



REDINGTON 

 Hackney

RESPONSIBLE INVESTMENT SURVEY AND NEXT STEPS

September 2023

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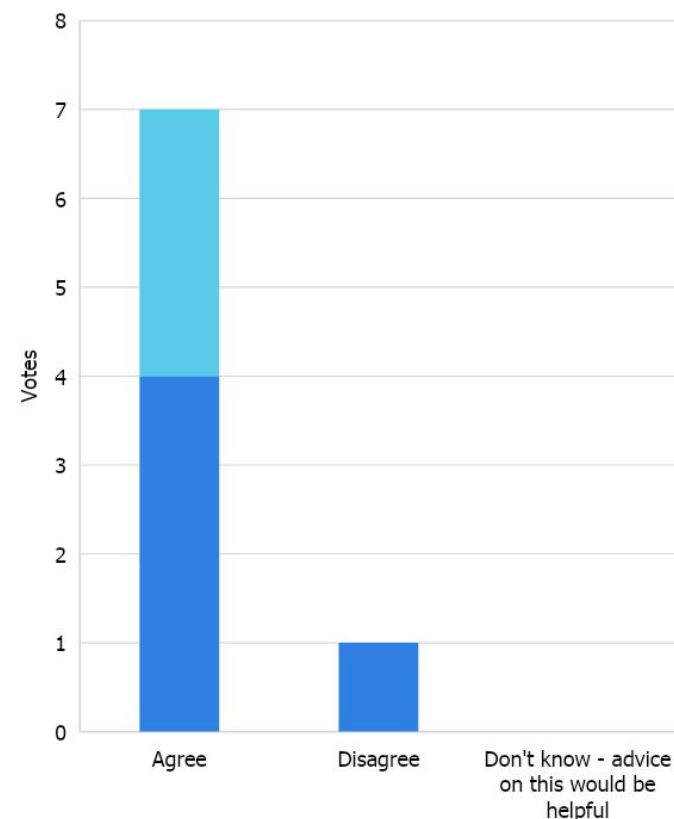
 Institute and Faculty of Actuaries
Quality Assurance Scheme

HACKNEY'S RESPONSIBLE INVESTMENT JOURNEY - QUICK RECAP

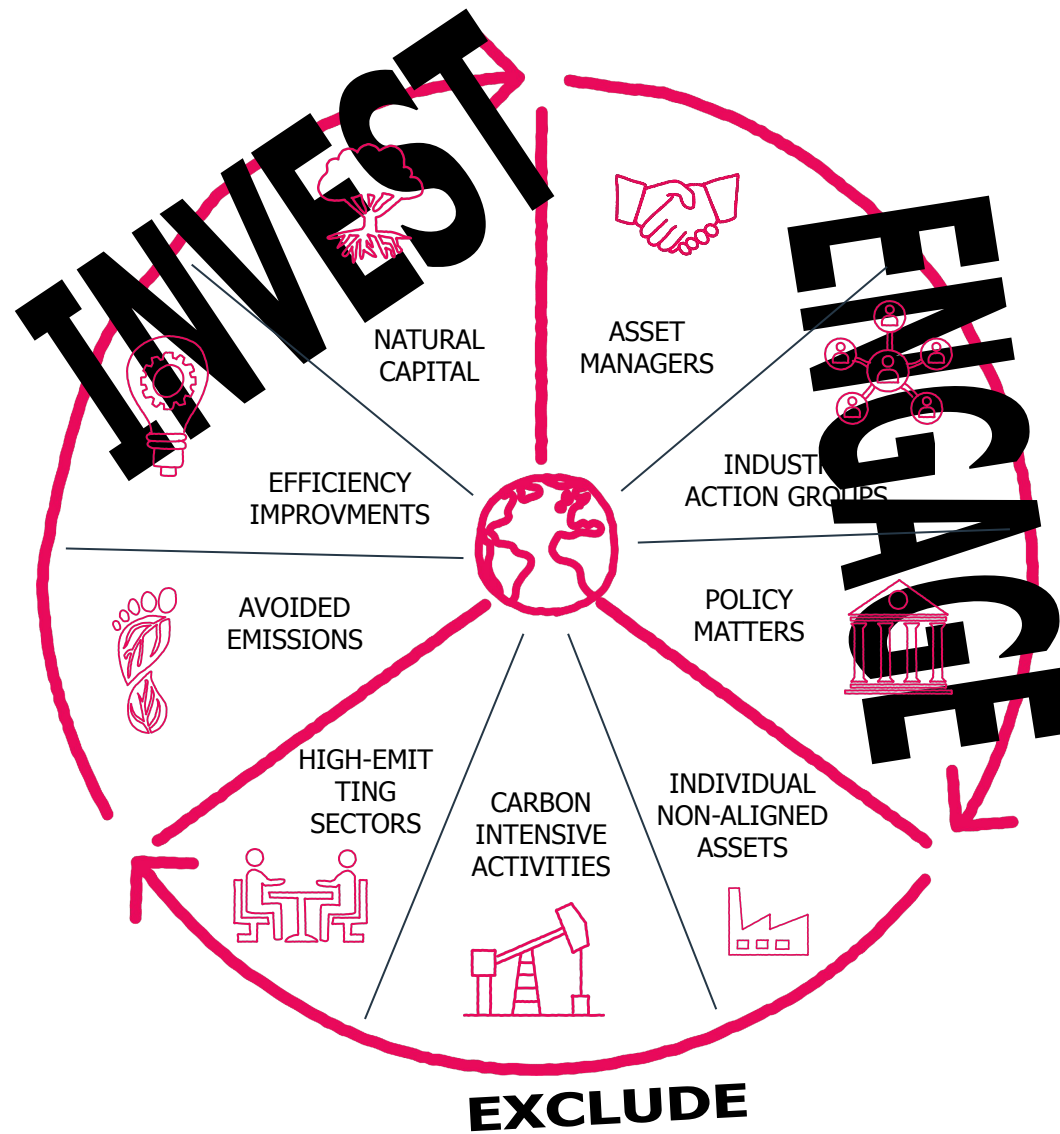
Recent Milestones in Hackney's Responsible Investment Journey

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 investing

Engagement is a more powerful tool for investors to use than divestment.



REMINDER OF THE LEVERS YOU CAN PULL



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	Stewardship 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 initiatives to address; how aligned investments

DISCLAIMER

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