

## Responsible Investment timetable

### Introduction

This paper is addressed to the Officers and the Pensions Committee (“the Committee”) of the London Borough of Hackney Pension Fund (“the Fund”). The paper sets a timetable for consideration of Responsible Investment matters for 2021 and beyond.

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### Background

As part of the recent review of investment strategy, the Committee agreed to a number of changes to the Fund’s investments. The resultant investment strategy will result in a “greener” portfolio of investments and will make a meaningful difference in achieving the Fund’s carbon reduction aspirations.

In March 2020, Karen Shackleton hosted a discussion covering the 17 UN Sustainable Development Goals, and how they could be incorporated into the Fund’s investment beliefs and objectives. The views discussed at this meeting were summarised at the June 2020 Committee meeting.

### Current approach

There are a range of ways in which the Committee can influence the responsible investment characteristics of the Fund’s investment strategy. These can be broken down into key stages as follows:

#### In the design stage:

a) mandate selection/guidelines - the Committee can directly influence this aspect by mandate selection. Examples within the current strategy include:

- Appointment of a sustainable equity mandate
- Appointment of a Paris aligned active equity mandate
- Allocation to a low carbon passive equity fund
- Allocation to a low carbon property investment
- Allocation to a renewable infrastructure

Each of these are examples from the current strategy where the Committee has directly influenced the responsible investment considerations of the mandate and mandate guidelines in the strategy consideration stage.

b) mandate investment philosophy/process - the Committee can scrutinise manager approaches to ESG/RI matters in advance of the decision to invest.

Consideration of how the managers integrate RI matters in the stock selection and management of the Funds mandates can be reviewed as part of the due diligence process prior to appointment. The actual selection of managers is primarily down to LCIV, who along with BlackRock, have a key role in delivering the Fund’s RI aspirations.

### Ongoing engagement

Once a mandate has been established and the manager(s) investment philosophy/process adopted, the focus for the Committee then turns to:

- actions the appointed manager takes in ownership of an investment – the Committee can review quarterly reports provided by manager to understand more about the approach to areas such as engagement and voting. LCIV and BlackRock are key stakeholders in facilitation of this information and implementation of policies on behalf of the Fund.
- how the manager reports on the relevant RI metrics to their investors – BlackRock and LCIV are key providers of RI metrics for the Fund in the reporting they provide.

As part of the next stage of reviewing the Committee's approach and coverage of RI matters, we set out below a proposed timetable of activity for the coming meetings. Given the importance of this matter there may be merit in additional Committee meetings to progress matters set out below.

Task	Objective
<b>Q2 2021</b> Review BlackRock and LCIV's approach to Responsible Investment and Engagement (including Beliefs, Climate Policy and Stewardship Policy, Voting Guidelines and reporting)	Review the BlackRock and LCIV approach and coverage of RI matters across the mandates in which the Fund plans to hold following completion of the strategy changes.  This should include commentary comparing to the policies and beliefs of the Committee.
Training on Stewardship and TCFD	To understand the possibilities, requirements and expectations of LGPS pension funds and consider how the Committee would like to take forward.
<b>Q3 2021 onwards</b> Review Committee Investment beliefs, Climate policy and SDG aspirations	
Consider approach to Stewardship and TCFD reporting.	
Draft Responsible Investment Policy	
Ongoing reporting	
Review mandate benchmarks.	

We look forward to discussing this paper with you at the forthcoming Committee meeting.

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For and on behalf of Hymans Robertson LLP

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