportunities of such investment. The meeting also heard from Andrew Williamson of Cambridge Innovation Capital on the growth of venture capital. Sian Kunert, Head of Pensions at East Sussex Pension Fund and LAPFF Executive member, outlined what her fund was already doing and the opportunities and challenges of investing in illiquid assets.

LAPFF/IndustriALL Garment Workers Webinar

LAPFF again partnered with IndustriALL to host a webinar on the importance of concluding negotiated, binding agreements rather than relying on voluntary, business-driven standards to reduce both human rights risk and business risk. The webinar was chaired by LAPFF Vice Chair, Cllr John Gray, and included speakers from Due Diligence Design, Aviva Investors, IndustriALL Global Union, and the Bangladesh Garment & Industrial Workers Federation (BGIWF).

MEDIA COVERAGE

Climate

Financial Times: Only 5% of FTSE100 companies have 'credible' climate transition plans, says EY
Reuters: UK's LAPFF recommends vote for BP climate activist resolution at AGM
CNBC: Oil major BP braces itself for shareholder revolt after scaling back its climate targets
Minuto Mais [Portuguese]: BP to quell shareholder anger after climate strategy flip
Reuters: Shell shareholders urged by LAPFF to back climate activist's resolution
Syndicated in Canada's Financial Post and Globe and Mail
The Times: Climate backlash from Shell investors
The MJ: Shell hits back after council fund criticism
Offshore Technology: LAPFF urges Shell shareholders to back climate resolution
Net Zero Investor: Shell's upcoming AGM showcases the challenges for shareholder activism
CNBC: Oil giant Shell braces for shareholder revolt over climate plans
Reuters: Analysis: Shell faces tense shareholder meeting as profits and climate collide
Capital Monitor: How investors voted on climate change at Big Oil AGMs

Plastics

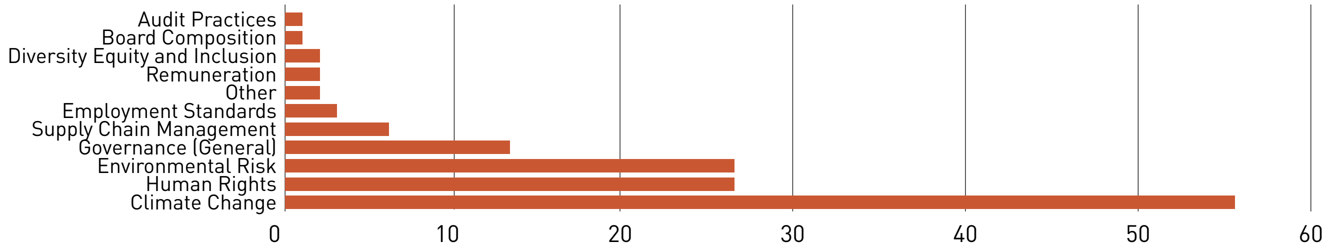
Business Green: Investors sound alarm over weak corporate plastic pollution policies

Mining and Human Rights

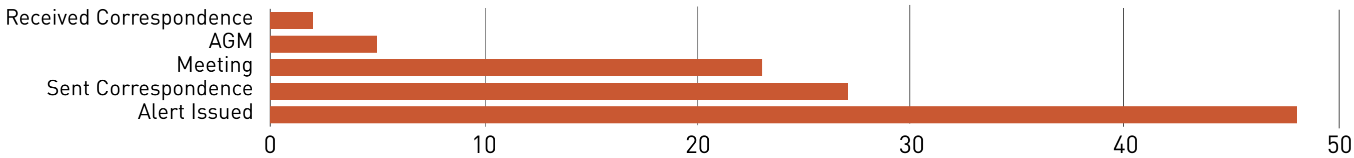
Daily Mail: BHP blasted over clean-up of deadly mine disaster
Legal Future: Supreme Court will not hear appeal on largest-ever group action
The Times: Mindful miner Jakob Stausholm is trying to dig Rio Tinto out of a hole

ENGAGEMENT DATA

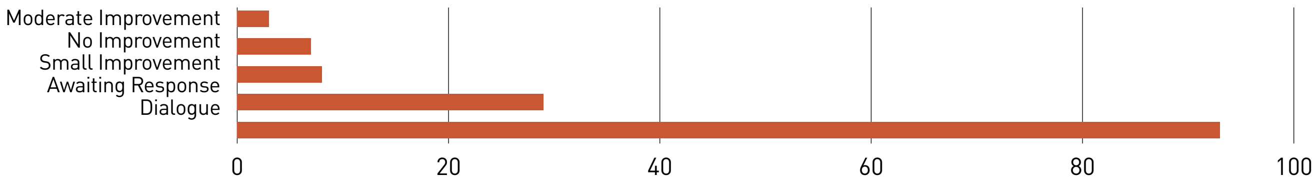
ENGAGEMENT TOPICS



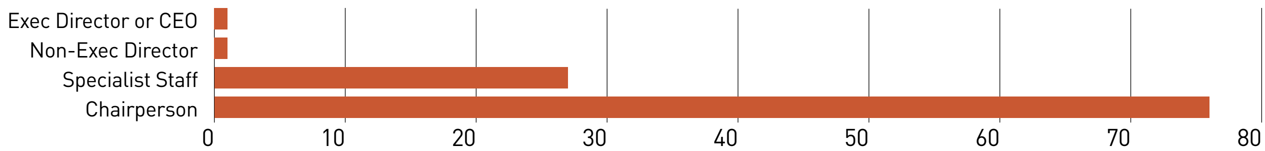
ACTIVITY



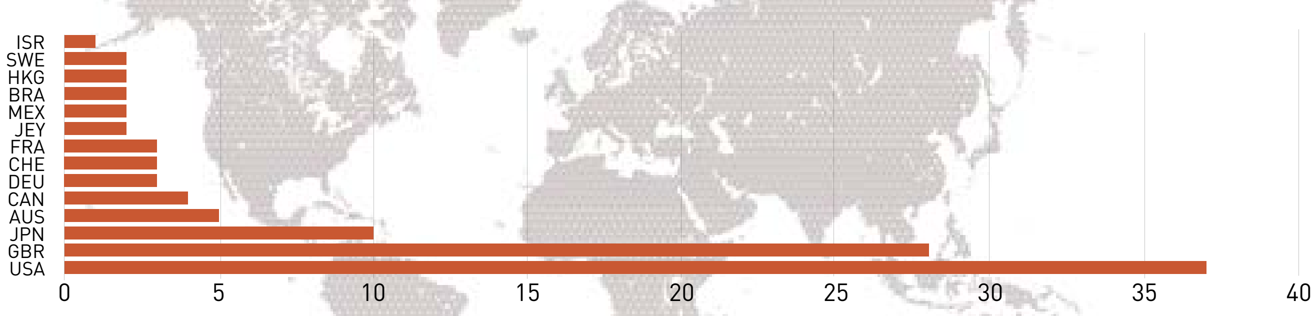
MEETING ENGAGEMENT OUTCOMES



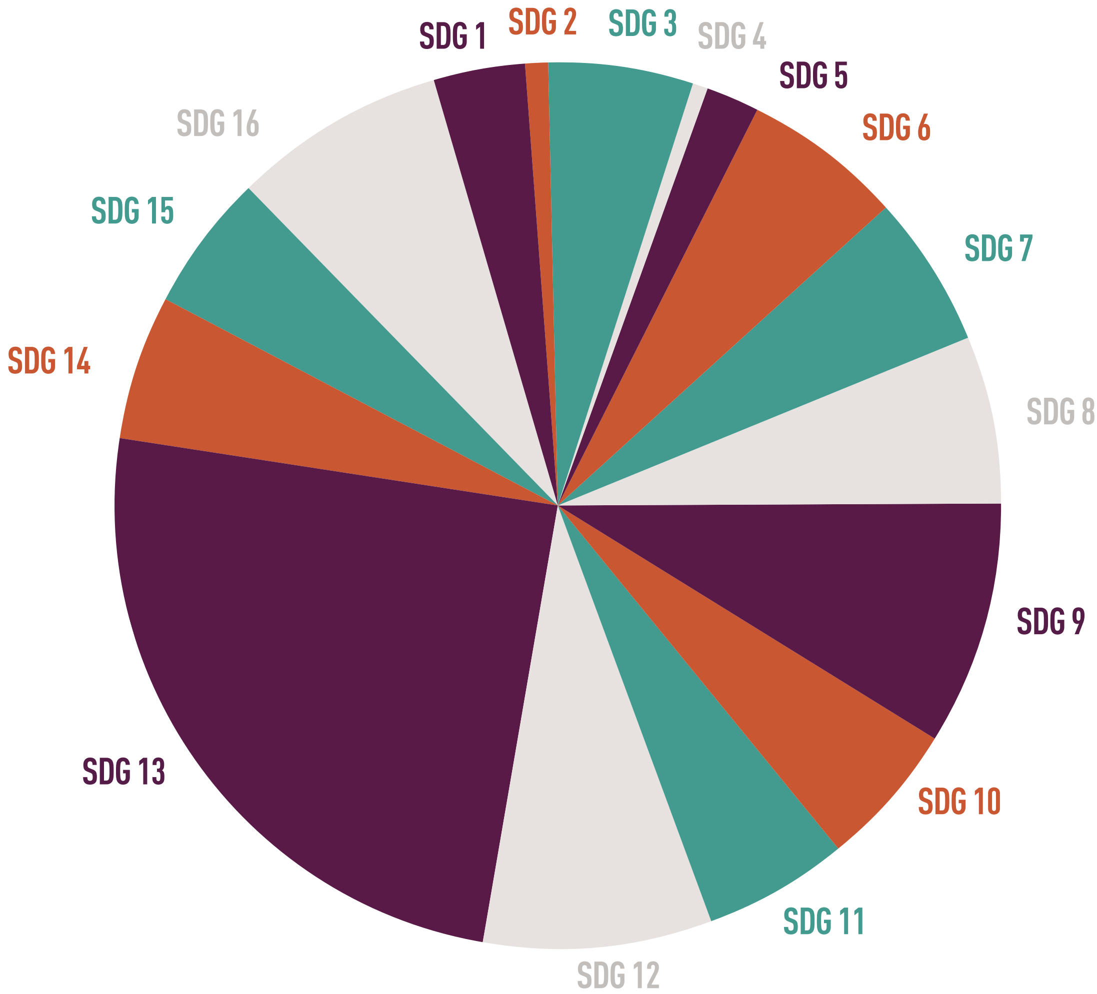
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



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SDG 3: Good Health and Well-Being	16
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SDG 11: Sustainable Cities and Communities	16
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SDG 16: Peace, Justice, and Strong Institutions	23
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

LAPFF engaged 84 companies during the quarter

Company/Index	Activity	Topic	Outcome
ADIDAS AG	Meeting	Supply Chain Management	Moderate Improvement
ALPHABET INC	Alert Issued	Human Rights	Dialogue
AMAZON.COM INC.	Alert Issued	Human Rights	Dialogue
AMEREN CORPORATION	Alert Issued	Climate Change	Dialogue
ANGLO AMERICAN PLC	AGM	Human Rights	Dialogue
ASSOCIATED BRITISH FOODS PLC	Received Correspondence	Human Rights	Dialogue
BANK LEUMI LE-ISRAEL BM	Meeting	Human Rights	No Improvement
BANK OF AMERICA CORPORATION	Alert Issued	Climate Change	Dialogue
BARCLAYS PLC	Meeting	Climate Change	Dialogue
BERKSHIRE HATHAWAY INC.	Alert Issued	Climate Change	Dialogue
BHP GROUP LIMITED (AUS)	Meeting	Human Rights	Small Improvement
BORGWARNER INC	Alert Issued	Climate Change	Dialogue
BP PLC	Alert Issued	Environmental Risk	Dialogue
BRIDGESTONE CORP	Meeting	Board Composition	Small Improvement
CENOVUS ENERGY INC	Alert Issued	Climate Change	Dialogue
CENTERPOINT ENERGY INC	Alert Issued	Climate Change	Dialogue
CENTRICA PLC	Sent Correspondence	Social Risk	Awaiting Response
CHEVRON CORPORATION	Alert Issued	Climate Change	Dialogue
CHUBB LIMITED	Alert Issued	Climate Change	Dialogue
CK HUTCHISON HOLDINGS LTD	Sent Correspondence	Environmental Risk	Awaiting Response
COMCAST CORPORATION	Alert Issued	Climate Change	Dialogue
COSTAR GROUP INC	Alert Issued	Climate Change	Dialogue
COTERRA ENERGY INC	Alert Issued	Climate Change	Dialogue
DBS BANK LTD	Meeting	Climate Change	Dialogue
DOLLARAMA INC	Alert Issued	Climate Change	Dialogue
DRAX GROUP PLC	AGM	Governance (General)	Dialogue
E.ON SE	Sent Correspondence	Social Risk	Awaiting Response
EDF (ELECTRICITE DE FRANCE) SA	Sent Correspondence	Social Risk	Awaiting Response
ELECTRIC POWER DEVELOPMENT CO	Alert Issued	Climate Change	Dialogue
ENBRIDGE INC	Alert Issued	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Alert Issued	Climate Change	Dialogue
GLENCORE PLC	Alert Issued	Human Rights	Dialogue
GRUPO MEXICO SA DE CV	Sent Correspondence	Human Rights	Dialogue
GSK PLC	Sent Correspondence	Climate Change	Awaiting Response
HENNES & MAURITZ AB (H&M)	Sent Correspondence	Human Rights	Awaiting Response
HONEYWELL INTERNATIONAL INC.	Sent Correspondence	Environmental Risk	Awaiting Response
HSBC HOLDINGS PLC	Alert Issued	Governance (General)	Dialogue
IBERDROLA SA	Sent Correspondence	Social Risk	Awaiting Response
IDEX CORPORATION	Sent Correspondence	Climate Change	Awaiting Response
IMPERIAL OIL LIMITED	Alert Issued	Climate Change	Dialogue
JPMORGAN CHASE & CO.	Alert Issued	Climate Change	Dialogue
KAMIGUMI CO LTD	Meeting	Diversity Equity and Inclusion	Small Improvement
KELLOGG COMPANY	Meeting	Other	No Improvement
KINGFISHER PLC	Meeting	Employment Standards	Moderate Improvement
LINDT & SPRUNGLI AG	Sent Correspondence	Environmental Risk	Awaiting Response
LOCKHEED MARTIN CORPORATION	Alert Issued	Climate Change	Dialogue
MARATHON PETROLEUM CORPORATION	Alert Issued	Climate Change	Dialogue
MARKEL CORPORATION	Sent Correspondence	Climate Change	Awaiting Response
META PLATFORMS INC	Alert Issued	Human Rights	Dialogue
MITSUBISHI UFJ FINANCIAL GRP	Alert Issued	Climate Change	Dialogue
NATIONAL GRID PLC	Alert Issued	Climate Change	Dialogue
NEW YORK COMMUNITY BANCORP INC	Alert Issued	Climate Change	Dialogue
NEXT PLC	Meeting	Supply Chain Management	Small Improvement
NIKE INC.	Sent Correspondence	Human Rights	Awaiting Response
NINTENDO CO LTD	Sent Correspondence	Environmental Risk	Awaiting Response
PACCAR INC.	Alert Issued	Climate Change	Dialogue
PENNON GROUP PLC	Sent Correspondence	Environmental Risk	Awaiting Response
PUBLIC STORAGE	Alert Issued	Climate Change	Dialogue

COMPANY PROGRESS REPORT

QUEST DIAGNOSTICS INCORPORATED	Alert Issued	Climate Change	Dialogue
RAYTHEON TECHNOLOGIES CORP	Alert Issued	Climate Change	Dialogue
RIO TINTO GROUP (AUS)	AGM	Human Rights	Dialogue
ROCHE HOLDING AG	Sent Correspondence	Environmental Risk	Awaiting Response
SANOFI	Sent Correspondence	Environmental Risk	Awaiting Response
SANWA HOLDINGS CORP	Meeting	Diversity Equity and Inclusion	Small Improvement
SEVERN TRENT PLC	Sent Correspondence	Environmental Risk	Awaiting Response
SHELL PLC	AGM	Climate Change	No Improvement
SOUTHERN COMPANY	Alert Issued	Climate Change	Dialogue
SUMITOMO MITSUI FINANCIAL GROUP	Alert Issued	Climate Change	Dialogue
TESLA INC	Alert Issued	Human Rights	Dialogue
THE GOLDMAN SACHS GROUP INC.	Alert Issued	Climate Change	Dialogue
THE HOME DEPOT INC	AGM	Human Rights	No Improvement
THE MOSAIC COMPANY	Alert Issued	Climate Change	Dialogue
THE TJX COMPANIES INC.	Sent Correspondence	Environmental Risk	Awaiting Response
THE TRAVELERS COMPANIES INC.	Alert Issued	Climate Change	Dialogue
TOKYO ELECTRIC POWER CO INC	Alert Issued	Climate Change	Dialogue
TOTALENERGIES SE	Alert Issued	Climate Change	Dialogue
TOYOTA MOTOR CORP	Meeting	Climate Change	Small Improvement
UNITED UTILITIES GROUP PLC	Sent Correspondence	Environmental Risk	Awaiting Response
VALE SA	Meeting	Environmental Risk	Dialogue
VALERO ENERGY CORPORATION	Alert Issued	Climate Change	Dialogue
VOLVO AB	Sent Correspondence	Human Rights	Dialogue
WELLS FARGO & COMPANY	Alert Issued	Climate Change	Dialogue
WELLTOWER INC	Alert Issued	Governance (General)	Dialogue
WH GROUP LTD	Sent Correspondence	Climate Change	Awaiting Response

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

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Hackney

Title of Report	High Level Monitoring Report
For Consideration By	Pensions Committee
Meeting Date	20 September 2023
Classification	Public
Ward(s) Affected	All
Group Director	Jackie Moylan - Interim Group Director, Finance

1. **Introduction**

1.1. This report is a high level update on key strategic Pension Fund matters, including progress against the Business Plan, Strategic Objectives Scorecard and Risk Register. It also includes breaches of the law. It provides the Committee with latest information on the position of the Fund since that reported at the last Committee. An overview of each area is given in the main body of the report and further detail can be found in the appendices.

2. **Recommendations**

2.1. The Pensions Committee is recommended to consider and note:

- **the progress against the Business Plan tasks and actions, and agreed Budget**
- **the current measures on the Strategic Objectives Scorecard**
- **the Risk Register and the risks identified**
- **the Breaches Register.**

3. **Related Decisions**

3.1. Pensions Committee 14 June 2023 – Business Plan, plus various previous policies and strategies agreed at Pensions Committees.

4. **Comments of the Interim Group Director, Finance**

4.1. The Pensions Committee acts as scheme manager for the Pension Fund and is responsible for the management of £1.8 billion worth of assets and for ensuring the effective and efficient running of the Fund for around 26,000 scheme members and over 40 employers.

4.2. The three-year business plan and associated budget progress report, strategic objectives scorecard, risk register and breaches register help ensure that the Committee is able to plan and understand the financial decisions required over the coming years, to monitor progress against strategic objectives, manage risks and consider breaches of the law. The decisions taken by the Committee impact directly on the financial standing of the Fund and can affect its ability to meet its liabilities. Ensuring prudent financial management helps to improve the overall financial position of the Fund, potentially impacting on the contribution rates payable by participating employers.

5. **Comments of the Acting Director of Legal, Democratic and Electoral Services**

5.1. The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension fund. These include:

- To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pension legislation.
- To act as Scheme Manager for the Pension Fund.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
- To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.

5.2. In carrying out its delegated functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the Local Government Pension Scheme (LGPS) Regulations 2013 and the Local Government Pension Scheme(Management and Investment of Funds) Regulations 2016. Those obligations include producing and maintaining various policies and strategies, calculating and paying pension benefits, complying with various statutory deadlines and investing the fund's assets.

5.3. It is sensible against this background, and consistent with good administration and governance, to set out and monitor progress against a three-year business plan, measure progress against strategic objectives, manage risks, consider breaches and schedule the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.

6. **Business Plan Progress Update**

6.1. Key actions and tasks

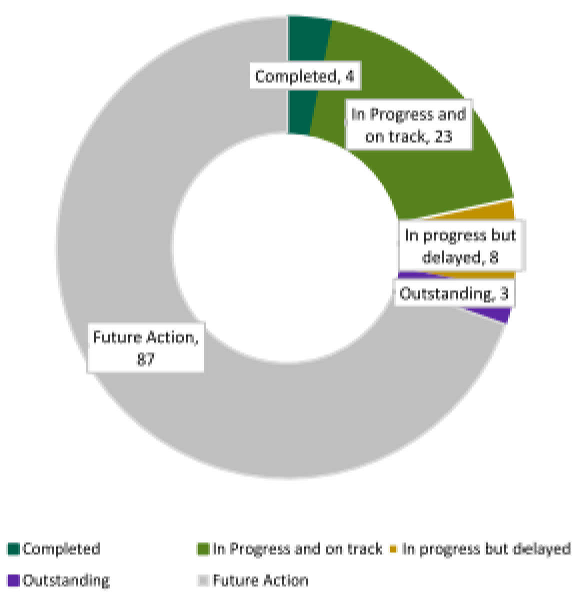
A summary of progress overall and in each of "Governance", "Funding and

Investments", "Administration and Communication" and "Supplier Reviews" is shown below. The information for all sections covers the period to 31st August 2023.

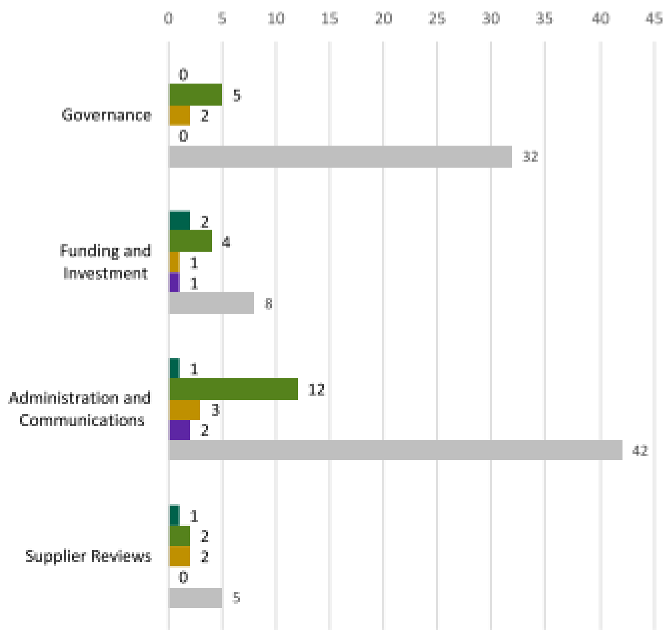
Appendix 1 to this report, the "Business Plan Progress Update" provides details of each key action/task.

Total 2023/24 Business Plan Actions

Q2 Update as at 31 August 2023



Split by Area



All Actions

Current Progress: Behind Target

Rating:

Total Number of Actions: 51

Progress overall is generally positive with only two areas that have not commenced as planned.

Governance

Current Progress: On Track

Rating:

Total Number of Actions: 14

Progress is a bit slower than hoped in the internal initiated tasks. Government initiated tasks have not commenced due to Government delays.

Funding and Investment

Current Progress: Behind Target

Rating:

Total Number of Actions: 7

Good progress made on investment strategy workstream and small employers. Stewardship Code workstream is now in progress

Administration and Communications

Current Progress: Behind Target

Rating:

Total Number of Actions: 22

The administration and Communications actions are generally on track although some of the work is still in progress given the complex nature of it, coupled with resourcing constraints caused by year end processes and a large redundancy exercise

Supplier reviews

Current Progress: On Track

Rating:

Total Number of Actions: 8

Both current tenders are in progress and will go live w/c 11/09/2023

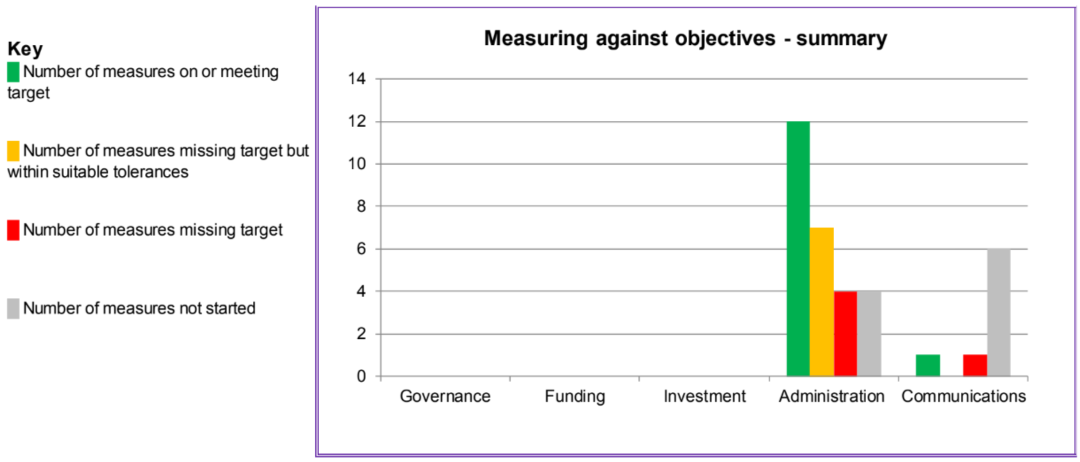
6.2. An updated forecast against budget will be provided at the next Committee meeting once standard accounting processes have been completed following the recent Custody transition.

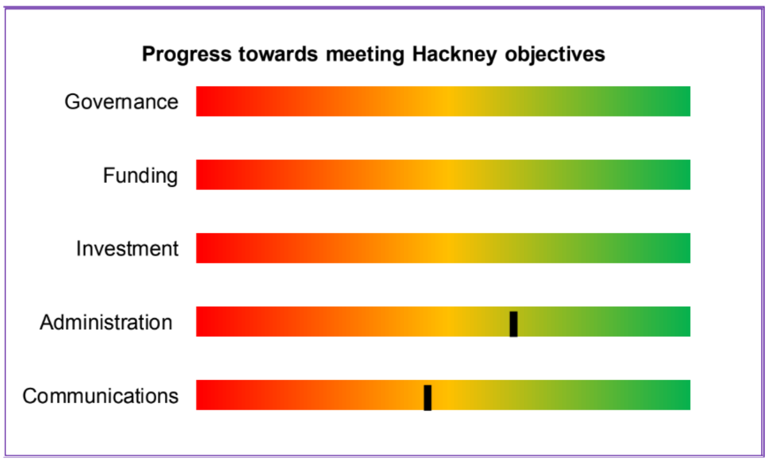
7. **Strategic Objectives Scorecard**

7.1. The Strategic Objectives Scorecard currently includes Administration and Communications only but will be extended to include Governance, Funding and Investment in future.

7.2. The graphic below summarises progress towards meeting objectives for both administration and communications.

7.3. A review has been carried out on some of the objectives scoring mechanism in order to better reflect the overall status when making the assessment. Therefore some of the statuses that have yet to be started/no data yet to analyse have moved from a red status to a grey status.





7.4. The appendix “Strategic Objectives Scorecard” sets out information relating to each specific measure showing:

- the current position

- the frequency of the measure
- a comparison of the current position against the previous report (this is the first report so this will be shown from the next committee meeting onwards).

8. **RISK REGISTER**

8.1. The Fund’s risks are shown in the appendix “Risk Register”.

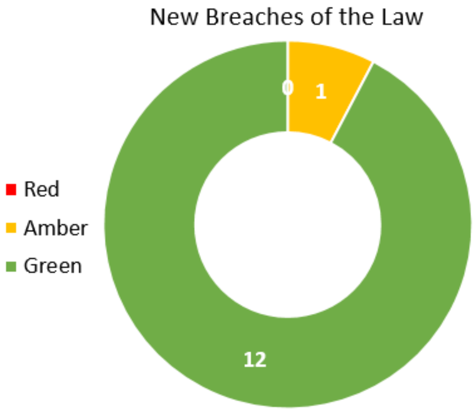
8.2. The Risk Register's All Fund Risk Heat Map provides an overview of the risks and how they have moved since the last review of the register. The colour within each number’s box also indicates the target for that risk. There are three detailed Risk Registers (Governance, Funding and Investment, and Administration and Communications) which detail the individual risks.

8.3. The areas currently categorised as high risk where the target is amber or green are:

- Potential financial/data loss or systems downtime due to cybercrime (governance risk 10) - this is high risk due to increased threat, mitigations being put in place include development of an incidence response plan and supplier resilience checks.
- The increase in inflation which can erode asset values causing cashflow issues (funding and investment risk 7). This is classified as high risk given the exceptionally high inflation figures over the past year - it is expected that this will reduce in the medium term. Mitigations in being put in place to deal with the cashflow impacts include implementation of the investment strategy changes agreed by the Committee in March 2023.
- Poor delivery of administration contract resulting in poor member experience and potential breaches of legislation/failure to meet SLA’s (administration risk 1). This is high risk due to difficulties in implementation of the new contract with Equiniti - mitigation includes regular service review and review of performance against KPIs, and early identification of issues.
- The impact of the McCloud remedy on the quality and timeliness of the administration of the Fund (administration risk 7). This is classified as high risk due to resourcing and software issues. Mitigation includes dedicated project management from Aon and regular review with Equiniti to monitor progress.
- Service Interruption due to the administration system software upgrade which may impact the ability to effectively administer benefits to members (administration risk 9). This risk has arisen due to the Compendia touch migration - mitigation to be put in place includes robust project management of the transition.

9. **BREACHES OF THE LAW**

9.1. The breaches register as at 31 August 2023 is attached as appendix "Breaches Register" to this report. There were thirteen breaches identified since the 1 June 2023, relating to late contributions, late remittance advice, non-issuing of some Annual Benefit Statements (ABSs), and breaches of disclosure legislation. Twelve are rated green and one is rated amber. Generally, only breaches rated red might be of material significance to the Pensions Regulator and hence reportable albeit they are considered on their individual merits.



9.2. The new amber breach relates to not all ABSs having been issued by the 31 August legal deadline. Investigative work is currently ongoing between Fund Officers and Equiniti to identify the exact number of members (active and deferreds) this issue affects, and these members will be issued a statement as soon as possible. Consideration will then be given to the significance of the breach and whether this is deemed to be material and therefore requires reporting to the Pensions Regulator. A further update on this will be provided at the next Committee meeting.

9.3. The existing unresolved red breach relates to two vacant scheme member representative members on the Pension Board. Application forms have now been received and will be considered by the Appointments Panel. Given the Board hasn't met since September 2022 and the next meeting will be held in November, this breach is being reported to The Pension Regulator.

9.4. Due to the transition to the new contract with Equiniti, a full suite of information relating to breaches relating to late disclosure of information to scheme members (for example, retirements not being finalised within legal deadlines or new members not receiving scheme information within legal deadlines) is not yet available. However, in their monthly client reports, Equiniti have provided some information on disclosure breaches relating to leavers and new joiners and these have therefore been included in the register (breaches 16 and 17 as shown in the appendix).

9.5. It is hoped that further information on disclosure breaches will be available for the next Committee meeting. It is worth noting that such delays can be for various reasons, including the employer failing to provide information to Equiniti in good time, a scheme member not responding quickly with requested information or Equiniti being slower in their processes than is required.

9.6. As at the end of the period being reported, four breaches remain unresolved. These are the breaches relating to the Pensions Board and Annual Benefit Statements (discussed in paragraph 1.2) and the other two breaches relate to the non-receipt of contribution remittances from a new employer to the fund. In all cases work is ongoing to resolve these breaches as soon as possible.

Appendices

Appendix 1 - Business Plan Progress Update
Appendix 2 - Strategic Objectives Scorecard
Appendix 3 - Risk Register
Appendix 4 - Breaches Register

Background documents

None

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Comments for the Acting Director of Legal, Democratic and Electoral Services prepared by	Name: Georgia Lazari Title: Team Leader (Places) Email : georgia.lazari@hackney.gov.uk Tel: 0208 356 1369

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Business Plan Progress Update

2023/24 as at 31 August 2023

Key			
Complete	✓	Future action	✓
In progress and on track	✓	No action	
In progress but delayed	✓		
Outstanding	✓		

	Key Action/Task	Expected Delivery Timescales 2023/24 Q1	Q2	Q3	Q4	2024/25	2025/26	Current Status
Governance								
G1	Review appointments of Pensions Committee co-opted members and Local Pension Board members	✓	✓	✓	✓			**In Progress but delayed** Recruitment to Pensions Board underway - employer reps finalised, scheme member reps to be confirmed shortly. Given the delays in recruiting new members, a report has been made to the Pensions Regulator.
G2	Induction training and needs analysis for Pensions Committee, Board and key officers	✓	✓			✓		**In Progress but delayed** To be discussed at November Committee meeting pending return of training needs analysis questionnaire from Members
G3	Review of Cyber Strategy					✓		**No Action**
G4	Review of cybercrime risk to Fund	✓	✓	✓	✓	✓	✓	**In Progress and on track** Data and asset map, and Incident Response Plan are being drafted. Planned supplier reviews will be commenced soon
G5	Review of Breaches procedure						✓	**No Action**
G6	Governance review and implementation of actions			✓	✓	✓		**No Action**
G7	Review against TPR new single code	✓		✓	✓	✓		**No Action** Delayed as the new Code has not yet been issued by the Regulator.
G8	Review of Conflicts of Interest Policy					✓		**No Action**
G9	Diversity and Inclusion			✓	✓	✓		**No Action**
G10	Review of Governance Policy and Compliance statement					✓		**No Action**
G11	Review of Knowledge and Skills Policy					✓		**No Action**
G12	Review of Risk Management Policy					✓		**No Action**
G13	Implement changes from Scheme Advisory Board good governance review	✓	✓	✓	✓	✓		**Future Action** Delayed as still awaiting government consultation and statutory guidance/legislation.
G14	Recruitment, retention and succession planning	✓	✓	✓	✓	✓		**Future Action** New Responsible Investment post to be advertised shortly
Funding and Investments								
F1	Investment Strategy review - Strategic Asset Allocation	✓						**No Action** The high level review of the Strategic Asset Allocation was completed in April 2023 - the review will now move into the implementation stage.
F2	Investment Strategy review - implementation	✓	✓	✓	✓	✓		**In Progress and on track** Implementation now underway -MAC to be considered at September meeting with Nature-based Solutions and Impact Property to follow.

Key Action/Task		Expected Delivery Timescales 2023/24 Q1	Q2	Q3	Q4	2024/25	2025/26	Current Status
F3	Responsible Investment - Climate Targets	✓				✓	✓	**No Action** Target setting work now complete - progress against targets to be monitored annually as part of Pensions Risk Management Framework (PRMF)
F4	Responsible Investment - Stewardship Code	✓	✓					**In Progress but delayed** Initial survey sent to Committee members. RIWG due to meet ahead of November Committee when work on Engagement Framework will begin. Target May 2024 for submission to FRC
F5	2025 actuarial valuation and review of funding strategy					✓	✓	**No Action**
F6	GAD section 13 valuation results/engagement						✓	**No Action**
F7	Outsourcing of small employers	✓	✓					**In Progress and on track** Seeking approval for employer consultation on draft policy at September meeting. Final policy due for review and approval at November 2023 meeting.
Administration and Communications								
A1	Relaunch member self-service on-line functionality			✓	✓	✓		**No Action**
A2	Work with Hackney Council/HLT to develop pensions interface/extract (for employer self-service)	✓	✓					**Completed** The final actions relating to the pensions interface were dealt with and the project has now been completed and has switched to BAU operations
A3	Implement employer self-service on-line functionality to all employers including updating employer guide			✓	✓	✓		**No Action**
A4	Review of third party administrator processes and responsibilities	✓	✓					**In Progress and on track** Review is complete and the report has been received. It is currently being sent to EQ to allow for their right of reply before it will now be brought to Committee.
A5	Implementation of new administration contract and consideration of future options	✓	✓	✓	✓	✓	✓	**In Progress and on track** The new contract is now in place and the software upgrade is currently being looked at by Equiniti for timeframes and onboarding deadline.
A6	Implementation of updated version of third party administrator software		✓	✓				**Future Action** The onboarding timetable has been delayed due to EQ resourcing on the new LGPS touch platform currently being deployed to another LA onboarding first
A7	Preparation of member data for valuation					✓	✓	**No Action**
A8	Implement McCloud/Sargeant remedy (extension underpin test)	✓	✓	✓	✓	✓		**In Progress and on track** See separate McCloud update in the Quarterly Update Report
A9	Review of employers' processes and responsibilities					✓	✓	**No Action**
A10	Update data improvement plan/procedures following improvements in employer engagement	✓	✓	✓				**In Progress but delayed** Data reviews being undertaken by the internal LBH team are in progress but resourcing needed for year end processes has delayed any further EQ datasure reports currently being run
A11	Implement trivial commutation/small pot payments						✓	**No Action**
A12	Carry out frozen refund clearance exercise			✓	✓	✓		**No Action**
A13	Implement changes required for national pensions dashboard(s)	✓	✓	✓	✓	✓	✓	**Outstanding** Due to the delay in the overall government dashboard programme, and internal resourcing constraints, this is outstanding.
A14	Introduce pension tax communication strategy		✓					**Future Action** Once the final McCloud legislation has been laid this will allow for a full review to commence- expected to be done in Q3/4

Key Action/Task		Expected Delivery Timescales						Current Status
		2023/24						
		Q1	Q2	Q3	Q4	2024/25	2025/26	
A15	Review under/overpayment policy			✓				**No Action**
A16	Review Communications strategy					✓		**No Action**
A17	Review Administering Authority Employing Authority discretions policies					✓		**No Action**
A18	Review Voluntary scheme pays policy					✓		**No Action**
A19	Review Administration strategy					✓		**No Action**
A20	Review of implementation of employer engagement strategy	✓	✓	✓	✓			**In Progress but delayed** Roles and responsibilities are being reviewed in light of the new contract now in place but any progress has been delayed due to resourcing constraints
A21	Finalisation of GMP Reconciliation project	✓	✓	✓	✓			**In Progress but delayed** The Fund is having ongoing discussions with Equiniti around the last remaining groups of members but further progress has been delayed due to internal resourcing constraints
A22	Other expected national changes	✓	✓	✓	✓	✓	✓	**In Progress and on track** The spring budget tax changes have been reflected by the Fund and literature is up to date
Supplier, contact reviews and tenders								
S1	Custodian tender		✓					**Completed** Transition to Northern Trust (01/09/2023) now complete - moving to business as usual.
S2	Actuarial consultant tender	✓	✓					**In Progress but delayed** ITT due to be published w/c 11/09/2023. Pensions Committee supplier interviews due to take place early Nov with the final committee decision to be made 28/11/2023
S3	Benefits and governance consultant tender	✓	✓					**In Progress but delayed** ITT due to be published w/c 11/09/2023. Pensions Committee supplier interviews due to take place early Nov with the final committee decision to be made 28/11/2023
S4	Investment consultant tender						✓	**No Action**
S5	AVC fund review					✓		**No Action**
S6	Third party administrator review and/or tender						✓	**No Action**
S7	Legal services		✓	✓				**Future Action**
S8	Banking services tender (as part of council procurement)							**No Action**

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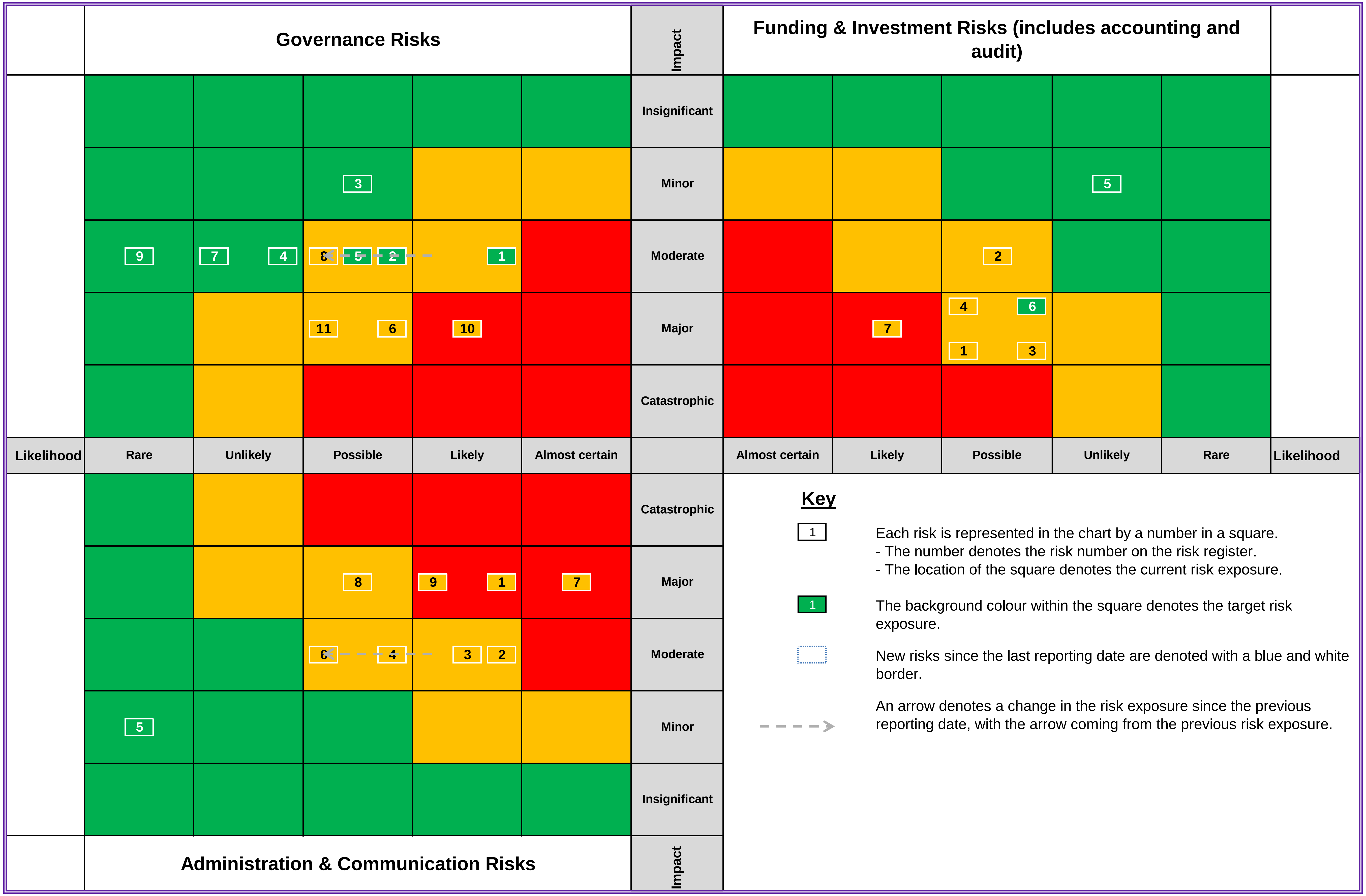
Strategic Objectives Scorecard - Current position and progress of individual measures

	Current	Frequency*	Last Time
Administration Summary			
Administration Strategy			
1a. Service standards achieved in 95% of cases (100% for legal requirements)		Q	
1b. Customer Satisfaction Surveys with scheme employers and scheme members achieving 90% of scores in positive responses in these areas		A	
1c. Positive scheme employer feedback with minimal or no employer complaints		A	
1d. Positive scheme member feedback with minimal or no member complaints		A	
2a. Use of Employer Self Service (ESS) as a default, (100% of employers using the data portal), unless valid reasons not to do so (and have been agreed by the Fund)		Q	
2b. Positive scheme employer feedback with minimal or no employer complaints		A	
2c. No breaches of data security protocols		Q	
3a. Positive results in internal and external audits and other means of oversight/scrutiny		A	
3b. Performance target achieved for collection of contributions by 19th day of the month following the deduction		Q	
3c. Minimal issues against the Fund identified by Internal Dispute Resolution Procedures and complaints		A	
4a. Customer Satisfaction Surveys with scheme employers achieving 90% of scores in positive responses in these areas		A	
4b. Issues included in formal improvement notices issued to scheme employers resolved in accordance with plan		A	
4c. Notify scheme employers of changes to the scheme rules within 2 months of change		Q	
4d. Offer/organise training sessions for new scheme employers and relevant new staff within scheme employers within 2 weeks of new employer/staff starting		Q	
4e. Organise training for employers where unsatisfactory performance and escalate within 1 month if not attended training or improvements not evident		Q	
4f. Employer responsibilities in relation to administration are regularly communicated to employers		A	
5a. No breaches of data security protocols		A	
5b. Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months		A	
5c. Data improvement plan in place with ongoing evidence of delivered agreed improvements.		A	
5d. Positive results in audit and other means of oversight/scrutiny		A	
6a. Monthly monitoring of Equiniti where Fund asks them to explain variations from agreed Service Level Agreement targets		M	
6b. The Fund specifies clear service standards with Equiniti		A	
7a. Achieve continual improvement in member engagement with our online tools		A	
7b. Monitoring of the performance standards used to inform the service going forward		A	
7c. Use feedback from scheme employers on the service to develop plans		A	
7d. Fund work with Equiniti on programme of continuous improvement to the service		A	
8a. Policy reviewed every 3 years		T	
Communications Summary			
Communications Policy Statement			
1. Customer satisfaction surveys with scheme members achieving 90% of scores in positive responses in these areas		A	
2. Customer satisfaction surveys with employers and scheme members achieving 90% of scores in positive responses in these areas		A	
3. Customer satisfaction surveys with employers and scheme members achieving 90% of scores in positive responses in these areas		A	
4. Evidence of consideration given towards available technology solutions		A	
5a. Satisfaction survey is undertaken annually and/or on an ongoing basis		A	
5b. Results from satisfaction survey are thoroughly analysed and investigated, and trends monitored from previous periods (at least annually)		A	
5c. Detailed analysis of survey results is used to identify areas to improve communications in future		A	
6. Policy reviewed every 3 years		T	

* T - Triennially, B - Biennially, A - Annually, Q - Quarterly, M - Monthly

Risk Register

All Fund Risk Heat Map and Summary of Governance Risks



12 September 2023

Risk Register - Governance Risks

Objectives extracted from Business Plan 2023-26

G1 Aim to act in the best interests of the Fund's members and employers
G2 Have robust governance arrangements in place, to facilitate informed decision making in a transparent manner, supported by appropriate advice, polices and strategies
G3 Ensure that the London Borough of Hackney Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills
G4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
G5 Understand and monitor risk
G6 Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and we will continually measure and monitor success
G8 Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services are protected and preserved

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Recruitment and Retention - Insufficient experienced staff both within the Fund and within the third party administrator	Lack of knowledge within those charged with Fund management leading to failure to make appropriate decisions Potential to impact on member and stakeholder experience.	G1-G8	Moderate	Likely		1 - Salaries benchmarked, supplements paid where appropriate 2 - Policies and procedures in place 3 - Staff able to cover other roles where possible 4 - Increase reliance on advisors in short term where required 5 - Implementation of good governance recommendations	Moderate	Unlikely		Current likelihood 2 too high	01/12/2018	Mar 2024	1 - Develop succession planning approach (JM/RC/LP) 2 - Further development of training programme - increase focus on mid level staff (RC/LP) 3 - ensure all vacancies are filled as soon as possible (RC/LP)	Lucy Patchell / Rachel Cowburn	01/01/2024	07/09/2023
2	Knowledge and Skills - insufficient knowledge and skills amongst those charged with Fund Management (including Committee, Board members and officers)	Potential to make inappropriate decisions (impacted by continuity of members and officers)	G1-G8	Moderate	Possible		1 - Improvements being made to both induction and ongoing training 2 - Regular review of training offered and its effectiveness 3 - Knowledge and Skills Policy/training plan in place 4 - Training needs analysis carried out periodically	Moderate	Unlikely		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Review training programme and requirements (JM/RC) 2 - Ensure timely induction training elections for new Committee members (RC) 3 - Training needs analysis to be carried out in 2023 (RC) 4 - ensure Board recruitment is carried out as soon as possible	Rachel Cowburn	01/01/2024	07/09/2023
3	Conflicts of Interest - actual conflicts of interest permitted to materialise	Failure to adequately monitor and disclose conflicts of interest results in potential conflicts not being managed	G2, G3, G4	Minor	Possible		1 - Conflicts of interest policy and register maintained 2 - Standing item requesting disclosure at all Committee/Board meetings 3 - Annual update to declarations required	Insignificant	Unlikely		Current impact 1 too high Current likelihood 1 too high	16/07/2020	Mar 2024	1 - Further training for committee and board members (RC) 2 - Broaden register of conflicts (RC) 3 - Consider management of advisor conflicts (RC)	Rachel Cowburn	01/01/2024	07/09/2023
4	Fraud - financial loss resulting from actions of employee or third party	Pensions team or third party involved with the management of significant financial resources	G1, G4, G6, G8	Moderate	Unlikely		1 - Segregation of duties for key roles 2 - Regular scrutiny from internal audit 3 - Annual external audit of the Pension Fund 4 - Regular review of third parties' internal controls	Moderate	Unlikely						Rachel Cowburn	01/01/2024	07/09/2023
5	Data Protection - failure to adequately protect data	Non-compliance with the GDPR results in potential financial or personal impact on members	G8	Moderate	Possible		1 - Compliance with the Council's ICT policy 2 - Use of encrypted email and/or TLS links for sensitive data 3 - Use of confidential waste disposal 4 - Use of secure courier to transmit sensitive hard copy files 5 - Appropriate access control measures 6 - Redaction of personal information where required 7 - Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members Contracts with third party suppliers acting as joint data processors must ensure that: 1 - Third parties are GDPR compliant 2 - Secure methods of transfer for sensitive data transmission/storage built into contract 3 - Appropriate risk sharing between the Council and the third party supplier is in place.	Moderate	Unlikely		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated (RC) 2 - Roll out employer portal to ensure more user friendly secure data transmission (LP) 3 - Obtain regular third party reassurance on GDPR measures (RC/LP) 4 - Ensure other cyber strategy elements are delivered (RC)	Lucy Patchell / Rachel Cowburn	01/01/2024	07/09/2023
6	Failure of external systems	Potential impact on accessibility of Fund's assets, systems or data Insufficient security controls and heavy reliance on Host Authority and external systems including Cedar (accounting), HSBCnet (custodian), LloydsLink, and Compendia could result in a) failure to take appropriate action in the event of system failure and b) insufficient protection against cybercrime	G8	Major	Possible		1 - All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. 2 - The Pension Investments and Pensions Administration Business Continuity Plans detail actions to take in the event of system failure 3 - Assurances of system security from third parties 4 - Internal Council controls and firewalls 5 - Internal training on cybercrime risk	Major	Unlikely		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Understand Council's approach to cybercrime prevention (RC) 2 - Receive written assurances from all suppliers re: management of cybercrime (RC/LP) 3 - Implement pension fund cybercrime strategy requirements (RC)	Lucy Patchell / Rachel Cowburn	01/01/2024	07/09/2023
7	Business continuity failure	Fund or third parties unable to carry out business as usual	G6, G8	Moderate	Unlikely		1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures	Minor	Unlikely		Current impact 1 too high	16/07/2020	Mar 2024	1 -Regular Review of business continuity procedures	Rachel Cowburn	01/01/2024	07/09/2023
8	External factors including regulatory changes impact the governance of the Fund (e.g. changes introduced by TPR and SAB Good Governance review)	Fund or third parties unable to implement the changes in a timely manner resulting in poor practices and governance	G6	Moderate	Possible		1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible					1 - Continue to keep abreast of proposed changes and their implications (RC/LP)	Rachel Cowburn / Lucy Patchell	01/01/2024	07/09/2023
9	Incorrect advice/guidance received from third parties	The Fund relies on external advisors in many areas so could be at risk if incorrect or no advice/guidance is provided.	G1 - G6	Moderate	Rare		1 - Retendering exercises to ensure that contracts remain appropriate and that the advisors are appropriately qualified and experienced 2 - Regular meetings with external advisors discussing current pensions landscape	Moderate	Rare						Rachel Cowburn	01/01/2024	07/09/2023
10	Cybercrime attack	The Fund's assets or data become compromised	G8	Major	Likely		1 - Cyber security policy in place 2 - Cyber training as part of Committee and Board member induction 3 - Regular cyber assessments of key Fund suppliers 4 - Periodic social engineering exercises to test the Fund's internal response plans	Major	Possible		Current likelihood 1 too high	01/10/2022	Mar 2024	1. Continual training and monitoring against internal controls (RC)	Rachel Cowburn	01/01/2024	07/09/2023
11	Material breaches requiring reporting to the Pensions Regulator	Reputational damage, loss of confidence from stakeholders and potential requirement to put in place improvement plans	G5, G6	Major	Possible		1 - Breaches reporting in place and taken to each Committee and Board meeting 2 - Breaches training as part of Committee and Board member induction	Major	Possible						Rachel Cowburn	01/01/2024	07/09/2023

Risk Register - Funding & Investment Risks (includes accounting and audit)

Objectives extracted from the Business Plan 2023-26

F1 Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
F2 Use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
F3 Where appropriate, ensure stable employer contribution rates
F4 Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
F5 Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
I1 Set an appropriate investment strategy so as to: achieve an expected return in excess of the return required by the Fund's triennial valuation and funding strategy statement; achieve a VaR 95 of <13.5%; and ensure expected liability outflows are broadly covered by asset income. See business plan for more details on these points
I2 Aim to achieve net zero emissions by 2040 and set appropriate interim targets to assist in achieving this
I3 Increase local or 'levelling-up' investments to 5% over time
I4 Aim to implement asset allocation decisions via the London CIV (the Fund's asset pool) where appropriate and will monitor the proportion of Fund assets invested via the pool accordingly
I5 Monitor the funding level through the triennial valuation and ongoing monitoring processes
I6 Ensure that the Fund continues to invest responsibly taking account of environmental, social and governance issues, whilst adhering to its overarching fiduciary duties. Specifically to ensure that the beliefs set out in the Business Plan are incorporated into the Committee's decision-making.

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Strategy risk - failure to meet objectives through poor asset performance	Asset risks include the following: Concentration - over allocation to a single asset class Illiquidity - insufficient liquid assets Currency risk – underperformance of asset currency Manager Underperformance	I1-I4, I6	Major	Possible		1 - Investment in a diversified range of asset classes 2 - Regular cash flow monitoring 3 - Currency hedging policy 4 - ESG and climate risk policy in place 5 - Multiple managers & performance monitoring	Major	Possible					1 - Ongoing monitoring (RC)	Rachel Cowburn	01/01/2024	07/09/2023
2	Funding experience - current employer contributions are insufficient to meet the cost of benefits	If growth rate of liabilities outstrips assets the risk is that contributions being paid will be insufficient	F1 - F5	Moderate	Possible		1 - Asset liability modelling shows low likelihood of not meeting objectives 2 - Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations 3 - Contribution rates assessed by actuary as having a low likelihood of not meeting objectives 4 - Actuary sets evidence-based assumptions using analysis of experience	Moderate	Possible					1 - Ongoing monitoring (RC)	Rachel Cowburn	01/01/2024	07/09/2023
3	Implementation - external providers or asset pool prevent Fund achieving objectives	Other provider risks include: Transition risk - unexpected/excessive costs in relation to the transition of assets Custody risk - losing economic rights to Fund assets Credit default - default of a counterparty Asset pooling risks include: Transition risks – excessive additional cost through transition to the pooled arrangement. Concentration and capacity risks – excessive concentration of assets amongst relatively few large institutions. Political risks – central Government changes Reputational risks – failure of a pooled arrangement could have significant consequences for the LGPS. Governance risks - potential lack of oversight of pool arrangements Lack of oversight of investment managers	I1-I4, I6	Major	Possible		1 - Regular scrutiny of providers 2 - Monitoring and management (may be delegated to investment managers in certain situations e.g. custody risk in relation to pooled funds). 3 - Seek appropriate advice where necessary (e.g. during a significant transition) 4 - Pensions Committee has the power to replace a provider should serious concerns exist 5 - Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance. 6 - Maintain good working relationship to ensure that the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements. 7 - Planning for transition considered as part of Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes. 8 - Pensions Committee Chair and S151 officer members of Shareholder Committee 9 - Oversight and engagement of existing investment managers 10 - active engagement with managers to understand sources of RI risk	Major	Unlikely		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Transition planning for upcoming transitions (RC) 2 - Management of relationship with Northern Trust as transition phase moves to Business As Usual (RC) 3 - Maintain relationships with senior LCIV staff (JM/RC) 4 - Ensure LCIV aware of Hackney investment priorities and objectives to understand timing requirements (JM/RC)	Rachel Cowburn	01/01/2024	07/09/2023
4	External Factor/Regulatory Risk	The risk that external (e.g. geopolitical) factors or the introduction of new regulations requires major changes to the operation of the Fund (e.g. McCloud, cost cap).	F1, I1, I6	Major	Possible		1 - Asset liability modelling to ensure the Fund's Investment Strategy helps the Fund meets its objectives under a range of economic conditions 2 - Horizon scanning to ensure awareness of potential future risks and prepare 3 - Monitoring and analysis of impact, taking advice from advisors where appropriate 4 - Adding items to business plan when appropriate	Major	Unlikely		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Ensure business plan kept up to date	Rachel Cowburn	01/01/2024	07/09/2023
5	Employer Covenant/Affordability risks	Employer Covenant and Affordability risks include: Employer default Rapidly increasing employer contribution rates Ability of employer to pay Substantial deficit or credit on termination	F4, F5	Minor	Unlikely		1 - Valuation and inter-valuation monitoring of employers near cessation (funding position and contract situation) 2 - Monitoring of payment of contributions 3 - Employer covenant checks with use of bonds/guarantees where necessary 4 - Employer engagement	Minor	Unlikely					1 - Implement default pass through policy for small employers 2 - Robust review process to be developed	Rachel Cowburn	01/01/2024	07/09/2023
6	Cashflow	Employer contributions are insufficient to meet the cost of benefits in the short term	F1, F3	Major	Possible		1 - Ensure sufficient liquid assets are available if needed 2 - Contribution rates assessed by actuary as having a low likelihood of not meeting objectives 3 - Actuary sets evidence-based assumptions using analysis of experience	Moderate	Unlikely		Current impact 1 too high Current likelihood 1 too high	01/09/2022	Mar 2024	1 - Ongoing monitoring (RC)	Rachel Cowburn	01/01/2024	07/09/2023
7	Increase in inflation	Prolonged high inflation erodes asset value causing cashflow issues and affects employer affordability.	F1, I1, I5	Major	Likely		1 - planning within funding assumptions 2 - ensuring high level of inflation-sensitive assets held 3 - inflation hedging 4 - robust treasury management policy	Moderate	Possible		Current impact 1 too high Current likelihood 1 too high	01/09/2022	Mar 2024	1. Implementation of 5% allocation Multi Asset Credit (RC) 2. Reduce equity overweight in favour of income producing assets (RC)	Rachel Cowburn	01/01/2024	07/09/2023

Risk Register - Administration & Communication Risks

Objectives extracted from the Business Plan 2023-26

A1 Deliver an efficient, quality and value for money service to its scheme employers and scheme members
A2 Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
A3 Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
A4 Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
A5 Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to Scheme employers and scheme members
C1 Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits
C2 Communicate in a plain language style
C3 Ensure the Fund uses the most appropriate means of communication, taking into account the different needs of different stakeholders
C4 Look for efficiencies in delivering communications including greater use of technology
C5 Evaluate the effectiveness of communications and shape future communications appropriately

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Poor delivery of administration service/third party administrator not delivering in accordance with contract requirements	Poor member experience and/or breaches of legislation including inaccurate payments and failing to meet Service Level Agreements	A1-A6	Major	Likely		1 - Strict service standards and SLAs in place 2 - Appointment through robust procurement exercise 3 - Expert contract management team in place 4 - Regular service review meetings 5 - Pensions Administration Strategy sets out expected service levels	Major	Unlikely		Current likelihood 2 too high	01/12/2018	Mar 2024	1 - Ensure a process is in place for early identification and escalation of issues (LP) 2 - Ensure Equiniti's proposals to improve quality/service delivery are delivered (LP)	Lucy Patchell	01/01/2024	07/09/2023
2	Poor Membership Data	Poor financial and reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc. Incorrect data submitted for valuation. Inaccurate McCloud reconciliation. Data provided late also impacts on Fund's ability to pay correct benefits and set accurate contribution rates.	A1, A2, A4	Moderate	Likely		1 - Annual monitoring of membership records, valuation checks, external data validations (done by third party administrator) 2 - Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied (done by third party administrator) 3 - Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance. 4 - Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information 5 - Increased use of Employer Self Service to drive through data quality	Moderate	Possible		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Liaison with payroll team to prioritise completion of development work on interface (MH/LP) 2 - Roll out employer portal to all employers (LP) 3 - Develop and roll out data improvement plan (LP/RC) 4 - Ensure Equiniti roll out employer strategy in line with contract (LP) 5 - Speak to Equiniti to understand monitoring carried out (see internal controls) (RC)	Lucy Patchell / Rachel Cowburn	01/01/2024	07/09/2023
3	Poor Employer Engagement	Financial and reputational risks. Incorrect or late data (see above) and/or member dissatisfaction.	A2, A3, A4	Moderate	Likely		1 - Provision of employer support from Pensions Team/Third Party Administrator 2 - Annual Employer Forum 3 - Employer section of website containing guidance 4 - Pensions Administration Strategy setting out expected service standards and allowing for additional employer charges where appropriate 5- Increased use of Employer Self Service to support employer engagement and accurate provision of data 6- Ensuring all employers have a published and approved employer discretions policy and ensuring that they are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Moderate	Possible		Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Roll out employer portal (LP) 2 - Roll out of employer engagement strategy (LP) 3 - Carry out employer satisfaction surveys (LP) 4 - Continue with roll out of employer section of website (LP)	Lucy Patchell	01/01/2024	07/09/2023
4	Poor Member Engagement	Poor member engagement can lead to members not fully understanding and/or appreciating the benefits available to them, which could lead them to make poor decisions about their benefits. Potential for the current cost of living crisis to have an impact on decisions members may make (i.e. opting out)	A1, A4, C1-C3	Moderate	Possible		1 - Provision of annual benefit statements and newsletters 2 - Member website with information about benefits and the Fund 3 - Monitoring and reporting on opt out rates	Moderate	Possible					1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP) 3- Report on opt out rates (LP)	Lucy Patchell	01/01/2024	07/09/2023
5	Incorrect payments (either overpayments or underpayments)	Financial and reputational consequences. Increased costs through failure to cease pension payments arising as a result of non-notification of death, re-employment, or ceasing education	A2	Minor	Rare		1 - Management of NFI matches and follow up. NFI exercises to identify checks 2 - Write to pensioners each year over age 80 and overseas seeking confirmation of ongoing pension entitlement (currently on hold due to COVID-19). 3- Administration review of third party administrators processes and benefit calculations	Minor	Rare						Lucy Patchell	01/01/2024	07/09/2023
6	Unknown external factors including regulatory changes impact the administration of the Fund	Major changes to the administration of the Fund are required (e.g. changes required as a result of the public sector exit payments cap)	A1-A6, C1-C5	Moderate	Possible		1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible					1. Continue to keep abreast of proposed changes and their implications (LP)	Lucy Patchell	01/01/2024	07/09/2023
7	Known regulatory changes resulting from the McCloud case and pension dashboards	McCloud: May impact the quality/timeliness of administration of the Fund (both BAU and McCloud specific) Large amount of additional administrative work for EQ/Hackney which may result in backlogs etc Data back to 2014 being requested from employers which may be missing/not provided Dashboards: Requirement to match data within set timescales - potential for breaches (in particular where there are administrative backlogs)	A1-A6	Major	Almost certain		1 - Programme management - Programme planning for McCloud has already started and will continue until end of project 2 - Employers engaged with and data collection commenced 3 - engaging with Equiniti re dashboard reporting	Minor	Almost certain		Current impact 2 too high	01/03/2021	Mar 2024	1 - Ensure project management for McCloud continues (LP) 2 - Ensure Equiniti have the resources required to undertake review of historic calculations/carry out data processing (LP) 3 - Ensure Equiniti have made required software changes to Compendia and have adequately trained administrators to correctly apply regulatory changes when made (LP)	Lucy Patchell	01/01/2024	07/09/2023
8	Poor member communications and resources (including website, standard letters and online services) and communications not sent in a timely manner and/or not considering Diversity & Inclusion effectively	Disengaged members with the potential to make poor decisions Potential breaches of disclosure legislation	C1-C5	Major	Possible		1- Standard communications covered under contract requirements 2- SLAs reported on monthly to identify any patterns/trends relating to timeliness of communications linked to processes 3- External administration review underway	Major	Unlikely		Current likelihood 1 too high	01/11/2022	Mar 2024	1- Ensure outcomes of external administration review are actioned (LP) 2- All letter/factsheets/website updates to be signed off by LBH (LP) 3- Regular sample checking of standard letters used by third party administrator (LP)	Lucy Patchell	01/01/2024	07/09/2023
9	Service interruption due to administration system upgrade	Poor administration and/or service delivery to members. Risk of inaccurate calculations, processes and communications	A1, A2, A4	Major	Likely		1- Revised contract to cover Compendia Touch migration 2- Project team within Equiniti to manage the deliverables including implementation timeframes	Major	Possible		Current likelihood 1 too high	TBC	Mar 2024	1- Ensure a project team is in place to effectively manage the transition (LP/RC)	Lucy Patchell / Rachel Cowburn	01/01/2024	07/09/2023

LB Hackney Pension Fund - Breaches Register 2023 onwards

Breach ref	Date added	Date breach resolved	Type of breach (short description)	Party which caused breach	Number of scheme members affected	Category of members affected (active, deferred, pensioner etc)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach (i.e. actions taken)	Outstanding actions	Assessment of breach (red/ amber/ green)	Rational for assessment
1	30/05/2023	20/04/2023	Late payment of March contributions to Fund	Radish (Churchill)	2	Active	The March contributions were not paid by legal deadline of 19th April .	- Assets not credited to pension fund - Could result in need to charge interest for late payment - Additional administration by HPF/Equiniti to resolve issue	20/04/2023 - Contributions were paid and received before they could be chased but Equiniti still sent a reminder of legal deadline requirements at end of May.	None	G	30/05/2023 - although contributions were late they have now been paid
2	30/05/2023	23/05/2023	Late payment of April contributions to Fund	Brooke House	44	Active	The April contributions were not paid by the legal deadline of 19th May	- Assets not credited to pension fund - Could result in need to charge interest for late payment - Additional administration by HPF/Equiniti to resolve issue	23/5/2023 - contributions paid and received. 01/06/2023 - EQ sent a reminder of legal deadline requirements	None	G	30/05/2023 - although contributions were late they have now been paid
3	30/05/2023	06/06/2023	Late submission of contribution remittance for April	Mossbourne Parkside	31	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to April contributions was not received with the payment.	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	15/5/2023, 18/05/2023, 23/05/2023 and 25/05/2023 - EQ chased late submission of remittance via emails. Several phone calls also made	None	G	06/06/2023 - remittance received
4	30/05/2023	06/06/2023	Late submission of contribution remittance for April	Mossbourne Riverside	22	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to April contributions was not received with the payment.	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	15/5/2023, 18/05/2023, 23/05/2023 and 25/05/2023 - EQ chased late submission of remittance via email. Several phone calls also made	None	G	06/06/2023 - remittance received
5	30/05/2023		Inadequate Board membership	Hackney Pension Fund	N/A	N/A	Due to various resignations, the Pension Board does not have at least four members (the legal requirement). Only two employer representatives are in post. Two scheme member representative positions are vacant.	- No Pension Board meetings have been held since 22 September 2022. - This means that the legal requirements in relation to the Board responsibilities are not being met.	11/09/23 - Recruitment process is underway	11/09/2023: - Applications for scheme member representatives to be considered by Appointments Panel. - Meeting date to be arranged	R	11/09/2023 - the recruitment process has taken far longer than hoped meaning a meeting has not taken place for a year

6	11/09/2023	21/06/2023	Late submission of contribution remittance for May	Peabody Trust	1	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to May contributions was not received with the payment.	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	22/06/2023 - First offence warningsent by EQ via email	None	G	21/06/20233 - remittance received
7	11/09/2023	20/06/2023	Late payment of May contributions to Fund	Brooke House	44	Active	The May contributions were not paid by the legal deadline of 19th June	- Assets not credited to pension fund - Could result in need to charge interest for late payment - Additional administration by HPF/Equiniti to resolve issue	22/06/2023 - EQ raised a levy as it was their second offence within the current tax year	None	G	20/06/2023 payment received
8	11/09/2023	20/07/2023	Late submission of contribution remittance for June	Mossbourne Parkside	27	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to June contributions was not received with the payment.	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	26/07/2023 - First offence warningsent by EQ via email	None	G	20/07/2023 - remittance received
9	11/09/2023	20/07/2023	Late submission of contribution remittance for June	Mossbourne Riverside	23	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to June contributions was not received with the payment	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	26/07/2023 - First offence warningsent by EQ via email	None	G	20/07/2023 - remittance received
10	11/09/2023		Late submission of contribution remittance for June	EKO Trust	16	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to June contributions was not received with the payment	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	New payroll provider in place who have been contacted requesting receipt of the contribution remittance	'Equiniti to continue to chase receipt of contribution remittance	G	11/09/2023 - although remittance not received, do expect it to be received shortly based on employer response
11	11/09/2023	05/09/2023	Late payment of June contributions to Fund	EKO Trust	16	Active	The June contributions were not paid by the legal deadline of 19th July	- Assets not credited to pension fund - Could result in need to charge interest for late payment - Additional administration by HPF/Equiniti to resolve issue	05/09/2023 - contributions paid and received	None	G	05/09/2023 - contributions received
12	11/09/2023	20/07/2023	Late payment of June contributions to Fund	SND	1	Active	The June contributions were not paid by the legal deadline of 19th July	- Assets not credited to pension fund - Could result in need to charge interest for late payment - Additional administration by HPF/Equiniti to resolve issue	26/07/2023 - First offence warningsent by EQ via email	None	G	20/07/2023 - contributions received

13	11/09/2023	23/08/2023	Late submission of contribution remittance for July	COLASP	21	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to July contributions was not received with the payment	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	Employer had a new payroll provider this month and they have been made aware that the legal date for payment of contributions is the 19th of the following month	None	G	23/08/2023 - remittance received
14	11/09/2023	23/08/2023	Late submission of contribution remittance for July	City	56	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to July contributions was not received with the payment	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	Employer had a new payroll provider this month and they have been made aware that the legal date for payment of contributions is the 19th of the following month	None	G	23/08/2023 - contributions received
15	11/09/2023		Late submission of contribution remittance for July	EKO Trust	16	Active	Contribution payments must be accompanied by a statement showing various information relating to the payments (remittance advice). The remittance advice relating to July contributions was not received with the payment	- Unable to verify information being paid or reconcile with scheme member record information - Additional administration by HPF/Equiniti to resolve issue	EQ have chased the payroll provider via phone and email on various dates during August	Equiniti to continue to chase receipt of contribution remittance	G	11/09/2023 - although remittance not received, do expect it to be received shortly based on employer response
16	11/09/2023	30/06/2023	Disclosure breach - leaver forms not processed within required legal deadline	Unknown	3	Active	Leavers must be notified of their entitlements within 2 months from the date of the initial notification	Statutory deadlines not being met Poor service to members	Now processed	None	G	Now processed
17	11/09/2023	30/06/2023	Disclosure breach - statutory notice for new joiner now issued within required legal deadline	Unknown	1	Active	New joiner information must be issued within 2 months from date of joining the scheme	Statutory deadlines not being met Poor service to members	Now issued	None	G	Now issued
18	11/09/2023		Annual Benefit Statements for 31 March 2023 have not all been issued	Various	750	Active and deferred	Annual Benefit Statements must be issued to all active and deferred members by 31 August each year	Statutory legal deadlines not being met Poor service to members	Further work ongoing between HPF and Equiniti to understand exact numbers involved in order to resolve and issue a statement to all affected members	Further work ongoing between HPF and Equiniti to understand exact numbers involved in order to resolve and issue a statement to all affected members	A	Assessment may change once full picture known

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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