

Title of Report	Responsible Investment Working Group (RIWG) Update
For Consideration By	Pensions Committee
Meeting Date	26 March 2024
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Jackie Moylan, Interim Group Director of Finance

1. Introduction

- 1.1. This report presents the Pensions Committee with an update from the first meeting of the Responsible Investment Working Group (RIWG) held on 6th March 2024.

2. Recommendations

- 2.1. The Pensions Committee is recommended to:

- Note the report

3. Related Decisions

- 3.1. Pensions Committee 20 September 2023 - RIWG Approval

4. Comments of the Interim Group Director of Finance

- 4.1. This paper provides an update to the Committee of the work of the RIWG following its first meeting on 6 March 2024 and sets out its proposed work programme for the remainder of the year.
- 4.2. The working group has been set a number of tasks within its terms of reference set by the Pensions Committee, including overseeing the development of the Fund's ESG strategy, reviewing its responsible investment policy, monitoring progress on climate charges and initiatives, consider reporting on Task Force on Climate-related Financial Disclosures (TCFD), support the Fund's stewardship and engagement activities and to monitor regulatory and other ESG developments.
- 4.3. The work of the group is important as it will allow more devoted time for discussion of topics and tasks related to responsible investment. This will allow the group to take forward key tasks that the Committee have already

agreed to take forward, such as the work required to become signatory to the UK's Stewardship Code.

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

5.1. The Pensions Committee has responsibility for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions. The work of the RIWG will help to ensure that responsible investment decisions are made in line with the Committee's fiduciary duty.

5.2. There are no immediate legal implications arising from this report.

6. Background to the Report

6.1. This report presents the Pensions Committee with an update on the work of the Responsible Investment Working Group following its first meeting held on 6 March 2024.

6.2. The sub-group of the Committee is made up of 6 Committee members supported by Fund officers and advisers. The first meeting was well attended by members of the Committee and all relevant officers. It was supported by presentations from Redington, the Fund's investment advisers, that generated useful discussion and debate around the subject matters.

6.3. Appendix 1 provides examples of the presentations considered at the first meeting as set out below.

6.4. At the first meeting of the group, the following topics were considered:

- The Financial Markets Law Committee paper - Trustees and Fiduciary Duties
- Economic Activity of Public Bodies (Overseas Matters) Bill
- Stewardship Code Requirements and the benefits of being a signatory
- The broader RI work programme
- Stewardship gap analysis
- The engagement framework and an action plan for becoming an engagement leader
- The components of effective stewardship and what good stewardship looks like
- Different operating models for engagement
- Levers for action within the engagement framework
- Stewardship themes
- RI and initial considerations regarding the defence industry, including the main parameters in which this could be considered.

6.5. Future meetings of the RIWG are to be held in May, September and November 2024, largely to fit in with key dates in respect of the work

required in order to meet the required deadlines for a Stewardship submission in the Autumn of 2024, as agreed by the Committee.

6.6. The broader RI Work Programme is set out in the table below

Activity	Timing
Gap analysis of Stewardship Code requirements, regular Stewardship reporting to Committee, consideration of enhancements to current approach	March - May 2024
March Pensions Committee - RIWG update	26 March 2024
Capturing current stewardship work, drafting Stewardship Code submission	June 2024
Draft outline Stewardship Code for consideration by Pensions Committee	June 2024
Finalisation of Stewardship Code and approval by Pensions Committee	September 2024
Stewardship code reporting and application	October 2024
FRC notification of acceptance of submission or rationale for rejection	January 2025
Ongoing stewardship activities reported to Pensions Committee quarterly	2025/2026
Annual review and approval of Stewardship Code submission by Pensions Committee to maintain signatory status	September 2025 and annually thereafter

Appendices

Appendix 1 - Responsible Investment Working Group Update - Redington

Background documents

None

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