



PENSIONS COMMITTEE

Tuesday, 23 September 2025 at 6.30 pm
Council Chamber, Hackney Town Hall,
Mare Street, London E8 1EA

Live stream link: <https://youtube.com/live/dCDTclcMLdM>

Back up link: <https://youtube.com/live/MZosz0v0lws>

Members of the Committee:

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

Co-optee

Jonathan Malins-Smith, Scheme Member Representative
Henry Colthurst, Employer Representative

Dawn Carter-McDonald
Chief Executive
Republished: 16 September 2025
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Pensions Committee

Tuesday, 23 September 2025

Order of Business

- 1 Apologies For Absence**
- 2 Declarations of Interest - Members to declare as appropriate**
- 3 Notice of Intention to Conduct Business in Private and Representation**

On occasions part of the Pensions Committee meeting will be held in private and will not be open to the public if an item is being considered that is likely to lead to the disclosure of exempt or confidential information. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.

This agenda contains exempt items as set out at the **Exclusion of the Press and Public** agenda item. No representations with regard to these have been received.

This is the formal 5 clear day notice under the Regulations to confirm that this Pensions Committee meeting will be partly held in private for the reasons set out in this Agenda.

4 Questions/Deputations/Petitions to the Committee

Members of the public who wish to speak at a meeting must notify the Governance Officer named on the agenda in writing of their request. Members of the public may only speak on items that are on the published agenda.

A Councillor may ask a question of the Committee 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.

No deputations submitted at the time of publication.

- 5 Consideration of The Minutes of the Previous Meeting (Pages 9 - 18)**

- 6 **Funding Level Update - Attached** (Pages 19 - 24)
- 7 **Quarterly Pensions Administration & Projects Update - Attached** (Pages 25 - 38)
- 8 **Funding Strategy Statement and Policies - Attached** (Pages 39 - 44)
- 9 **2024/25 UK Stewardship Code Report - Attached** (Pages 45 - 146)
- 10 **2024/25 Task Force on Climate-related Financial Disclosures Report (TCFD) - Attached** (Pages 147 - 196)
- 11 **Update on Administration Migration - Attached** (Pages 197 - 208)
- 12 **Quarterly Performance & RIWG meeting Update - Attached** (Pages 209 - 258)
- 13 **Quarterly Business Plan and Governance - Attached** (Pages 259 - 308)
 - a. Local Pensions Board Annual Report and Revised Terms of Reference.
 - b. To note the Pensions Board Minutes of the Meetings held on 31 July and 11 September 2025- Attached
- 14 **Pension Fund Annual Report - To Follow**
- 15 **Urgent Unrestricted Business**
- 16 **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 17-21 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.
- 17 **Funding Strategy Statement and Policies (Exempt Appendices 1-4)** (Pages 309 - 388)
- 18 **Quarterly Performance & RIWG meeting Update (Exempt Appendix 4)** (Pages 389 - 400)
- 19 **Strategic Asset Allocation (Exempt) - To Follow**
- 20 **To Note The Exempt Minutes of the Meeting of the Pensions Board 31 July and 11 September 2025** (Pages 401 - 412)
- 21 **Consideration of the Exempt Minutes of the Previous Meeting 29 July 2025** (Pages 413 - 426)

Public Attendance

The Town Hall is open. Information on forthcoming Council meetings can be obtained from the Town Hall Reception.

Members of the public and representatives of the press are entitled to attend Council meetings and remain and hear discussions on matters within the public part of the meeting. They are not, however, entitled to participate in any discussions. Council meetings can also be observed via the live-stream facility, the link for which appears on the agenda front sheet of each committee meeting.

On occasions part of the meeting may be held in private and will not be open to the public. This is if an item being considered is likely to lead to the disclosure of exempt or confidential information in accordance with Schedule 12A of the Local Government Act 1972 (as amended). Reasons for exemption will be specified for each respective agenda item.

For further information, including public participation, please visit our website <https://hackney.gov.uk/menu#get-involved-council-decisions> or contact: governance@hackney.gov.uk

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 or 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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MINUTES OF A MEETING OF THE PENSIONS COMMITTEE

TUESDAY 29 JULY 2025

- Councillors Present:** Councillor Kam Adams in the Chair
Cllr Grace Adebayo, Cllr Frank Baffour, Cllr Robert Chapman, Cllr Margaret Gordon and Cllr Ian Rathbone
- Apologies:** Cllr Lynne Troughton and Cllr Ben Hayhurst
- Co-optees** Henry Colthurst (Employer Representative)
Jonathan Malins- Smith (Scheme Member Representative)
- Officers in Attendance:** Miriam Adams (Assistant Director of Pension Fund Investments and Administration)
Rabiya Khatun (Governance Officer)
Patrick Rogers (Senior Lawyer)
Natalie Williams (Senior Governance Officer)
Deirdre Worrell (Director of Financial Management)
- Also in Attendance:** Jill Davys (Redington Consultant)
Anastasia Guha (Redington Consultant)
Sam Yeandle (Redington Consultant)
Ian Colvin, (Hymans Robertson)
Jenny Buck (Chief Investment Officer, London CIV)
Laura Chapman (Interim Chief Sustainability Officer, London CIV)
Sian Kunert (Client Relations Manager, London CIV)

1 Apologies For Absence

1.1 Apologies for absence were received from Cllr Troughton and Hayhurst.

2 Declarations of Interest - Members to declare as appropriate

2.1 There were no declarations of interest

3 Urgent Unrestricted Business

3.1 There is no urgent unrestricted business.

4 Notice of Intention to Conduct Business in Private and Representation

4.1 There was no representation received from the public.

5 Questions/Deputations/Petitions to the Committee

a. Question from Councillor Wrouth

Question without notice relating to agenda item 8 - Internal Audit Report - Pension Fund Investments

“Given the potential serious consequences if the Fund is eventually found to have been helping to fund war crimes in Palestine and continuing to invest in the Israeli Arms Machine, how can the internal audit, which finds that 'there are no material or significant issues to report', be signed off by the Pensions Committee?”

Response:

The Chair stated that the Council’s Internal Audit team's assessment was a matter of their professional judgment, and it would be improper for the auditor to exceed their terms of reference. It would be inappropriate for the auditor’s terms of reference to be made available and scrutinised by Members. It was reported that the Pension Fund had received the highest recommendation for its performance from the internal audit.

The Chair declined Councillor Wrouth’s request for a supplementary question due to time constraints.

The Chair issued a warning for the disruption from the public gallery and adjourned the meeting for the gallery to be cleared and reconvened the meeting at 18.35 hours.

6 To Note The Minutes of the Meeting of the Pensions Board

6.1 There were no minutes of the meeting of the Pensions Board for consideration.

7 Consideration of The Minutes of the Previous Meeting

7.1 Members considered the unrestricted minutes of the previous Pensions Committee meeting held on 11 June 2025 and a request was made to remove Jackie Moylan from the attendance list.

7.2 The Chair acknowledged the concern raised relating to the delay in answering questions submitted at meetings and the Assistant Director of Pension Fund Investments and Administration assured members that efforts would be made to respond to questions more promptly in the future.

RESOLVED:

That the unrestricted minutes of the previous Pensions Committee meeting held on 11 June 2025 be agreed as a true and accurate record of proceedings subject to the deletion of Jackie Moylan from the attendance list.

8 Internal Audit Report - Pension Fund Investments

- 8.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report providing an audit of Pension Fund's Investments which had been undertaken by Internal Audit team and its report was at Appendix 1. It was noted that the audit had received the highest level of assurance with no recommendations and it had covered procedures, policies, market volatility, safeguarding of assets, decision-making, and monitoring activities to ensure effective management and risk mitigation.
- 8.2 Following the introduction, Members of the Committee asked questions which the Assistant Director of Pension Fund Investments and Administration responded as follows:
- In relation to the transfer of funds to the London Collective Investment Vehicle (London CIV) and potential loss of control, it was explained that this was a key issue with ongoing guidance expected from the government. It was noted that some areas such as conflict of interest and manager monitoring would be affected as under the proposals London CIV would be able to select as well as monitor fund managers. Therefore, it would be necessary to have new reporting mechanisms and custodians to maintain an oversight.
 - In terms of benchmarking against other pools and LGPS Funds, it was stated that updates would be provided on this subject at future committee meetings.
 - With regard to the concerns raised about risk management due to the global instability in the Middle East specifically the starvation in Gaza, it was suggested that these factors should be considered in terms of investment involvement.
 - It was clarified that the internal audit report was for the Pension Committee, and the Fund as a responsible investor had to ensure its views on responsible investment were incorporated by London CIV. Officers were working with London CIV to establish a fit for purpose Sustainable Investment Policy across London.
 - With regard to the pending Internal Audit for Pensions Administration, it was confirmed that the Internal Audit team had been approached for more administration audits and they were awaiting a timeline as audits could not be conducted during the transition between Equiniti and the Local Pensions Partnership Administration.

RESOLVED:

- 1. Note the overall objective of the audit to provide assurance as to the adequacy and effectiveness of controls to ensure that Pension Investments are effectively managed and to assist in mitigating major risks.**
- 2. Note the content of the report and the audit opinion of Significant Assurance issued.**

Members of the Committee noted the poor acoustics in the Council Chambers were affecting the operation of business.

9 Introduction to benchmarking and Indices Training (Verbal)

- 9.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the Benchmarking and Indices training. Members were advised that the MSCI (Morgan Stanley Capital International) training scheduled for the next meeting would focus on Climate and Sustainability Indices.
- 9.2 Members were advised that links to short videos have been emailed to them in preparation for the upcoming training. Members were encouraged to watch the videos to help them with their understanding before the session in September. This session would focus on climate-related indices, which would support future strategic asset allocation decisions and the training intended to cover concepts such as MSCI IPD (Investment Property Databank) for performance reports and investment strategy.

RESOLVED:

1. Noted the Introduction to Benchmarking and Indices training.

10 Task Force on Climate-related Financial Disclosures (TCFD) Metrics and Target - Training and report wording

- 10.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report presenting the training on Task Force on Climate-related Financial Disclosure's (TCFD) Metrics and Targets as well as details of the various climate measures and metrics calculated as at 31 March 2025. This final TCFD session would focus on technical aspects and metrics.
- 10.2 It was reported that there had been a significant 11.5% decrease in emissions from 2023 to 2025 in the Fund's Scope 1 carbon footprint. The TCFD report would be presented at the next meeting in September 2025 and would cover the TCFD framework, portfolio metrics and results, climate scenario analysis, data quality, forward looking outlook and stewardship priorities.
- 10.3 Anastasia Guha, Redington Consultant delivered the training on (TCFD) Metrics and Targets and a summary of the areas covered are below:
- Three key metrics: absolute emissions, implied temperature rise, and data quality.
 - Climate Scenario Analysis
 - Forward-Looking Metrics
 - Data Quality
 - Transparency
 - Stewardship Priorities
 - Engagement with London CIV
- 10.4 Following the introduction, Members of the Committee asked questions which the Redington Consultants and Assistant Director of Pension Fund Investments and Administration responded as follows:
- In relation to the query about the potentially misleading data on the 'Hot House World' climate scenarios, it was clarified that the model's minimal loss projection in a Hot House World highlighted its current limitations, which were expected to improve in the future.

- With regard to the target temperature for emissions aiming below 2°, it was emphasised that being below the benchmark and investing in solutions was the key as achieving a lower target would be difficult outside of specific technology sectors.
- In terms of how London CIV would address different local authority progress in decarbonisation, it was stated that the Pensions Committee would work closely with London CIV to ensure its objectives and beliefs were clearly communicated, and a single-page dashboard could be produced for reporting.
- In relation to the query about companies highlighted for scrutiny within the report and whether to divest or engage from those companies, it was explained that there could be many reasons for managers retaining certain companies within their portfolio even those high emitting companies due to their intrinsic role in the transition journey or their existing plans for reducing emissions. The companies could report back with specific reasons relating to the high emissions.

RESOLVED to:

- 1. Note the report and appendix**
- 2. Note the use of proxies in calculating metrics where industry data limitations exists**
- 3. Note the limitations of scenario analysis**
- 4. Agree to the follow up of companies highlighted as high emitters for scope 1, 2 and 3.**
- 5. Note the Scope 1 and 2 carbon footprint reduction of 11.6% from 2023 to 2025**

11 Voting Policy

- 11.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report presenting the draft Voting Policy which outlined Hackney Pension Fund's approach to voting at shareholder meetings of companies the Fund held direct or indirect rights to vote, where voting rights were executed by external managers and London CIV. The policy also specified how voting decisions were to be made and executed, and how voting undertaken by external managers or London CIV would be overseen.
- 11.2 It was reported that the Responsible Investment Working Group (RIWG) in collaboration with the Local Authority Pension Fund Forum had considered this policy and recommended enhanced engagement on conflict areas, which would extend the Committee's stewardship work. The policy also addressed the voting approach on passive funds and equity mandates managed by BlackRock and London CIV as well as new investments. London CIV had been willing to continue passive voting and negotiations were ongoing regarding the broader responsible investment policy and updates would be provided separately. The procurement of a passive partner would be conducted through the national LGPS Framework due to its low value. There would be an engagement piece produced by LAPPF and members would also receive annual updates on conflict areas which would form part of the transparency board.
- 11.3 Following the introduction, Members of the Committee asked questions

which the Assistant Director of Pension Fund Investments and Administration responded as follows:

- In response to the query relating to BlackRock's voting process implementation, it was stated that their standardised enhanced voting approach could be speedily put in place while a short procurement exercise was being undertaken for a voting provider. The national LGPS Framework process was expected to take four to six weeks for selection and an additional two weeks for implementation through BlackRock.
- Regarding the transparency of the voting process for scheme members, it was emphasised that once a provider had been appointed then reports would be produced detailing how votes were cast which would also be circulated. The London CIV already provided reports on resolutions and how they had cast votes for partner funds. This new process would extend its transparency to reflect Hackney's views on voting.

RESOLVED to:

- 1. Consider and approve the updated Voting Policy (Appendix 1).**
- 2. Note the impact of pooling on voting of Fund shares.**
- 3. Consider and agree to delegate the procurement of a dedicated voting provider for the Fund's passive manager to the Group Director Finance and Corporate Resources in conjunction with the Chair (Appendix 2).**
- 4. Agree to engage LAPFF to deliver periodic enhanced engagement on Conflict Affected areas and High-Risk Areas (CAHRAs) reporting on behalf of the Fund as they are already active in this area and options from other providers may be limited.**
- 5. Note the direct award procurement route for LAPFF via the National (LGPS) Framework.**

12 Investment Strategy Training

12.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the training to be provided by Redington Investment Consultant in respect of investment strategy and scene setting. This would focus on the Committee's regulatory and fiduciary responsibilities, the objective of investment strategy, approach to Risk, approach to pooling, appropriate level of risk and return and how that level of return could be achieved in the most efficient way. It would also cover the current strategic asset allocation and approaches for aligning the Fund's objectives.

12.2 Jill Davys, Redington Consultants delivered a presentation on Investment Strategy and a summary of the areas covered are below:

- Purpose and Objectives of Investment Strategy
- Incorporating Metrics and Market Environment
- Funding Level and Strategic Asset Allocation
- Asset Class Overview
- Investment Strategy Framework (ROSIE)
- Pension Risk Management Framework

12.3 Following the introduction, Members of the Committee asked questions which the Redington Consultants and Assistant Director of Pension Fund Investments and Administration responded as follows:

- In respect of setting an upper limit for the funding level such as 125% compared to the current estimate of 141%, it was stated that whilst an upper limit threshold might not be necessary, the Committee should consider what level of risk they were comfortable with, especially given the buffer that had been generated and potentially moving towards a protection mode.
- It was clarified that the 141% funding level was an estimate based on investment data and the valuation undertaken in 2022. The Actuary had previously recommended increasing the prudence level from 72% to 80% at the 2025 valuation, which would slightly lower the valuation figure but it also offered an opportunity to return some value to the Council through contribution modelling. The Actuary was currently performing the actuarial valuation with preliminary results expected in November 2025.
- It was confirmed that the London CIV was expected to be the primary provider of strategic advice to the Fund after 31 March 2026 following the transfer of all assets to this pool. However, the Committee would retain control over asset allocation decisions and broader objectives, but London CIV would provide advice and implement any recommendations. London CIV would also be involved in the strategic process to ensure that any potential changes to the strategy aligned with the products it would offer its clients and that they were also suitable for the Fund.

RESOLVED:

1. To note the report.

13 London Collective Investment Vehicle (London CIV) B Shares Subscription

13.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report providing an update on developments at the London CIV B Shares Subscription in preparation for the Government's pooling agenda. A request had been received for each of the 32 shareholders to contribute £70,312 to acquire B shares. This increase in regulatory share capital supported the £15b of pooled assets and was an extension of an initial contribution approved in 2015. The contribution was deemed necessary to maintain sufficient share capital as a Financial Conduct Authority regulated firm.

13.2 Following the introduction, Members of the Committee asked questions which the Assistant Director of Pension Fund Investments and Administration responded as follows:

- In response to a query about who authorised the B share contribution, it was confirmed that due to time constraints the Section 151 Officer had made the decision on behalf of the Committee whilst acknowledging that approvals normally required an in-person meeting. It was emphasised that in future special meetings would be arranged to avoid a similar situation. The Assistant Director Finance

agreed to check the delegation regarding this payment for the B share.

ACTION: The Assistant Director Finance to check the delegation regarding this payment.

RESOLVED:

1. **To note the contribution of £70,312 for 70312 £1 B Shares in proportion to the existing shareholding into the London CIV to meet the required Regulatory Share Capital.**

14 Investment Strategy Review and Scene Setting

14.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report summarising the investment strategy process and preparatory steps to take place alongside the 2025 actuarial valuation. The last formal Investment Strategy review had been undertaken in early March 2023 to complement the results of the 2022 Triennial Valuation. In that review, new asset allocations were made to Multi-Asset Credit, Impact Property and Nature Based Solutions.

14.2 Sam Yeandle, Redington Consultants gave a presentation on the Strategy Review - Scene Setting & Investment Belief Setting and a brief summary of the areas are below:

- Background
- Strategic Asset Allocation (“SAA”) Review
- Fund’s Pensions Risk Management Framework (“PRMF”).
- Fund’s Investment Belief Setting Process based on Research, Objectives, Strategy, Implementation and Evaluation (ROSIE)
- 2025/26 Investment Strategy Review Timeline
- Survey Questions
- LGPS Pooling

14.3 Members noted the exempt appendix 2 of this submitted report.

RESOLVED:

1. **To consider the recommended strategy review process set out in the discussion paper (Appendix 1)**
2. **To complete the Investment Belief Survey (Exempt Appendix 2)**

15 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 items 16 to 21 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.

16 London Collective Investment Vehicle (LCIV) Update Presentation (EXEMPT)

16.1 The minutes and decision relating to this agenda item are restricted.

17 Responsible Investment Working Group Update (EXEMPT)

17.1 The minutes and decision relating to this agenda item are restricted.

18 Investment Strategy Review and Scene Setting (Exempt Appendix 2)

18.1 The minutes relating to this agenda item are restricted.

19 Fit for Future LGPS Reform Consultation Response and Update (EXEMPT)

19.1 The minutes and decision relating to this agenda item are restricted.

20 Consideration of the Exempt Minutes of the Previous Meeting

20.1 Members considered the restricted minutes of the previous Pensions Committee meeting held on 11 June 2025 and a request was made to remove Jackie Moylan from the attendance list.

RESOLVED:

That the unrestricted minutes of the previous Pensions Committee meeting held on 11 June 2025 be agreed as a true and accurate record of proceedings subject to the deletion of Jackie Moylan from the attendance list.

21 Urgent Restricted Business

21.1 There was no other urgent business.

Duration of the meeting: 18.30 – 21.55 hours.

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Title of Report	Funding Position Update
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources

1. **Introduction**

- 1.1. This report provides the Pensions Committee with an update on the estimated funding position of the Fund as at 31 March 2025 and how it has changed since 31 March 2022. This report is not the triennial valuation result.
- 1.2. The figures presented in this report are prepared only for the purposes of providing an illustrative funding position and are estimated by rolling forward the 31 March 2022 valuation results on the Fund's Ongoing basis as defined by the funding Strategy Statement
- 1.3. This approach ensures the asset value is consistent with the liabilities
- 1.4. These estimated figures will help the Committee to understand how those changes have impacted the Fund and will aid funding strategy planning discussions in preparation as part of the for the ongoing 2025 formal valuation.

2. **Recommendations**

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

3. **Related Decisions**

- 3.1. It is important for members to note the estimated results as a key monitoring tool. By not periodically noting the funding level, those charged with governance will not be fulfilling their role by ensuring they monitored the solvency of the pension fund between triennial valuations periods.
- 3.2. Pensions Committee 30 September 2024 - Funding Risk Update & 2025 Valuation Planning
- 3.3. Pensions Committee March 2023 - 2022 Actuarial Valuation - Final Valuation

Report and Funding Strategy Statement

4. **Background to the report**

- 4.1. Under the LGPS Regulations 2013, the Pension Fund is required to undertake a formal actuarial valuation every 3 years to establish its funding position and to set the contribution rate for the following three years. The 2025 valuation is soon to be completed by 31 March 2026, and will set the employer contribution rates for the 3 year period commencing 1st April 2026.
- 4.2. Appendix 1 sets out an update regarding the funding risks that the Fund faces and how the significant changes in the economic environment since the date of the last valuation pose different risks and opportunities.
- 4.3. The estimated funding position of the Fund since last measured in June 2024 has continued on a generally upward trajectory, with the funding level as at the end of March 2025 being 148%, increased from 139% at the end of June 2024 and 106% at 2022 valuation.
- 4.4. Alongside this, the likelihood of the Fund achieving required returns has increased from 91% in June 2024 to 94% in March 2025 and 74% at the 2022 valuation.
- 4.5. The last formal valuation of the Fund was carried out on 31 March 2022. The results in this report are based on projecting the results of the 2022 valuation forward to 30 June 2025 using approximate methods. The roll forward allows for high level estimated cash flows, investment returns over the period (estimated where appropriate), changes in financial assumptions as well as additional benefit accrual.
- 4.6. As this is an estimate, a degree of caution should be used when considering the funding level estimated at 148%. The roll forward nature of the estimation technique means that the further the estimate from the last valuation, the less accurate the underlying membership data is.
- 4.7. The interim funding level update produced by the actuary shows a funding level of 148% compared to 2022 valuation level of 106%. Changes since March 2022 are summarised below:

Period	Mar 2019	Mar 2022	Jun 2024	Jun 2025
Funding Level	92%	106%	139%	148%

- 4.8. The main reasons for the improvement are:
- improved investment returns
 - Salary increases are assumed to be 0.5% pa above pension increases, plus additional promotional salary scale.

- The continued high interest rates and their impact on Gilt yields have increased the discount rates applied to future liabilities from 4.3% in March 2022 to 6.8% in March 2025. The change in funding level and discount rate is summarised in the following table:

Monetary amounts in £bn		Ongoing basis	
		31 March 2022	31 March 2025
Liabilities	Assets	£1.96bn	£2.11bn
	Active Members	£0.53	£0.45
	Deferred Pensioners	£0.47bn	£0.32bn
	Pensioners	£0.86bn	£0.66bn
	Total Liabilities	£1.86bn	£1.43bn
	Surplus/(deficit)	£0.10bn	£0.68bn
	Funding Level	106%	148%
Required Return (% pa)*		4.0%	4.3%
Likelihood of achieving this return		75%	94%

- Future investment return for funding level to be 100%

4.9. The funding level varies with the assumed rate of future investment returns at 31 March 2022 and 2025. In the graph below, the percentages next to each point on the lines, show the likelihood of the investment strategy achieving that return at the respective date. The solid-coloured points on the graph indicates the funding level on the Fund's chosen assumptions.



4.10. The funding level assumptions allow for changes in market conditions and other factors described above.

5. **Comments of the Group Director of Finance & Corporate Resources**

5.1. The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure that the Fund is able to develop contribution and investment strategies that will achieve the objectives set out in the Funding Strategy Statement. The key outcomes from the Valuation process are the setting of employer contribution rates for the period 1 April 2026 to 31 March 2029, and the published single funding level of the Fund as 31 March 2025.

5.2. The triennial valuation outcome is sensitive to both the actuarial and financial assumptions made within the valuation, and the membership data used; significant variations to either the assumptions or the data used could impact the stated funding position or the outcome of the contribution rate modelling, which helps determine the contribution rates payable by the Fund's.

5.3. This report has no direct financial implications on the Fund.

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

6.1. Regulation 62 of the Local Government Pension Scheme (LGPS) Regulations 2013 prescribes that each administering authority must obtain:

- an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March 2016 and on 31st March in every third year afterwards;
- a report by an actuary in respect of the valuation; and
- a rates and adjustments certificate prepared by an actuary

6.2. Regulation 66 requires the Administering Authority to publish and supply

copies of any valuation report and a contribution rates and adjustments certificate to the Secretary of State, each employing bodies contributing into the Fund and any other body liable to make payments to the Fund.

- 6.3. This report helps to demonstrate that the Council as administering authority for the Fund is acting in accordance with the Regulations set out above.
- 6.4. There are no immediate legal implications arising from this report.

Appendices

None

Background documents

None

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Title of Report	Quarterly Administration and Projects Update
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources

1. **Introduction**

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

- Pension administration service
- LGPS regulatory update
- Pension Projects, including McCloud

It provides the Committee with information on the position of the Fund's benefit administration between April and June 2025.

2. **Recommendations**

2.1. **The Pensions Committee is recommended to note the:**

- **Administration Performance Monitoring for the quarter ending June 2025**
- **LGPS Regulatory Updates**
- **Update on McCloud project**
- **Update on other Pension Administration areas such as annual benefit statements**

3. **Related Decisions**

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

4. Pensions Administration and Communications Update

4.1 Policy reviews

As part of the transition planning the Fund is aware that various administration and communications policy will need to be reviewed and brought up to date with any new processes and procedures that may be onboarded as part of its move to the LPPA partnership. These will be presented to the committee for approval during the later half of the 2025-26 cycle.

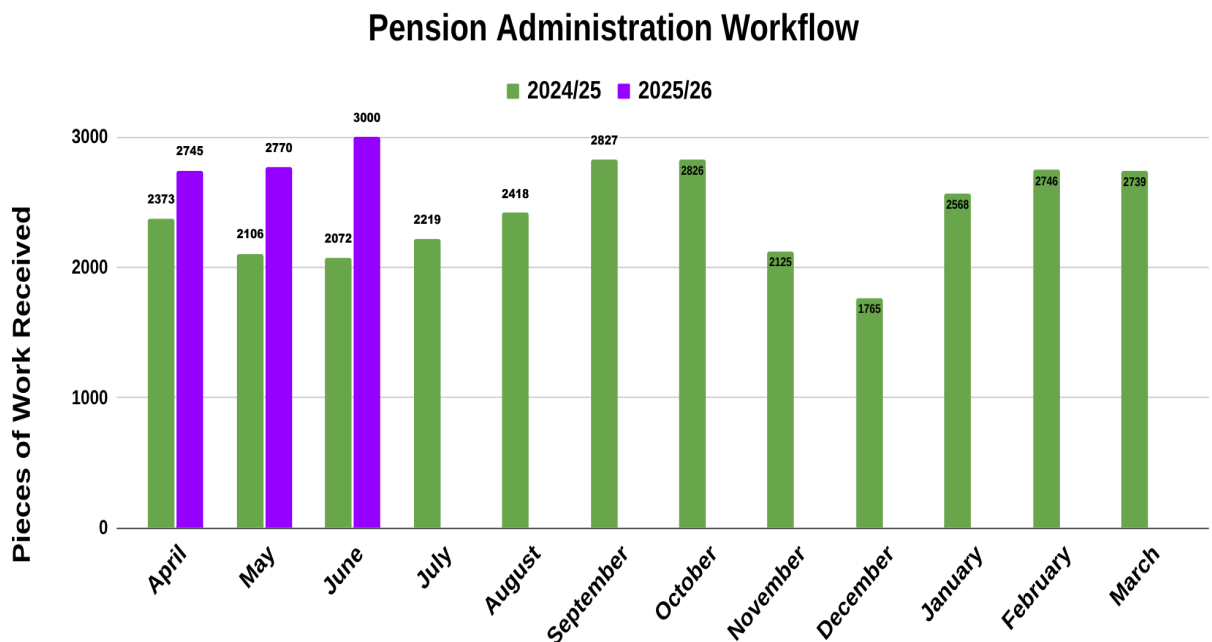
4.2 Hackney Pension Fund administration

4.2.1 Equiniti Monthly Monitoring

Under the contract in place with Equiniti monthly reporting is required on the basis of a large number of service level agreement standards (SLAs). The graph below reflects this reporting, showing from the beginning of the financial year 1 April 2024.

4.2.2 Case levels

During the reporting quarter (the purple bars) EQ have seen a significant increase in work items received when compared to the same period in 24/25.

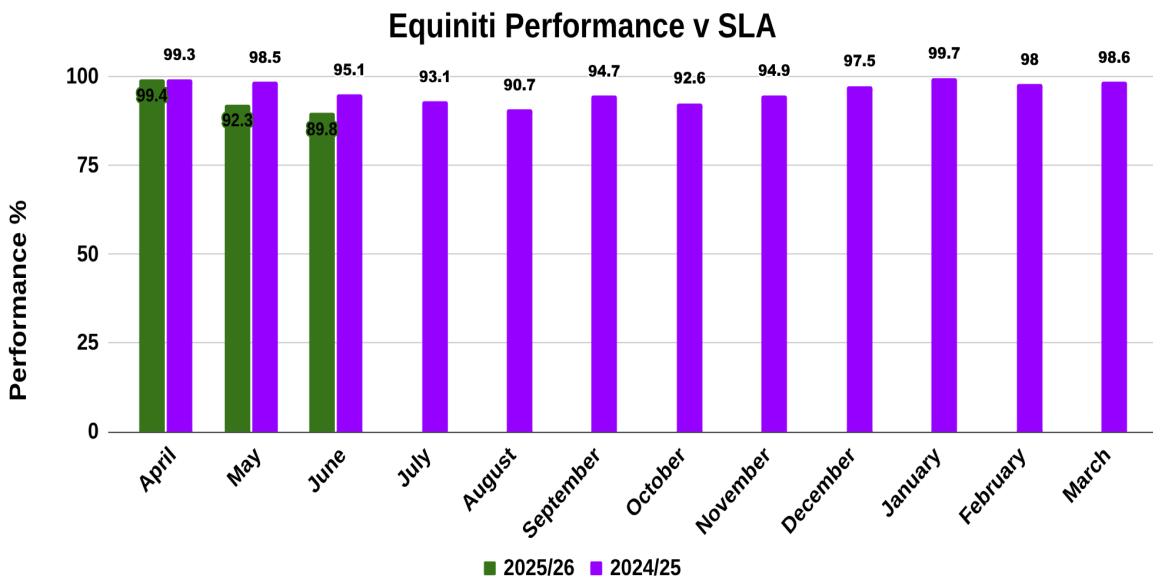


4.2.3 SLA monitoring

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 2025 (the purple bar) and shows the comparable position last year (the green bar). The graph shows the overall SLA performance against all service level agreement standards in place.



An averaged SLA of 93.8% was achieved for the reporting period, compared to 97.6% for the same period last year. The SLA dropped towards the end of the reporting quarter due operational staff moving to new jobs before the end of the contract.

The Fund has been working with EQ to try and ensure that the loss in personnel due to the transition will have as minimal impact as possible on members. EQ has put in place a priority triage process where all financial work items (such as putting pensions into payment) and deaths are given priority status.

4.2.4 Hackney Pension Internal Team Update

The Hackney Fund pension team are continuing to support the Council’s HR with redundancy requests. During the reporting quarter 101 were completed, with a total of 328 having been done at the time of writing. This large volume reflects the increase in restructuring and redundancy exercises that the Council and its schools are undertaking due to financial pressures.

General work volumes of the Hackney Fund team, statistics from Q1 2025/26 is reported below. Tasks reported on include email enquiries, telephone calls from scheme members and member facing meetings.

	Email enquiries	Telephone calls	Member 121s
Q1 25/26	1,074	519	60

4.3 Communications

Since the last update the following communications have been issued:

4.3.1 Auto enrolment for Hackney Council

The Council issued internal communications assisted by the Fund communicating to council staff that the council's enrolment date of 1 st July was approaching and that anyone not in the pension scheme will be enrolled into the scheme under the overarching pension auto enrolment legislation.

4.3.2 Website

The Fund's website has been updated to include a "Funding & Investment" tab to try and help make the Investment policies easier to find and navigate for members. The Responsible Investment policy, Investment survey results & FAQs and the Fund's Engagement policy have all been added to this section.

A news article was also added titled "Note on Israel and the Occupied Palestinian Territories" setting out the London CIV's investment position.

4.3.3 Pre Retirement Seminars and Employer Support

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 bimonthly basis and feedback received has been positive.

4.3.4 Employer Support - School Closure work

The Pensions Team have been working with the Council's HR teams in calculating redundancy estimates for the four primary schools (St Mary's, Sir Thomas Abney, St Dominics and Oldhill) which closed on 31 August 2025. The team have also assisted payroll in providing leaver information (final pay details etc) in bulk to EQ to enable pension release paperwork to be actioned by EQ without delay. All pension benefit option forms were issued to staff

subject to automatic pension release due to redundancy (those 55 and over and in the pension scheme) by 3rd September.

4.4 **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 by the Pensions Manager, or where the Pensions Manager has previously been involved in the case by the Assistant Director, Pension Fund Investments & Administration.
- Stage 2 IDRP's are determined by the Group Director, Finance & Resources taking external specialist technical advice from the Fund's benefits consultants.

Stage 1 – No applications were received during this reporting period.

Stage 2 – Two applications were submitted during the reporting period. Both were against the administering authority in relation to transfers out and were upheld. An apology for the service given was provided to the member and one accepted a £500 payment in line with ombudsman guidance in recognition of the stress and inconvenience caused.

4.5 **Annual Benefit Statements 2024/25**

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

4.5.2 Initial requests were sent in February to those of the Fund's employers who are still required to submit a year end return, and the Fund also sent its own communication out reiterating to employer's the importance of timely submissions this year given its the Fund's valuation cycle. Employers were asked to provide EQ with the relevant year end data by 2nd May 2025

4.5.3 The statements this year have been issued late by EQ. A full breakdown of numbers issued and timings is provided below. For the avoidance of doubt the Fund has now been told that all statements due have now been issued, as picked up on the final column on the below table.

Category	Final Numbers for postal	Total to Docmail	total to printers	EDM only files	total printed+EDM only loaded	% Issued to print team	Date posted
Def Councillors	28	n/a	28	6	34	100.00%	05/09/2025
Def DPC	12	n/a	12	0	12	100.00%	05/09/2025
Def Regular	7,158	26	7,132	1,758	8,916	100.00%	05/09/2025
Actives over NRD	268	6	262	12	280	100.00%	09/09/2025
Actives under NRD	6,611	195	6,416	71	6,682	100.00%	3,461 posted 09/09/2025 2,955 posted 10/09/2025

Docmail is manual printing done within EQ's BAU team

EDM only means the ABS has been produced and is contained on the members recorded but cannot be posted due to no valid address being held

4.5.4 EQ were asked to attend this Committee meeting to explain the reasons for the breach but were unable to send anyone.

EQ have cited late data returns from Employers as being the main issue, reporting that only one Employer had supplied the requested data by the 2nd May deadline. However, upon investigations by the Fund this does not appear to be the case. Five Employers, including the Council which makes up a significant amount of the total active membership, submit monthly returns via a monthly data upload directly into the administration system. Therefore a year end return is not needed and these uploads would have been within EQs system by the end of April. From those employers/schools where a year end return was due 17 year end returns were received by the initial deadline of 2 May, with another 19 submitted by 16 May.

4.5.5 From the Fund's investigations it appears that the following contributed to the delay in issuing statements:

- Quality of the data which had not been dealt with on an ongoing basis by EQ. Therefore some of the existing data may not have been of the quality needed and therefore manual data work had to be undertaken by EQ as part of the ABSs process, rather than it form part of an early BAU monthly data verification/cleansing process.
- EQs process of uploading and validating the data in bulk. The deferred statements could have been issued at a much earlier date as these are not affected by live data returns. However, due to the internal structure

of EQ, the way they run the Hackney workflows and resourcing EQ have never been able to separate the two processes.

- EQ could have loaded and verified the active data on a more piecemeal basis and got batches of active statements issued within the timeframe.
- The lack of pre planning with EQs print service also contributed to a 7-10 day delay, but the files were submitted to the printers too late due to the reasons stated above.

4.5.6 In the Fund's opinion the above put EQ under extreme pressure, condensed the timeline significantly and removed all contingency putting the overall delivery at risk.

The Fund had repeatedly been assured by EQ that the ABS process was on track and it was only on 26 August that the Fund were advised some members may not get their ABS on time, but it was still represented that the majority should be issued inline with the deadline. On 29th August the Fund got confirmation that the majority of the statements would not be issued on time.

This is obviously an extremely disappointing outcome which has been reflected in the breaches register. The Fund will be mindful of the experiences for this year's process and provide full information to LPPA about what went wrong to ensure that next year's statements are issued on time by the new administration partner.

4.6 **Pension Saving Statements**

The Finance Act 2006 sets out that individuals can only save up to £60,000 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 £60,000. 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.

4.7 **Valuation Data**

The whole fund membership data extract, as at 31 March 2025, was due to be submitted to Hymans by the end of June. EQ advised that due to their internal processes and issues experience on the ABS exercise (detailed above) they would not be able to submit a full data extract until the ABS data had been finalised and run. This significantly delayed the valuation submission which was provided to Hymans on 5th September 2025.

The actuaries are now working on this data and an update will be given at the next committee meeting.

4.8 McCloud Programme

4.8.1 Regulatory and national position

The only area from a national position where regulations are still required relates to the implementation of the remedy for teachers' excess service. As reported previously, it is now expected the number of members impacted nationally is much lower than initially thought and the Department of Education and Capita are working on a change in process to ensure that Administering Authorities only receive data for in scope members. There is no further action for the fund at this stage.

4.8.2 Workstream update

As previously reported the programme as a whole is progressing well. Furthermore, the workstreams with Equiniti have transitioned to the wind down phase as remaining actions are considered for transfer to LPPA as the new third party administrators. Meetings are ongoing with LPPA to ensure the smooth transition of the programme and the remaining actions.

Data workstream/Annual Benefit Statements (ABSs)

The key remaining action in this workstream is to identify members who may qualify for McCloud due to pre-April 2012 public service pension scheme service held elsewhere. As previously reported a communication was issued to c5,500 members earlier in the year and approximately 300 responses have been received and processed by EQ. However, further work is required to identify potential qualifying service for members who have not responded. A template data sharing spreadsheet has recently been published by the Local Government Association and options for how to progress this area of work are being considered.

In relation to ABSs, as previously reported the Programme Management Group (PMG) approved the exercise of the discretion to extend the implementation phase to 31 August 2026. Therefore, the 2025 ABSs issued did not contain an underpin amount if applicable. However, as agreed an insert accompanied the ABS to inform members of this and that any members in scope for an underpin amount will be notified with their 2026 ABS. Therefore, the Fund will work with LPPA during next year in relation to this requirement. In addition, in May 2025 officers notified The Pensions Regulator (TPR) of the position regarding ABSs and the steps being undertaken to ensure the underpin will be included in the 2026 ABSs.

Benefit rectification workstream

All known retrospective amendments to members' pensions have now been completed by Equiniti and relevant members due an increase in their benefits were notified and paid the additional amounts due by the statutory deadline of 31 August 2025. This applied to 4 pensioners only. However, the discretion was exercised and approved by PMG in June 2025 to extend to 31 August 2026 the date by which retrospective amendments to members' pensions and other rights needed as a consequence of the McCloud remedy would be concluded. This is to allow for additional cases which may arise as a result of the past service history data exercise (referred to above under the data workstream).

A further update will be provided at the next Committee meeting.

4.9 Other administration and communications related developments and news

4.9.1 New PASA guidance: Securing Tomorrow- protecting member data

On 4 August 2025, the Pensions Administration Standards Association (PASA) released [new guidance – 'Securing Tomorrow'](#) to help trustees and pension providers strengthen data protection and governance across schemes.

With schemes increasingly reliant on digital systems and sensitive member data, the guidance offers practical steps to improve cyber resilience and manage emerging risks, including artificial intelligence. PASA highlights that trustees and providers have a dual responsibility, not only to safeguard member benefits, but also to protect sensitive personal data. This guidance supports schemes in building robust, proportionate controls to manage data risks with confidence.

The guidance complements existing frameworks, including:

- The Pensions Regulator's [Cyber Security Guidance](#)
- National Cyber Security Centre's [10 Steps to Cyber Security](#).

4.9.2 Inheritance tax consultation response

On 21 July 2025, HM Treasury (HMT) published its [response to the consultation on inheritance tax \(IHT\) changes](#).

At the Autumn Budget 2024, the Government announced that for deaths after 5 April 2027:

- most unused pension funds and death benefits will be included in the value of a person's estate for IHT purposes

- pension scheme administrators (PSA) will be responsible for reporting and paying any IHT due on pensions to HMRC.

HMT consulted on the processes for these changes between 30 October 2024 and 22 January 2025.

Following significant concerns raised by the LGA and the pensions industry, HMT has amended its proposals. The key changes are:

- all death-in-service benefits from registered pension schemes will be excluded from the value of an individual's estate for IHT purposes, regardless of whether the scheme is discretionary or non-discretionary – currently non-discretionary death-in-service benefits are included in the value of an individual's estate for IHT purposes
- personal representatives (PRs), and not PSAs, will be responsible for reporting and paying any IHT due on pension benefits
- PSAs will have new duties to support PRs in paying IHT on pension benefits
- to support PRs and beneficiaries who may struggle to pay IHT on pensions, the Government will offer multiple payment options. These include allowing pension beneficiaries to instruct PSAs to pay IHT in respect of pensions on their behalf – though the pension beneficiaries remain liable for the IHT.

Next steps

HMT has published [draft clauses for inclusion in the Finance Bill 2025-26](#). These are open for technical consultation until 15 September 2025.

Annex A of the consultation response outlines the proposed new process for reporting and paying IHT from April 2027. HMRC will continue to work with industry experts, representative bodies and advisers to refine the process.

To legislate for the new process, the Government will consult further on amendments to the Registered Pension Schemes (Provision of Information) Regulations 2006. Annex B of the consultation response sets out the expected changes.

The Government intends to publish tools and guidance to support PRs, PSAs and beneficiaries ahead of implementation in April 2027.

4.9.3 Pensions dashboards programme update

Blog: Testing the MoneyHelper Pensions Dashboard

[PDP has published a new blog](#) outlining its approach to testing the MoneyHelper Pensions Dashboard with real users and live data. Adam Gifford, Senior Policy and Propositions Manager, explains how consumer

testing will provide valuable insights to help refine the dashboard ahead of its public launch.

Over 40 million pension records now connected

Since April 2025, hundreds of pension providers and schemes have joined the pensions dashboards ecosystem. This has connected over 40 million workplace and private pension records, more than half of all UK pension records.

A [short video update outlines progress](#) as we approach the final connection deadline of 31 October 2026.

4.9.4 LGPS England & Wales Scheme Advisory Board (SAB)

Board Annual Assembly registration now open

Registration is now open for the Board's Annual Assembly on 22 October 2025. Spaces are filling quickly, so early booking is encouraged. The event is a chance for pension committee and board chairs to network and hear directly from the Board, including Chair Cllr Roger Phillips and the Board Secretary. Local Government Minister, Jim McMahon, has been invited, following his attendance at previous online events.

The in-person event is free and will run from 11am to 4pm at the LGA offices in Smith Square, Westminster.

CIPFA Consultation on the 2026/27 Code of Practice on Local Authority Financial Reporting

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued a [consultation on the Code of Practice on Local Authority Financial Reporting in the UK](#).

Some of the proposals aim to identify and address current challenges in local authority financial reporting, including the separate publication of pension fund and host authority accounts, something the Board has consistently called for.

The consultation seeks views on the implications of no longer including pension fund accounts within those of administering authorities – for example, how this might affect publication timelines and who should be responsible for signing off pension fund accounts.

The consultation closes on 12 October 2025. The new code will apply for the financial year 2026/27 onwards.

Although SAB already engages with CIPFA on these matters through the CRC, it is also considering whether to submit a formal response to the

consultation. If you have any views on the consultation, please email them to SABSecretariat@local.gov.uk.

5. Comments of the Group Director Finance & Corporate Resources

- 5.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct financial 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.
- 5.2. Monitoring of key administration, communication and project targets ensures that the Fund monies are being used appropriately including ensuring that the Fund is achieving value for money.

6. Comments of the Director of Legal, Democratic and Electoral Services

- 6.1. 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 quasi 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.
- 6.2. Given these responsibilities, it is appropriate for the Committee to consider a regular quarterly update covering scheme administration, communication and pension projects.

Appendices

None

Background documents

None

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Title of Report	2025 Actuarial Valuation - Draft Funding Strategy Statement and Policies
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Open with Exempt Appendices
Ward(s) Affected	All
Group Director	Naeem Ahmed Group Director - Finance & Corporate Resources

1. Introduction

1.1. This report provides the Pensions Committee with updates to:

- Funding Strategy Statement (FSS)
- Contribution Review Policy
- Small Admissions Body Policy
- Policy on Cessations

2. Recommendations

2.1. **The Pensions Committee is recommended to:**

- Approve the draft Policies Funding Strategy Statement for consultation with employers.
- Approve the Contribution Review Policy
- Approve the Small Admissions Body Policy
- Approve the Policy on Cessations

3. Reason(s) for decision

3.1. The Funding Strategy Statement (FSS) captures how funds set funding strategies for participating employers. It assists employers to understand how the fund determines its contribution rates.

4. Background

4.1. The FSS outlines how the fund will achieve the statutory aims of securing funding solvency and long-term cost efficiency, whilst achieving a balance with the desire to maintain stable employer contribution rates.

Guidance

- 4.2. The new guidance issued in January 2025 has been jointly produced by MHCLG, CIPFA and the English & Welsh Scheme Advisory Board. This revised and updated guidance replaces the previous CIPFA Pensions Panel guidance 'Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme' issued in October 2016 and October 2012.
- 4.3. The guidance recommends that funds follow this guidance as well as the general structure and terminology used in this guidance when setting out their individual fund strategy.
- 4.4. The purpose of a FSS is to:
- establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities will be met going forward.
 - support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the Local Government Pension Scheme (England and Wales) Regulations 2013.
 - ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund.
 - explain how the fund balances the interests of different employers.
 - explain how the fund deals with conflicts of interest and references other policies/strategies.
- 4.5. The new Guidance aims to improve the coverage of:
- Roles and responsibilities of key parties
 - Engagement with employers and other key stakeholders
 - Funding deficits, surpluses and de-risking policies
 - Risk management
 - Good practice in setting out the fund's policy on funding decisions
 - Links with other fund policies and strategies.

Changes made to the Funding Strategy Statement (FSS) in response to the January 2025 Guidance

- 4.6. Although this has always been the case, the revised FSS now states explicitly that the effective date of the FSS is 1 April 2026 therefore all employer work from this date will be carried out in line with the requirements of the revised FSS.
- 4.7. The FSS has been split into two parts to align with the guidance- Key Funding Principles and Employer events although sub headings remain unchanged.

- 4.8. Funding policies appended to the FSS are being reviewed separately. Employer groups have now been defined using the Scheme Advisory Board Tiers hence making it easy for employers participating in multiple LGPS Funds to compare funding policies.
- 4.9. The guidance recommends annual review of the FSS and Funds to set out how often the FSS is reviewed.

Other Updates to the FSS

- 4.10. Although no change has been made to the sessions of the FSS relating to pooling, these will need to be updated prior to the FSS consultation once the post 2025 valuation pooling arrangements have been finalised.
- 4.11. The FSS was updated to reflect the Fund's pass through policy which has been added to section 5. This sets out 'what happens when an employer joins the Fund. Further updating will be required once the final implementation of the new fair deal in the LGPS expected later this year is known.
- 4.12. Policies on bulk transfers remain unchanged and the FSS now includes a glossary (appendix C), as required under the new guidance.
- 4.13. The assumptions appendix reflects the final 2025 valuation assumptions, however these will be updated to include demographic assumptions once the actual valuation data submitted by Equiniti have been reviewed.

Sustainability and climate change

- 4.14. This FSS has been updated to reflect climate change scenarios and impact.

Engagement Plan and Consultations

- 4.15. The FSS and policies would be shared with all scheme employers and the Pensions Board. Comments would be presented at the January 2026 Committee meeting.

Risk Management

- 4.16. The Pensions Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment structure in place that is regularly monitored. In addition it monitors the benefit administration, the Risk Register and compliance with relevant investment, finance and administration regulations. The creation of the Responsible Investment Working Group further strengthens the governance of responsible investment matters and contributes to reducing risks in these areas.

5. **Comments of the Group Director of Finance and Corporate Resources.**

- 5.1. The triennial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure that the Fund is able to develop contribution and investment strategies that will achieve the objectives set out in this Funding Strategy Statement. The key outcomes from the Valuation process are the setting of employer contribution rates for the period 1 April 2026 to 31 March 2029.
- 5.2. There are no direct financial implications arising from this report

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

- 6.1. Regulation 58 of the Local Government Pension Scheme Regulations 2013 sets out that administering authorities are required to prepare and maintain an FSS.
- 6.2. Regulation 62 of the Local Government Pension Scheme (LGPS) Regulations 2013 prescribes that each administering authority must obtain:
- an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March 2016 and on 31st March in every third year afterwards;
 - a report by an actuary in respect of the valuation; and
 - a rates and adjustments certificate prepared by an actuary
- 6.3. Paragraph 7 of the Pensions Committee's Terms of Reference state that it is responsible for 'mak[ing] arrangements for the triennial actuarial valuation, monitor[ing] liabilities and undertak[ing] any asset/liability and other relevant studies as required.
- 6.4. Taking into account the regulatory requirements around the actuarial valuation and role of the Pensions Committee as set out in the Terms of Reference, the consideration of the 2025 valuation process would appear to properly fall within the Committee's remit.

Exempt Appendices

- Appendix 1 - Funding Strategy Statement (EXEMPT)
Appendix 2 - Contribution Review Policy (EXEMPT)
Appendix 3 - Small Admissions Body Policy (EXEMPT)
Appendix 4 - Policy on Cessations (EXEMPT)

Exempt

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and appendices are exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered

that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background documents

[MHCLG: Guidance for Preparing and maintaining a Funding Strategy Statement \(FSS\) January 2025](#)

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Title of Report	2025 Stewardship Code Submission
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director Finance & Corporate Resources

1. **Introduction**

- 1.1. This report presents the Pensions Committee with a draft of the proposed final submission to the Financial Reporting Council (FRC) of the Fund's Stewardship Report covering the 12 months to 31 March 2025. Signatory status is by way of annual submissions.

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to approve the draft 2024/25 submission, subject to any final changes to be agreed with the Chair and Vice-Chair ahead of the submission October deadline.**

3. **Related Decisions**

- 3.1. Pensions Committee 30 September 2024 - 2023/24 Stewardship Code Submission.

4. **Background to the Report**

- 4.1. The Fund was announced as one of the successful applications for the 2024 UK Stewardship Code signatory by the Financial Reporting Council (FRC) on 6th February 2025. Application is annual with prospective applicants submitting their application in October each year. A draft updated report was considered by the Responsible Investment Working Group (RIWG) at its September meeting, prior to finalisation and approval from the Committee to be submitted in time for the October deadline.
- 4.2. Over the last 12 months, the Fund has continued to make strides in its responsible investment and stewardship activities and approach. All of these

have been reflected in the upcoming submission.

Stewardship Code 2024 - Feedback and Progress

- 4.3. The Fund received feedback from the FRC in February 2025 which listed areas of improvements and areas which the Fund failed to meet the required standard. Since March 2025, the Committee has received progress on the action plan and how the Fund has been able to meet expectations. Below are some of the areas improvements in the 2024/25 submission.

- 4.4 Principle 1 – Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

FRC Expectations - Signatories should explain the purpose of the organisation and an outline of its culture, values, business model and strategy

The Fund scored amber in the FRC feed back, the response has since been rewarded and strengthen commentary around purpose and strategy.

- 4.5 Principle 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

FRC Expectations on 4.1 - Signatories should explain how they have identified and responded to market-wide and systemic risk(s), as appropriate.

The fund scored amber in the FRC feedback, the submission now Includes work of RIWG picked up during 2024/25 in terms of manager oversight and holding third party providers to account. Also reference how best through dialogue with managers. Ongoing TCFD training; analysis of middle east exposure

FRC Expectations on 4.5 - Signatories should disclose an assessment of their effectiveness in identifying and responding to marketwide and systemic risks and promoting well functioning financial markets.

The fund scored a red in the FRC feedback, the submission now includes series of investment manager attendance at RIWG.

- 4.6 Principle 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

FRC Expectation on 6.10 - Signatories should explain where their managers have not followed their stewardship and investment policies, and the reason for this

The fund scored a red in the FRC feedback, the 2025 response now

includes work with external managers to ensure the Fund's policies are clear and seek additional information on where the Fund's policies have not been met. Currently being put in place the submission now reflects manager manager survey responses.

- 4.7 Principle 7- Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

FRC expectations on 7.3 - Signatories should explain how they have ensured tenders have included a requirement to integrate stewardship and investment, including material ESG issues

The fund scored a red in the FRC feedback; responses now include commentary on how ESG factors are taken into consideration for NBS and Housing allocations. Include commentary on how this will be taken forward with London CIV as well as continued engagement with LCIV and Resonance.

- 4.8 Principle 12 – Signatories actively exercise their rights and responsibilities. FRC expectations on principle 12.1 - Signatories should state the expectations they have set for asset managers that exercise rights and responsibilities on their behalf.

The fund scored a red in the FRC feedback included a need to review and update the Fund's voting policy and ensure it is communicated to the Fund's investment pool, London CIV and passive manager. Assess services available to be able to undertake directed voting on passive.

FRC expectation on principle 12.6 - For fixed income assets, signatories should explain their approach to seeking amendments to terms and conditions in indentures or contracts. The fund scored a red in the FRC feedback which included review fixed income mandates to assess whether enhancements can be made in respect of the Fund's RI policies within the terms and conditions (this is already in progress)

Recap of the UK Stewardship Code 2026

- 4.9 The new code will take effect from 1 January 2026, Reporting to the UK

Stewardship Code in 2026 will be in two parts

- Policy & Context (P&C) Disclosure - this includes information about the organisation, its governance and resourcing, linking to relevant policies.
- Activities and Outcomes (A&O) Reports - this is an annual update demonstrating a signatory's policies in action, showcasing what they have done that year and what they have achieved.

Next Steps

- 4.10 Following consideration of the draft by the Committee, the Report will be topped and tailed with opening and closing remarks, to be agreed with the Chair and Vice Chair of the Committee.
- 4.11 Following approval at the Committee meeting and then final agreement of any further changes as set out above the Report will be submitted to the FRC by the deadline in October.
- 4.12 Once received, review and consider any feedback from the FRC at RIWG.

5. Comments of the Group Director of Finance and Corporate Resources

- 5.1. This paper provides an update to the Committee regarding the 2024/25 draft of the final submission to the FRC of the Fund's Stewardship Report for Committee approval.
- 5.2. The detailed work in order to arrive at the draft report has been considered in detail by the members of the Responsible Investment Working Group (RIWG) and summarised in various update reports to previous committee meetings.
- 5.3. Successfully retaining signatory status is an important indicator of the Fund's effective stewardship, indicating responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries.
- 5.4. The Fund must report annually in order to remain a signatory.

6. Comments of the Director of Legal, Democratic and Electoral Services

- 6.1. 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 desire to become a signatory to the FRC Stewardship Code shows that the Committee wished to maintain responsible allocation, management and oversight of the Fund's assets.
- 6.2. There are no immediate legal implications arising from this report.

Appendices

Appendix 1 - 2024/25 Stewardship Code Report Update

Appendix 2 - 2024/25 Draft Stewardship Code Statement Submission

Background documents

None

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REDINGTON
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2024-25 STEWARDSHIP CODE REPORT UPDATE

23 September 2025

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Corporation





What is the UK Stewardship Code 2020?

The Code sets out the expectations of responsibilities for investors and asset owners described in 12 principles which need to be evidenced on an 'apply and explain' basis.

Signing up to the code is *voluntary* and meeting its expectations is one indicator of effective stewardship.

What is the aim of the code?

The UK Stewardship Code 2020 seeks to set high stewardship standards for asset managers, asset owners (including pension schemes), and for the service providers that support them.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries.

How to become a signatory of the code

Organisations must submit a Stewardship Report to the Financial Reporting Council demonstrating how they have applied the Code's Principles in the last 12 months.

The FRC will assess the report and if it meets the reporting expectations, **the organisation will be listed as a signatory to the Code.**

Once listed, organisations **must annually report** to remain signatories.

Report details

The report should be comprehensive; however, it must be fair, balanced and understandable with clear examples of success, as well as reflections on any failures and the corresponding lessons learned.

Reports must be reviewed and approved by the applicant's governing body, and signed by the chair, chief executive or chief investment officer.

HACKNEY STEWARDSHIP CODE – RECAP

The Financial Reporting Council (FRC) confirmed on 6th February 2025 that Hackney Pension Fund had made a **successful** application to meet the standard of reporting and is now listed as a **signatory** of the UK Stewardship Code with the announcement being made public on 11th February 2025.

FRC provided the Fund with feedback on how it could improve future submissions.

By way of a reminder, this is an annual submission, which requires the Fund to submit a 2024-25 annual stewardship statement in October 2025. A draft updated report was considered by RIWG at its meeting in September, prior to finalisation and approval from Committee to be submitted in time for the October deadline.

There are 12 Stewardship Code Principles, which are sub-divided into 55 reporting expectations of which the Fund fully met 44, with the remainder either partially met or not met.

Over the last 12 months, Hackney has continued to make strides in its responsible investment and stewardship activities and approach.

These will be reflected in the upcoming Stewardship Code submission.

The FRC has recently released its Stewardship Code 2026, these will only to be in place and effective from the 2026 reporting year, so the current format of the report is expected to remain largely unchanged for the Fund's 2025 submission. We have provided further detail on this in this paper.



WHAT ARE THE BENEFITS FROM BEING SIGNATORIES?

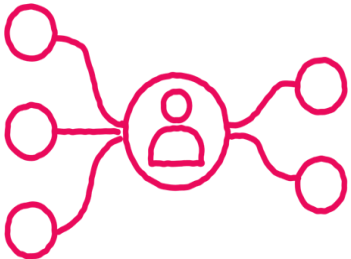


The Code has a focus on activities and outcomes of stewardship, rather than the existence of policies. Becoming a signatory is a resource-heavy commitment, and **it may be likely to drive meaningful change.**

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Would clearly evidence alignment with **industry best practice** in stewardship and engagement across asset classes.



The Code's emphasis on outcomes-focused reporting should materially **increase impactful disclosures across the industry.**

STEWARDSHIP CODE – PRINCIPLES RECAP

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?**’.

		Information Captured
1	Purpose, beliefs, strategy and culture enable stewardship	Key details captured from the Fund’s documents e.g. Investment Strategy Statement (ISS), Responsible Investment Policy, Net Zero targets, etc.
2	Governance, resources and incentives support stewardship	Key information contained in London Borough of Hackney Council Constitution, the Fund’s governance policy documents, Pensions Committee and RIWG.
3	Conflicts: policy and application to stewardship	The Fund’s Conflicts of Interest policy.
4	Respond to market-wide and systemic risk, promote positive system	Risk management undertaken by the Fund, including the Fund’s risk register, Climate Risk, collaborative work with the London CIV to mitigate these.
5	Regularly review policies and assess effectiveness	Key documents including the Fund’s ISS and RI Policy, establishment of RIWG and reliance on internal and external audit.
6	Take account of client/beneficiary needs, communicate activities and outcomes	Incorporating information on scheme membership, engagement and communications with scheme members and wider stakeholders
7	Stewardship integrated into investment decisions	Captures the Fund’s current strategic asset allocation and how the Fund integrates stewardship across its investment activities, how the Fund works with external providers
8	Monitor service providers	Mechanisms for undertaking oversight of key service providers including the Fund’s investment pool, external managers, engagement provider (LAPFF) and other advisers
9	Engagement	How the Fund engages with companies primarily through its arrangements with the London CIV and leveraging off its involvement in LAPFF; how the fund incorporates across different asset classes
10	Collaborative engagement	Key routes for the Fund’s collaborative engagement efforts.
11	Escalation	How the Fund escalates engagement and the development of the Engagement Framework; routes to escalation including LAPFF and the London CIV
12	Exercise rights (voting)	Use of the London CIV and their partnership with Federated Hermes EOS.

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HACKNEY'S 2024-25 STEWARDSHIP ACTIVITIES

In the 2024-25 reporting year, Hackney has continued to make strides in its responsible investment and stewardship activities. Such activities will be reflected in this year's Stewardship Code submission.

Scheme member engagement

In January 2025, the Fund issued a survey to its scheme members to better understand their views on a range of responsible investment and stewardship issues. This supported the Fund in reflecting member views into the Fund's policies:

- Review and refresh of the responsible investment policy
- Review of the engagement framework and creation of engagement policy
- Currently reviewing and refreshing the voting policy

Additionally, we have sought feedback from the Fund's external managers to ensure alignment between policies and objectives.

Active engagement with managers

In the RIWG meetings, Hackney has invited a series of its investment managers to attend. This has allowed the Fund to engage with its managers on its responsible investment and stewardship activities to ensure robust alignment with the Fund's views and objectives.

- September 2024 – Oversight of LAPFF's engagement and stewardship activities
- November 2024 – Oversight of LCIV's engagement and stewardship activities
- January 2025 – Oversight of BlackRock's engagement and stewardship activities
- May 2025 – Oversight of CTI's engagement and stewardship activities

Investment updates

The Fund continues to ensure that robust responsible investment and stewardship activities are reflected in the Fund's investment strategy and activities:

- Quarterly exposure analysis to understand Hackney's exposure to particular industries and companies
- Implementation of Impact Property and Nature Based Solution investments
- Climate and ESG risks reflected in the risk register
- Undertaking of TCFD reporting
- Discussion surrounding the Fund's voting approach

STEWARDSHIP CODE 2024 – FEEDBACK (1/4)

Feedback Key	
✓	Meets expectations
✓ X	Partially met, aspects need improvement
X	Not met

Principle	Key	Expectations	Proposed actions from 2023-24 report	2024-25 report status
Principle 1 – Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.				
1.1	✓ X	Signatories should explain the purpose of the organisation and an outline of its culture, values, business model and strategy	Review wording and strengthen commentary around purpose and strategy.	Updated in report
1.2-1.5	✓	Fully Met		
Principle 2 – Signatories’ governance, resources and incentives support stewardship.				
2.1-2.2; 2.4-2.5; 2.7	✓	Fully Met		
2.3	✓ X	Signatories should explain how they have appropriately resourced stewardship activities, including their seniority, experience, qualifications, training and diversity	Recruitment of dedicated fund resource to support stewardship activities supplemented by support from the Fund’s investment advisers. Include additional wording to support experience being provided at senior level.	Updated as a further action in report
Principle 2.6	X	Signatories should explain how any performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision-making	Consideration given to objective setting for officers at annual reviews which includes objectives for integration of stewardship and engagement where appropriate for individuals.	Updated as a further action in report
Principle 3 – Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.				
Principles 1.1-1.3	✓	Fully Met		

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STEWARDSHIP CODE 2024 – FEEDBACK (2/4)

Principle	Key	Expectations	Proposed actions from 2023-24 report	2024-25 report status
Principle 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.				
4.1	✓ X	Signatories should explain how they have identified and responded to market-wide and systemic risk(s), as appropriate.	Review and update the Fund’s risk register to identify ESG risks. Expand wording on how responded to risks.	Risk Register updated to reflect ESG risks
4.2-4.4	✓	Fully Met		
4.5	X	Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets.	Enhance reporting by capturing how the Fund has identified market-wide and systemic risks and how effective collaborative engagements have been undertaken.	Ongoing TCFD training; analysis of middle east exposure
Principle 5 – Signatories review their policies, assure their processes and assess the effectiveness of their activities.				
5.1; 5.3-5.4	✓	Fully Met		
5.2	✓ X	Signatories should explain what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach	Include work of RIWG picked up during 2024/25 in terms of manager oversight and holding third party providers to account. Also reference how best through dialogue with managers.	Series of investment manager attendance at RIWG
Principle 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.				
6.1-6.2; 6.4-6.5; 6.7-6.9	✓	Fully Met		
6.3	✓ X	Signatories should disclose the approximate breakdown of assets under management across asset classes and geographies	Clearer reporting of assets according to geographies and asset classes to include tables and graphics.	Updated in report
6.10	X	Signatories should explain where their managers have not followed their stewardship and investment policies, and the reason for this	Work with external managers to ensure the Fund’s policies are clear and seek additional information on where the Fund’s policies have not been met. Currently being put in place	Reflected through the manager survey responses

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STEWARDSHIP CODE 2024 – FEEDBACK (3/4)

Principle	Key	Expectations	Proposed actions from 2023-24 report	2024-25 report status
Principle 7 - Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.				
7.1-7.2; 7.4-7.5	✓	Fully Met		
7.3	X	Signatories should explain how they have ensured tenders have included a requirement to integrate stewardship and investment, including material ESG issues	Include commentary on how ESG factors taken into consideration for NBS and Housing allocations. Include commentary on how this will be taken forward with London CIV.	Continued engagement with LCIV and Resonance
Principle 8 – Signatories monitor and hold to account managers and/or service providers.				
8.1	✓	Fully Met		
8.2	✓ X	Signatories should explain how the services have been delivered to meet their needs OR Signatories should explain the action they have taken where signatories' expectations of their managers and/or service providers have not been met	Capture examples of how the Fund is holding managers to account. This includes asking managers to present on their stewardship activities and follow ups at RIWG meetings (this is already in progress)	Series of investment manager attendance at RIWG
Principle 9 – Signatories engage with issuers to maintain or enhance the value of assets.				
9.1-9.3	✓	Fully Met		
Principle 10 – Signatories, where necessary, participate in collaborative engagement to influence issuers.				
10.1-10.2	✓	Fully Met		
Principle 11 - Signatories, where necessary, escalate stewardship activities to influence issuers.				
11.1-11.3	✓	Fully Met		

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STEWARDSHIP CODE 2024 – FEEDBACK (4/4)

Principle	Key	Expectations	Proposed actions from 2023-24 report	2024-25 report status
Principle 12 – Signatories actively exercise their rights and responsibilities.				
12.1	X	Signatories should state the expectations they have set for asset managers that exercise rights and responsibilities on their behalf	Review and update the Fund’s voting policy and ensure it is communicated to the Fund’s investment pool, London CIV and passive manager. Assess services available to be able to undertake directed voting on passive.	Currently undertaking review and refresh of the Fund’s voting approach and policy
12.2-12.5; 12.7	✓	Fully Met		
12.6	X	For fixed income assets, signatories should explain their approach to seeking amendments to terms and conditions in indentures or contracts	Review fixed income mandates to assess whether enhancements can be made in respect of the Fund’s RI policies within the terms and conditions (this is already in progress)	Reflected in CTI bond engagement

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2024-25 STEWARDSHIP CODE CASE STUDIES

In the updated stewardship code report, we have included a variety of case studies to showcase the engagement activities that the Fund, the London CIV and LAPFF have undertaken in the reporting period.

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Following extensive engagement during 2024 (in which Redington actively participated), in June 2025 the FRC published its UK Stewardship Code 2026.

This reflects an updated set of principles which offers a framework for reporting that demonstrates high quality stewardship to support economic growth and investment. The new code aims significantly to reduce the reporting burden for signatories. The intent and ambition remains the same, but the Code is streamlined. The FRC is seeking to encourage more thoughtful and less box-ticking reporting against the revised Code.

The new code will take effect from 1 January 2026, and so we will report on the UK Stewardship Code 2020 on the upcoming submission.

UK Stewardship Code 2026 for asset owners and asset managers

Reporting to the UK Stewardship Code 2026 is in two parts:

- **Policy & Context (P&C) Disclosure** – this includes information about the organisation, its governance and resourcing, linking to relevant policies
- **Activities and Outcomes (A&O) Report** – this is an annual update demonstrating a signatory’s policies in action, showcasing what they have done that year and what they have achieved.

Policy and Context (P&C) Disclosure Disclosures:	Activities and Outcomes (A&O) Report Principles:
A Organisation, investment beliefs and stewardship approach	1 Integrating stewardship and investment
B Governance and resources	2 Promoting well-functioning markets
C Policies, processes and review	3 Engagement
D Conflicts of interest	4 Exercising rights and responsibilities
E Dialogue with clients and/or beneficiaries	5 Selection and oversight of managers
	6 Monitoring service providers

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HACKNEY TOWN HALL

LONDON BOROUGH OF HACKNEY

STEWARDSHIP CODE STATEMENT



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PRINCIPLE 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

CONTEXT

Hackney Pension Fund:

The Fund exists as part of the national Local Government Pension Schemes ("LGPS"), designed to provide retirement and death benefits for local government employees and those in related bodies across the UK. Administered by Hackney Council, the Fund ensures that contributions from employees and employers are collected appropriately, invested prudently, and used to pay benefits to members and their dependents in accordance with LGPS regulations.

Culturally, the Fund is grounded in fiduciary responsibility, transparency, and long-term stewardship. It collaborates with actuaries, employers, and investment advisers to maintain a robust governance framework. Its values include integrity, accountability, and sustainability, with a commitment to acting in the best interests of scheme members and employers.

The business model centres on effective contribution management, strategic investment of assets for growth and income, and timely benefit payments. The Fund also covers transfer values and administrative costs, ensuring operational efficiency.

Strategically, the Fund employs a Funding Strategy Statement (FSS) to guide its financial planning and risk management. This includes setting contribution rates, monitoring funding levels, and aligning investment decisions with long-term liabilities. The strategy is reviewed periodically to reflect regulatory changes, market conditions, and stakeholder feedback, ensuring resilience and adaptability in delivering pension promises.

Hackney Pension Fund's website can be assessed here ([LINK](#))

Hackney's objectives:

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefit basis.

Additionally, the Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark reflects the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

The Fund is fundamentally committed to being a long-term steward of the assets in which it invests and aims to promote the highest standards of governance and corporate responsibility in the companies in which it invests.

Hackney's investment beliefs:

1. Long term investment approach: As a Local Government Pension Scheme, Hackney is an open pension fund with a long-term investment horizon. This allows the Fund to have a high proportion of its investments in illiquid asset classes and/or those asset classes with a longer time horizon, promoting longer term stewardship. The Fund acknowledges and expects this approach to protect and enhance the value of the Fund in the long term.
2. Diversification: As an effective means of reducing the overall portfolio's volatility, the Fund invests across a range of different asset classes, geographies and investment managers.
3. Active investment approach: The Fund takes an active investment approach as it believes that purposeful dialogue by investees with their investee companies is a crucial way to move towards the Fund's goals and that engagement can lead to better returns. This is a keyway in which the Fund's core beliefs support stewardship.
4. Pooling: Given the recent Fit for the Future Pensions Review, the Fund continues to recognise the strategic and operational benefits of pooling assets through the London CIV. The Fund will work with the London CIV to transfer over assets by March 2026 and continue to work together in collaboratively. The Committee recognises that collaboration with other Funds is likely to improve the chances of achieving meaningful change, and will seek to work with other Funds, and the London CIV, to achieve agreed outcomes.

Hackney's Responsible Investment beliefs:

Responsible Investment is a key part of the Fund's beliefs and approach in all investment activities. Responsible Investment is therefore a fundamental part of the Fund's overarching investment strategy and is consistent with Hackney's view of its fiduciary duty to seek optimal investment outcomes that are in the best interests of all Fund participants. The Committee believes that beliefs should not be viewed in isolation, but holistically, with no one priority being more important than the other.

Responsible Investment beliefs:

The Fund in developing its responsible investment beliefs has also sought to engage with the scheme members through a survey to support the key themes and approaches to responsible investment.

- **Environmental, social and corporate governance issues can have a material impact on the long-term performance of investments**
- **The UN Sustainable Development Goals highlight investment risks and potential opportunities as well as areas in which asset owners can have a positive impact**

- The Committee believes the UN Sustainable Development Goals highlight a number of key areas where investors have the capacity to act responsibly and identify systemic changes where there are opportunities for strong investment performance. Where there is no detrimental impact on expected investment performance, the Committee will look to invest in line with the Goals outlined below.




- **Engagement with managers, and through them with investee companies, can have a material impact on progress towards the chosen Goals as well as on investment performance**
 - The Committee recognises that manager engagement with investee companies is a key method of moving towards the Goals set out below and that engagement can lead to better returns. The Committee will engage regularly with the Fund's managers, seeking disclosure on their approach to responsible investment at least annually, and will ask the managers to align with the Fund's goals.
- **Responsible investing is relevant to the performance of the entire Fund across asset classes**
 - The Committee believes that new investment opportunities and changes to the existing investment strategy which focus on responsible investing (e.g. low carbon) do not have an adverse financial impact on the ability of the Fund to achieve its long-term goals and should be pro-actively sought and considered.
- **The Fund believes investment, stewardship and engagement are the primary ways to deliver change rather than exclusion or divestment**
 - The Fund believes that staying invested in assets rather than exclusion or divestment, recognising that our exit will not in itself change an asset's real-world impacts. Rather, we recognise stewardship as one of the key mechanisms through which investors can influence investments and their interaction with the real world. The Fund seeks actively to use this lever and expect our service providers to do the same. Divestment and exclusions will only be considered when other avenues have failed.



Responsible Investment priorities:




The Committee has chosen to use the UN SDGs to identify five priorities, which are detailed below and these are very much linked to the key themes the Fund focuses on for its responsible investment



activities. Additionally, we use these priorities to navigate risk and opportunity management of asset to support in long term returns:


- Climate Action (SDG13):** The Committee recognises that there is a need for urgent action to combat climate change and its impacts and that this will be achieved through the progressive reduction in carbon emissions in pursuit of a net zero society. The Committee has an ambition of achieving alignment with a 1.5-degree warming scenario and net zero in its investment portfolio by 2040 and will set progressive targets for change that seek real world emissions reductions, not just reductions in reported emissions.


- Developing clean energy systems (SDG7; SDG13):** The Committee recognises that there is a need to decarbonise the production, distribution and storage of energy. The Committee further recognises that progress can come both through technological and behavioural changes. Accordingly, the Committee will seek to allocate capital to potential solutions whilst also focusing on efforts made within investee companies to create change;



- Investing for the human condition (SDG5; SDG10; SDG13):** The Committee recognises that climate change will affect people and there is a need to ensure that any transition to a low carbon economy is just. The Committee also takes into account under reduced inequalities basic human rights such as shelter and food, and incorporates this with its focus on housing in the UK. The Committee further recognises that issues such as human rights, diversity and gender equality are all crucial to a smoothly functioning social system. The Committee will monitor exposure to a range of social factors and engage with its investment managers where necessary to ensure that action is being taken




- Protecting the Natural Environment (SDG14; SDG15):** Ensuring the sustainability of the World's oceans, seas and marine ecosystems along with the sustainability of the world's terrestrial ecosystems and biodiversity on the land is critical to ensuring the long-term sustainability of the Planet. The Committee will take a proactive approach to engagement on these issues as well as look as opportunities to invest, where these also meet the Fund's financial goals.



- Peace, Justice and Strong Institutions (SDG16):** The Committee recognises the importance of providing peaceful societies as a pre-condition for social and economic development. Furthermore, it also recognises the importance of having access to justice to develop peaceful solutions and of the role of the Rule of Law in underpinning economic success. The Committee will monitor exposure in areas of conflict and engage with investment managers and companies exposed to areas of conflict, or to regions where the Rule of Law is not in place or where justice is not available to all. In extreme cases and following a process of engagement the Fund will consider whether there are no other options open to it but to divest but recognises the restrictions around it doing so as an investor in pooled funds.



The Committee recognises that these issues provide a focus for monitoring the characteristics of the investment portfolio and ongoing engagement with the investment managers with the expectation that the Committee's investments contribute to or support progress on these issues. The Committee will develop an appropriate monitoring regime which is consistent with these priorities.

Overview of collaboration and approach to the London CIV and investment managers:

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The Fund recognises that the delivery of responsible investment aims and ambitions are in the hands of both internal and external investment managers. Consequently, both the London CIV and the Fund's investment managers are expected to invest in a manner that is consistent with the Committee's responsible investment objectives.

The Fund communicates its policies, objectives and priority themes to the London CIV and its managers and where appropriate, requires reporting against these objectives and themes. The London CIV and the Fund's managers must be able to clearly demonstrate how ESG considerations are integrated into their manager selection and investment processes. The Fund's role is then to hold these service providers to account, both for the extent to which they have properly considered the Fund's chosen themes and its responsible investment beliefs, and how effective their efforts have been.

The Fund's Investment Managers and the London CIV are expected to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund, including ESG factors. The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The Fund has committed to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which they ultimately invest. It recognises that the companies' activities impact upon not only their customers and clients, but more widely upon their employees, other stakeholders and the wider society.

ACTIVITY:

The Fund's policies and objectives are a strong part of the day-to-day running of the portfolio. The robust embodiment of these objectives in the Fund's ethos, culture and investment activities enable strong stewardship through investment activities.

Hackney Pension Fund alongside its Committee, Responsible Investment Working Group ("RIWG") and external advisers takes a collaborative and engaging approach towards investment activities, allowing for dynamic challenge, support and monitoring. All policies are regularly reviewed and updated as required.

Regularity of policy review: The LGPS market faces fast-changing and ever-evolving regulation, guidance and best practice. As a result of this, the Fund ensures that all policies are reviewed regularly and updated accordingly to reflect changes in the market. The Fund's investment strategy is formally reviewed every three years alongside an actuarial valuation, although aspects of the investment strategy are considered at most quarterly Committee meetings. In the 2024-2025 reporting period, the Fund reviewed its responsible investment policy as well as introducing a formal engagement policy.

Intention of meetings: For each committee meeting there is a clear agenda in which the Committee can review various investment activities. One core component of these meetings is to review whether the investment strategy remains fit for the Fund's purpose and intentions whilst also exploring new opportunities in the market. Intentionality makes both the Committee and the investment managers accountable, which further supports stewardship activities.

Review and monitoring: At each quarterly committee meeting, the Committee reviews the investment managers' investment activities, their responsible investment capabilities as well as their engagement activity over the prior quarterly. This is further supported by input from external advisers, who support challenge and monitoring.

RI focused training: The Committee has a structured and thought-out training programme which includes an RI focus as a means of ensuring up to date knowledge, especially in the rapidly changing responsible investment market. The RIWG is expected to have a greater focus on developing knowledge and skills in respect of responsible investment matters and develop a greater level of understanding to be able to support the Committee and provide assurance that matters of interest, including regulatory developments, are covered by the group. RIWG will receive regular training materials which will generally be of greater depth than those provided to Committee due to the dedicated focus of the working group. The Committee will undertake responsible investment training as required as part of a broader training programme, but in particular when making strategy decisions in connection with responsible investment matters. RIWG will consider what training may be necessary for the Committee to undertake.

RI surveys: In January 2025, the Fund issued a survey to its scheme members to better understand their views on a range of responsible investment and stewardship issues. This supported the Fund in reflecting member views in the Fund's policies:

- Review and refresh of the responsible investment policy
- Review of the engagement framework and creation of engagement policy

Meetings with managers: The Fund regularly requests investment managers to attend their committee meetings to expound on the recent performance of their funds as well as challenge their engagement activities as a means of enhanced stewardship. This is a keyway in which the Fund activity engages with the pool and investment managers. In the 2024-25 reporting period, the Fund's RIWG has invited a series of its investment managers and service providers to attend:

- September 2024 – Oversight of LAPFF's engagement and stewardship activities
- November 2024 – Oversight of LCIV's engagement and stewardship activities
- January 2025 – Oversight of BlackRock's engagement and stewardship activities

OUTCOME:

The established and robust core and responsible investment beliefs are integral to decision-making. As such, our investment strategy has been developed in line with these beliefs and is regularly reviewed to ensure it will achieve its objectives. Review and challenge of responsible investment and stewardship and engagement has led to the following positive outcomes for the Fund:



Impact on climate targets: Robust investment beliefs and strategy encouraged the Committee to set climate targets. We are working towards TCFD reporting to better understand and manage the climate-related risks and opportunities embedded within the investment portfolio with the support of carbon and climate metrics. In March 2023, we agreed and adopted the following climate related targets:

- Decarbonisation target on the Fund's carbon footprint: 50% reduction in carbon footprint (scope 1 & 2) by 2030 compared to 2023 carbon footprint as the baseline and a whole Fund 2040 net zero target
- Implied Temperature Rise target: Target a 2°C portfolio by 2030 with a 1.5°C goal for 2040
- Climate solutions allocation target: Allocate 10% of Fund assets to climate solutions over the next 5 years in line with the SAA changes.

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- We are cognisant that in the market there lacks a common definition or approach to investing in 'climate solutions' largely due to the fast-evolving nature of climate science. At a high level, we are focusing on transition or enabling activities as a classification of climate solutions.



Launch of the RIWG: The Fund set up a subset of the Committee, the Responsible Investment Working Group, as a means of enhanced responsible investment focus and stewardship capabilities. This group has furthered the development of the responsible investment policy and stewardship programme. In the 2024-25 reporting period, the RIWG has undertaken robust oversight of the London CIV and investment managers, undertaken analysis of the Fund's RI stakeholder survey and reflected results in policies accordingly.



Engagement vs disinvestment: This year, the RIWG focused on the considerations and discussion surrounding engagement and disinvestment. The RIWG has worked alongside Redington to create a formal engagement policy as a means of creating a public engagement plan and escalation. There has been an ongoing focus in this area giving consideration of the Fund's holdings in defence companies in the face of significant continuing global conflicts. The Fund continues to monitor closely and following the survey undertaken in January 2025, it is clear from scheme members that there is heightened concern and keenness for the Fund to take action in respect of human rights in conflict zones.



Asset Allocation: The Fund's beliefs and cultures, paired with the streamlined responsible investment focus through the RIWG, has led to the development of a responsible investment focused strategic and current asset allocation. We invest in three sustainably focused equity funds, all with meaningful investment accounts (LCIV Global Alpha Growth Paris Aligned Fund; LCIV Sustainable Equity Fund and BlackRock Low Carbon); renewable infrastructure through the LCIV Renewable Infrastructure Fund; nature based solutions through the LCIV Nature Based Solution Fund; impact property through investments in LCIV's UK Housing Property Fund; and Resonance's locally focused National Homelessness Property Fund.



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PRINCIPLE 2

Governance, resources and incentives support stewardship

ACTIVITY:

The governance structure of the Fund and its relevant bodies:





The London Borough of Hackney, as the Administering Authority of the Pension Fund, has delegated responsibility for the management of the Hackney Pension Fund to the Pensions Committee.

Due to this status, the Fund is not required to be regulated by the Financial Conduct Authority (FCA) in order to operate its business. It is regulated by the Ministry of Housing, Communities and Local Government (MHCLG). As an administering authority, London Borough of Hackney is required to act as if the Fund were set up under trust with the authority itself as the sole trustee, although the assets are not trust assets in the legal sense.

The overall responsibility for the day-to-day running of the Fund has been delegated to the Group Director, Finance and Corporate Resources who is supported in this role by:

- The Director Financial Management and
- The Pensions Team within the London Borough of Hackney

The Pensions Team carries out the day-to-day running of the Fund including administration, investments and accounting. Some of this is contracted out to external providers including:

-  Equiniti – many aspects of the administration and communications of the Hackney Pension Fund are carried out on the Fund’s behalf by Equiniti
-  London CIV – the Fund participates in the London CIV which therefore manages some of the Fund’s assets on its behalf. The London Borough of Hackney is also a shareholder of the London CIV. Given the recent governance changes within the LGPS, we are cognisant of the growing importance of the London CIV and will work closely to ensure future asset transition.
-  Redington – supporting the Fund’s investment activities as an investment adviser.
-  Hymans – Fund Actuary; Governance and administration adviser to the Fund

Key decisions are reviewed and agreed by the Pensions Committee, as required. The Committee currently meets six time a year with support and help from the RIWG in advance of the Committee,

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and minutes of those meetings are taken to Committee, alongside any decisions requiring formal approval, such as key policy statements.

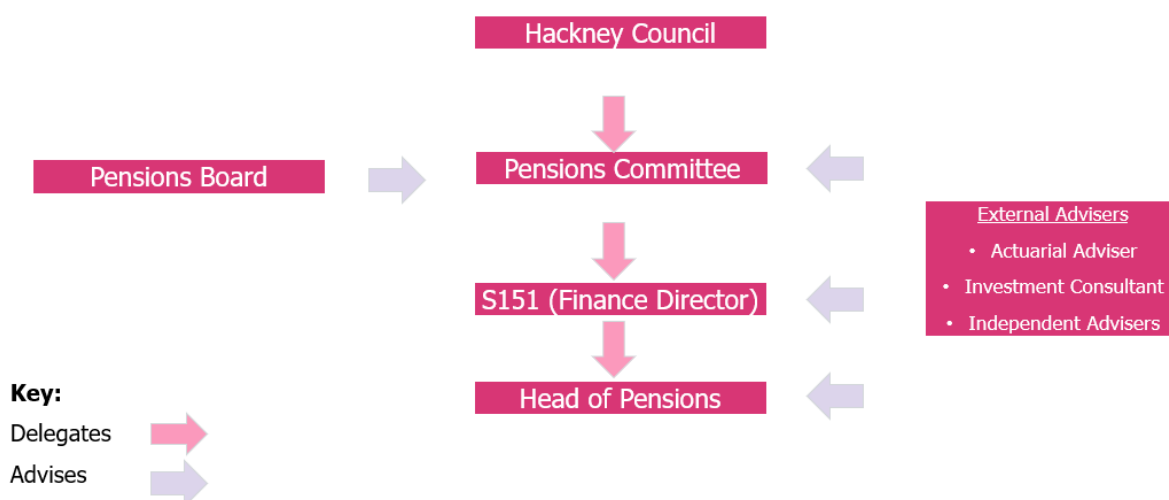
In line with the Local Government Pension Regulation 2013, a Pensions Board has been established which assists the Administering Authority in ensuring:

- Compliance with the regulations and The Pensions Regulator’s requirements and
- The effective and efficient governance and administration of the Fund

The Constitution of the Council sets out how the Council operates, how decisions are made, the procedures which are followed to ensure that those decisions are efficient and transparent and that those who make the decisions are accountable to local people. The Constitution sets out the framework under which the Pension Fund is to be administered.

Hackney Council’s role as administering authority:

- Aims to act in the best interests of the Fund’s scheme members and employers
- Ensures robust governance arrangements in place, to facilitate informed decision-making in a transparent manner, supported by appropriate advice, policies and strategies
- Ensures 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
- Acts with integrity and be accountable to stakeholders for decisions, ensuring they are robust and well based
- Understands and monitors risk
- Strives to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Articulates objectives to achieve objectives through business planning, and continues to measure and monitor success
- Ensures confidentiality, integrity and accessibility of the Fund’s data, systems and services are protected and preserved



The Pensions Committee:

Membership of the Pensions Committee:

The Council decides the composition and makes appointments to the Pensions Committee. Currently the membership of the Pensions Committee is nine elected Members from Hackney Council on a politically proportionate basis. The Council will also elect a Chair and Vice Chair. All Hackney Council elected Members have voting rights on the Committees; two Hackney Council elected members of the Committee are required to deem the meeting quorate.

In addition, the membership includes a co-opted non-voting employer representative and a co-opted non-voting member representative. Although the co-opted representatives do not have voting rights, they are treated as equal members of the Committee and have access to all Committee meeting papers, advisers, officers, meetings and training as if they were Council Members. They also have the opportunity to contribute to the decision-making process. Voting rights are restricted to elected Members as they are deemed to be fulfilling the role of the Administering Authority (effectively quasi-trustees) of the Pension Fund with all the legal responsibilities that this entails.

Terms of reference for the Pensions Committee:

The Constitution allows for the appointment of a Pensions Committee which has responsibility for the discharge of all non-executive functions assigned to it. The following are the terms of reference for the Pension's Committee as agreed by the Council and included in the Constitution:

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, the Public Service Pensions Act 2013, 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 to 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, to 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 budget
10. To receive and approve an Annual Report on the activities of the Fund prior to publication

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11. To make arrangements to keep members of the Pension Fund informed of performance and developments in relation 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 the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan
15. To maintain an overview of pensions training for Members

Meetings for the Pensions Committee:

The Pensions Committee meets at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. Work for the year will be agreed with the Committee and will include dedicated training sessions for Committee members.

Agendas for meetings will be agreed with the Chair and will be circulated with supporting papers to all members of the Committee, officers of the Council as appropriate and the Fund's consultants.

At least five working days' notice of any meeting will be provided by posting details of the meeting at the Hackney Town Hall and on the Council's website. We make copies of the agenda and reports open to the public available for inspection at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The reason for lateness will be specified in the report. This is to ensure that all stakeholders are prepared for the meeting and can engage effectively as means of supporting efficient investment activity.

There may, on occasions, be items which may be exempt from the agenda, reports and minutes of the meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed. Items which are most likely to be excluded are issues which contravene an individual's privacy or where there are financial interests which may be compromised because of disclosure, for example discussions surrounding contracts.

We aim to make available copies of the minutes of the meeting and records of decisions taken for six years after a meeting. Minutes of meeting and records of decisions are available for inspection on the Council's website. This is a further way in which stakeholders can engage in investment activities.

Senior Officers:

Under the Council's Constitution, responsibility for all other functions relating to pensions, not already delegated to the Pensions Committee, are delegated to the Group Director, Finance and Corporate Resources. This is in addition to their role as Chief Finance Officer (often called Section 151 Officer). As the Chief Finance Officer, they are responsible for ensuring the proper financial administration of the Fund. As appropriate the Group Director, Finance and Corporate Resources will delegate aspects of the management of the Pension Fund to other officers of the Council including the Director, Financial Management, the Pensions Manager and the Assistant Director of Pension Fund Investments and Administration, as well as appointing suppliers and consultants to assist with this.

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Pensions Board:

The Pensions Board was established from 1st April 2015 under the provisions of the Local Government Pension Scheme Regulations (2013).

Each Administering Authority is required to establish a local Pension Board to assist them with:

- Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator
- Ensuring the effective and efficient governance and administration of the Hackney Pension Fund

Such Pension Boards are not local authority committees; as such the elements of the Constitution of Hackney Council, such as the procedure rules, do not apply to the Pensions Board unless it is expressly referred to in the Board's terms of reference. The Hackney Pensions Board was established by Hackney Council.

Role of the Pensions Board:

The Council has charged the Pensions Board with providing oversight of the matters outlined above. The Pensions Board, however, is not a decision-making body in relation to the management of the Pension Fund. The Pension Fund's management powers and responsibilities which have been delegated by the Council to the Pensions Committee and Group Director, Finance and Corporate Resources remain solely their responsibilities, including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets, the administration of pension benefits and the appointment of contractors and advisors as required.

Membership of the Pensions Board:

The Pensions Board consists of either four or five members as follows:

- Two Employer Representatives, one of which must be from Hackney Council
- Two Scheme Member Representatives, one of which must be a member of the London Borough of Hackney Pension Fund
- One Independent Member (non-voting) to act as chair of the Pensions Board, which is an optional position that may be utilised if it is considered that the other members of the Board do not have the requisite knowledge and skills to undertake this position at the time of appointment

The members of the Board are appointed by an Appointments Panel which consists of:

- The Lead Councillor for Finance
- The Group Director, Corporate Finance and Resources
- The Director, Financial Management
- The Director, Legal and Governance

Pension Board members, (excluding any Independent Member), have individual voting rights but it is expected the Pensions Board will as far as possible, reach a consensus.

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A meeting of the Pensions Board is only quorate when two of the four Employer and Scheme Member Representatives are present. If the Board has an Independent Member, they must also be present.

Each member of the Pensions Board is expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pensions Board.

Pensions Board Meetings:

The Pensions Board meets at least twice each calendar year and additional meetings may be arranged as required to facilitate its work.

Members of the public may attend Pensions Board meetings and papers will be made public in the same way as described above for the Pensions Committee.

Responsible Investment Working Group:

The Responsible Investment Working Group was approved by the Pension's Committee in September 2023. The subset of the Committee acts to increase the Fund's capacity for the consideration of responsible investment issues. 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. The Group consists of a subset of Pension Fund Committee Members, Officers and The Fund's Investment Adviser, and will meet at least once per quarter. This is a key way in which the Fund has worked towards appropriately resourcing its stewardship activities through a dedicated and experienced working group.

Terms of reference:

1. Oversee the development of and make recommendations to the Pensions Committee regarding the Fund's ESG strategy
2. To review and consider any changes to the Fund's responsible investment policy and make recommendations to the Pensions Committee
3. To monitor progress on the Fund's climate targets and initiatives and to report to the Committee on progress
4. To consider and develop the Fund's reporting in respect of the Taskforce for Climate related Financial Disclosures (TCFD)
5. To support the Fund's stewardship and engagement activities including the Fund's compliance with the UK's Stewardship Code 2020
6. To monitor regulatory and wider developments in the Environmental, Social and Governance arena and consider the implications for the Fund and any actions required.

External resources:



Local Authority Pension Fund Forum ("LAPFF"):

LAPFF is a leading collaborative shareholder engagement group dedicated to representing the long-term financial interests of local authority pension funds with combined assets of £425bn. It particularly focuses on promoting the highest standards of corporate governance, and on the Fund's behalf, LAPFF directly engages with company chairs and boards to support change and development that delivers reforms that advance corporate responsibility and responsible investment. The Fund reviews and analyses LAPFF's quarterly engagement reports at the Fund's quarterly Pension Committee.

Details of the knowledge and skills policy and dedicated training sessions:

The Fund has a dedicated Knowledge and Skills Policy as a means of ensuring that the level of knowledge and skills is monitored, and gaps in knowledge or skills are determined. It is crucial that we give sufficient and effective training, especially in stewardship activities so that we have the resources to engage and support effectively. This is ensured in a variety of ways:

- Training needs analysis is carried out for the main roles of Pensions Committee members, Pension Board members and Senior Officers. These are customised appropriately to the key areas in which they should be proficient (including the CIPFA competencies). This or an alternative questionnaire will also include questions relating to relevant skills
- Pension Committee members, Pension Board members and Senior Officers are regularly asked to disclose training needs
- Attendance at training sessions and events is monitored to ensure any lack of attendance is identified and followed up

The output from these will be key in developing the Fund's Training Plan.

The Training Plan is developed on a rolling basis on the following key elements:

- Training needs for key requirements – The key knowledge requirements where proficiency is expected will be identified for the main roles of Pensions Committee members, Pension Board members and Senior Officers. These will include the CIPFA competencies. Training will be provided in relation to each of these areas as part of any induction and on an ongoing refresher basis in accordance with training needs
- Hot topic training – The Training Plan will be developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk or an area of change for the Fund. This training may be targeted at specific roles
- General Awareness – Pensions Committee members and Pension Board members are expected to have a regularly updated awareness, and senior officers are expected to have a detailed knowledge of ongoing developments and current issues. This allows them to have the right level of understanding of pension related matters appropriate for their roles and which may not be specific to the London Borough of Hackney Pension Fund.

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Each of these training requirements will be focused on the role of the individual. There are a variety of ways in which training may be delivered:

- In-house training days provided by Officers and/or external providers
- Training as part of meetings or immediately after meetings provided by Officers and/or external providers
- External training events
- Circulation of reading material, documentation and information
- Attendance at seminars and conferences offered by industry-wide bodies
- Links to on-line training
- Access to the London Borough of Hackney Pension Fund website where useful Fund specific material is available
- Qualifications relevant to Senior Officers

Additionally, Officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

The Committee has focused its training sessions on responsible investments, especially in respect to carbon and reporting as well as broader impact investments. This has been designed to ensure that the Committee has sufficient knowledge to engage with their investment managers on their mandates and allowing for more concentrated stewardship.

In the 2024-25 reporting period, the Fund's training sessions have included the following:

- Climate reporting training
- Fixed income training
- Investment strategy training
- Impact property training
- Nature based solutions training
- Private markets training
- TCFD training (broken down into training on governance, strategy, risk management and metrics & targets)

Such training has supported in the Committee and RIWG being able to make informed strategic decisions over the course of the reporting period.

Diversity, Equity and Inclusion of the Fund:

The London Borough of Hackney Council is committed to equity, diversity and inclusion. The Full Council recently approved the [Equality Plan 2024-2026](#) in February 2024 which details the following objectives:

- Working with communities

- Eradicate inequality at every life stage by taking protective, preventative and positive action
- Build opportunity and well-being
- Celebrate and serve diverse communities and value the contribution they make
- Underpinning organisational objectives:
 - Embed equality into service plans and practice across the council and the borough
 - Change as an institution to ensure internal and systemic change

How stewardship and engagement are considered within governance:

We actively recognise the importance of stewardship and engagement as part of the Fund's active approach and therefore ensure that the governance structure and resources enable full stewardship activities. Overall, our investment beliefs embody stewardship and ESG values and so reflect the genuine incentivisation to integrate stewardship and investment. Here are some of the key ways in which Hackney Pension's Fund governance and resources enable engagement activities:

- We regularly receive professional investment and specialist RI advice from our investment advisers, particularly Redington, and the Fund's Officers who are experts in their area.
 - Redington produces quarterly reporting reviewing the investment performance of mandates.
 - Redington undertakes regular reviews of fund responsible investment capabilities, the portfolio's ESG risk exposures and a range of analytics relating to climate risk. This assists the Fund in the monitoring and scrutiny of investment managers' stewardship activities.
- The Committee has launched and support the RIWG as a means of streamlining and focusing responsible investment analysis and discussion to feed back to the Committee.
- We have specific ESG objectives in the Fund's Pensions Risk Management Framework ("PRMF"). The PRMF is a one page dashboard that clearly highlights the Fund's objectives and progress against these objectives.
- In addition, the Fund makes use of external resources through a collaborative approach:
 - As a member of the LAPFF, we have access to a wide range of resources and skills to address particular engagement themes with invested companies
 - We utilise the resource from the London CIV as another means of stewardship and engagement with its investment managers.

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OUTCOME:

The range and expertise of Hackney Pension Fund's governance structure and resources allows for the effective establishment of stewardship and engagement into day-to-day management.

Primarily, this can be seen with the Fund's detailed policies which are regularly and methodically reviewed to ensure systematic updates in an evolving industry and to reflect engagement activities. The annual discussion of the Fund's governance and progress is used to develop plans for the next year and identify means of improvement and development. In the 2024-25 reporting period, we have updated the responsible investment policy as well as formulating an official engagement policy. Moving forwards, we are working towards updating our voting policy.

It is through the responsible investment focused governance and resources that the Committee has been able to create and tailor the RI focused portfolio. This has not only led to a reduction in proposed carbon emissions but also supports genuine impact. We define impact as actions that deliver positive social or environmental outcomes whilst maintaining financial returns. Similarly, this has resulted in the development of the Fund's climate reporting through TCFD.

Hackney is an active member of the London CIV. We receive all the London CIV's reports which are reviewed quarterly. In particular, this includes reporting on the investment managers' voting activity, drawing attention to where investment managers have voted against company management and the London CIV's voting guidelines. These reports are analysed and discussed at the Committee's meetings as a means of active engagement with the Fund and follow up meetings with the London CIV are arranged when necessary. In the 2024-25 reporting period, the RIWG spent considerable time understanding the nuances of the London CIV voting process and procedures in order to support in making meaningful decisions.

FURTHER ACTION:

We embody a culture of continuous improvement. As part of this, the Officers are continuing to consider ESG resourcing to better improve internal RI processes amongst the Senior Officers. Additionally, consideration of objective setting for the Fund's Officers at annual reviews which includes objectives for integration of stewardship and engagement where appropriate for individuals.



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PRINCIPLE 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

As an arm of a public body, the Fund is bound by standards for proper conduct in public office. This includes expectations to adhere to the Local Authority's Code of Conduct.

CONTEXT:

LGPS conflicts of interest:

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further, any of those persons may have an individual, personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS Funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed. The dedicated Pension Fund conflicts of interest policy is established to guide the Pensions Committee members, local Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct, it aims to ensure that they do not act improperly or create a perception that they have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision-making or management of the Fund.

Hackney's [Conflicts of Interest Policy](#)

Conflicts in relation to stewardship:

Conflicts of interest in relation to responsible investment and stewardship could arise when the ability to represent the interests of the Fund as an asset owner is hindered by other interests. These can arise within the Fund or within external service providers, third party advisers and investment managers may perform other roles from which conflicts may arise.

Approach to addressing conflicts:

The Administering Authority for the London Borough of Hackney Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Assistant Director of Pension Fund Investments and Administration is the designated individual for ensuring the procedure is adhered to. For Pension Board members, the Director, Financial Management and the Director of Legal and Governance Services must be satisfied that no conflict of interest exists and, accordingly, all relevant information relating to Pension Board members will be shared with the Assistant Director of Pension Fund Investments and Administration.

However, it is the responsibility of each individual covered in the policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties.

Review process for the policy:

The conflicts of interest policy will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be considered.

ACTIVITY*Identification of actual or potential conflicts:*

We have robust actions in place to ensure that actual or potential conflicts are identified.

- On appointment of their role or on the commencement of this policy if later, all individuals are provided with a copy of the policy and are required to complete a Declaration of Interest Form. The information contained in these declarations will be collated into the Pension Fund's Register of conflicts of interest
- At the commencement of any Pensions Committee, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chair will ask all those present who are covered by this policy to declare any new potential conflicts. These will be recorded in the Fund's Register of conflicts of interest. In addition, the latest version of the register will be made available by the Assistant Director of Pension Fund Investments and Administration to the Chair of every meeting prior to the meeting
- Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chair and the Assistant Director of Pension Fund Investments and Administration prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chair, in consultation with the Assistant Director of Pension Fund Investments and Administration, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter, or to withdraw from voting on the matter
- If such a conflict is identified outside of a meeting the notification must be made to the Assistant Director of Pension Fund Investments and Administration and where it relates to the business of any meeting, also to the Chair of that meeting. The Assistant Director of Pension Fund Investments and Administration, in consultation with the Chair where relevant, will consider any necessary action to manage the potential or actual conflict.
- Where information relating to any potential or actual conflict has been provided, the Assistant Director of Pension Fund Investments and Administration may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on how to address any identified conflicts

Management of actual or potential conflicts:

The ways in which such conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue;

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- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pensions Authority meeting); or
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).

Members and Officers are required annually to make any declarations of material related party transactions. These are reported in the Statement of Accounts. Although the Fund itself is not FCA regulated, the Fund adopts the FCA's approach on managing personal interests. Its Compliance Manual requires procedures to be in place for internal investment staff in respect of personal dealing. Disclosure of personal investments by individual employees must be made annually.

Monitoring and reporting of actual or potential conflicts:

The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request to the Assistant Director of Pension Fund Investments and Administration. In addition, information relating to conflicts of interest will be published in the Fund's Annual Report and Accounts.

In order to identify whether the objectives of this policy are being met, the administering authority will review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

In relation to stewardship, we place specific focus on the identification, management and monitoring of conflicts arising from the engagement, monitoring and stewardship of engaged companies.

By outsourcing stewardship activity via the London CIV, we believe that stewardship-specific conflicts of interest will largely only arise at the level of its service providers, including external investment managers, the London CIV, and LAPFF as a stewardship service provider. We expect each of these service providers to the Fund to have a clear and well-managed approach to conflicts of interest, which should cover any conflicts specifically relevant to stewardship matters. In particular, any external investment managers that the Fund employs are expected to have effective conflicts of interest policies in place. These should be made publicly available, along with disclosures about how effectively the manager has dealt with any specific stewardship-related conflicts in the most recent period.

Other administering authority requirements:

Pension Fund Committee members: In addition to the requirements of the Fund's policy, Pension Committee members and co-opted members are required to adhere to the Hackney Council Members' Code of Conduct which, in Part 2, includes requirements in relation to the disclosure and management of pecuniary and other interests.

Local Pension Board Members: In addition to the requirements of this policy, Local Pension Board members are required to adhere to Part 7 of the Terms of Reference of the Local Pension Board.

Employees: In addition to the requirements of this policy, Officers of Hackney Council are required to adhere to the Hackney Council Code of Conduct for Employees which includes requirements in relation to aiming to avoid conflicts of interests and declaring them in writing should they occur.

Advisers: The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to Hackney Council or other scheme employers, or even to scheme members or member representatives such as the Trade Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is

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involved in a transaction involving the Hackney Council Pension Fund and on which advice is required. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so. Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions Committee or Fund officers as long as there is no conflict of interest between the two roles. The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these should be shared with Hackney Council.

The London CIV has a conflicts of interest policy which describes its management of conflicts of interest as the Fund's principal provider of investment management services. The London CIV is a FCA authorised and regulated entity and as such works actively to deliver its obligations under the FCA's Principles for Business. All London CIV staff receive compulsory and regular training to assist them in identifying, preventing or managing conflicts of interest. This policy has been supplied to the Fund and is made public by the London CIV as part of its normal disclosures.

OUTCOME:

Views towards external conflicts of interest:

We have assurance that the London CIV, investment managers and external advisers identify, monitor and review their conflicts of interest in a suitable manner so that all clients are treated fairly. As part of the engagement programme, the Fund encourages its advisers and investment managers to have effective policies that address potential conflicts of interest in relation to stewardship, including engagement and voting.

Similar to last year, the Fund believes that it faces no conflicts of interest in relation to stewardship at the moment. While pensions committee Vice Chair, Councillor Chapman, is also the vice chair of LAPFF, in effect a stewardship service provider to the Fund, we continue to regard this, in practice as a helpful mechanism for oversight of the stewardship services we receive, and an important way in which the Fund can shape those services over time. PIRC is the supplier to LAPFF and were PIRC involved in any potential procurement process to provide services to the Fund, it has been acknowledged that Councillor Chapman would need to address the risk of any perceived conflicts at that stage, which might include stepping away from his position at LAPFF.



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PRINCIPLE 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

As a long-term, diversified investor, we recognise our role in seeking to address market-wide and systemic risks alongside the management and mitigation of more traditional investment risks. Not only will this benefit our stakeholders but also the wider market, enabling a long-term investor such as the Fund to invest over the time horizons that matter to its beneficiaries with greater certainty and confidence. As a result, we look for ways in which we can contribute to initiatives in this space.

ACTIVITY:

How we identify market-wide and systemic risks

Risk management forms a key part of Pension Fund Governance and is part of ongoing decision-making processes for the Committee. The benefits of successful risk management are clear for the Fund; improved financial performance over time horizons that matter to beneficiaries, better delivery of services, and improved Fund governance and compliance.

We employ a comprehensive Risk Register which sets out the nature of the individual risks, with an assessment of level of each individual risk. Risks fall into the following categories:

- High risk (red) – need for early action intervention where possible
- Medium risk (amber) – action is required in the near future
- Low risk (green) – willing to accept this level of risk or requires action to improve over the longer term

Governance Risks						Impact	Funding & Investment Risks (includes accounting and audit)					
						Insignificant						
			11			Minor				5		
	9	7	4	8	3	2	11			2		
			11	6	10		7		4	5		
						Catastrophic						
Likelihood	Rare	Unlikely	Possible	Likely	Almost certain		Almost certain	Likely	Possible	Unlikely	Rare	Likelihood
						Catastrophic						
			8	9	11	7	Major					
			6	4	3	2	Moderate					
	5					Minor						
						Insignificant						
	Administration & Communication Risks					Impact						

Key

- Each risk is represented in the chart by a number in a square.
 - The number denotes the risk number on the risk register.
 - The location of the square denotes the current risk exposure.
- The background colour within the square denotes the target risk exposure.
- New risks since the last reporting date are denoted with a blue and white border.
- An arrow denotes a change in the risk exposure since the previous reporting date, with the arrow coming from the previous risk exposure.

The Fund's funding and investment risks are noted in the upper right hand corner of the grid. We receive updates from the London CIV and investment managers on these types of risks as part of our manager reporting. Furthermore, we receive quarterly market updates from our investment adviser, Redington. This provides a comprehensive overview of market and systemic risks which in turn supports strategic decision making and governance. These reports typically cover macroeconomic developments such as inflation, interest rates, exchange rate fluctuations and fiscal policy as well as systemic risks including climate change and geopolitical instability. In the 2024-25 reporting period, we focused on the global market risks and volatility due to the US presidential election. Our analysis focused on different asset class risks with a strong focus on equity risk, what this means for the Fund and equity risk management considerations which could be implemented.

The Risk Register is reviewed by the Committee on a quarterly basis; the quarterly report summarises the likelihood and impact of risks faced by the Fund and the controls in place, and highlights high-level, new and deteriorating risks.

This traditional approach to risk management is supplemented with ongoing dialogue with peer investors and the Fund's advisers, monitoring the existence or emergence of systemic risks that may be of significance for the Fund and its beneficiaries. The public nature of Committee meetings enables input to be heard from a range of stakeholders, some of which is in relation to emerging geopolitical risks which may affect investments. Public attendees are always invited to ask questions or raise any issues prior to their attendance of meetings.

During the 2024-25 reporting period, we reviewed and updated the Fund's Risk Register to reflect the following:

- Climate change and environmental risks
- Failure to carry out engagement and stewardship activities

How the Fund responds to and monitors these risks:

Measures that are put in place to monitor and manage identified risks:

- Monitor longevity and ongoing discussions with the Fund actuary on how to best manage the impact on the Fund
- Close monitoring of regulatory changes and release of Government guidance, not least with regard to climate change (both in terms of expectations of pension schemes, and the Government's own approach)
- Contract monitoring and performance reviews
- Working closely with employers to resolve issues with membership data and develop employer links with Equiniti, the Fund's administrators
- Transition planning to ensure that assets are transitioned effectively to pooled arrangements within appropriate timeframes
- Regulatory monitoring of the Fund's cash flow, working in conjunction with the Fund actuary and investment consultant to develop up-to-date cash flow projections
- Monitoring and oversight of manager reporting of greenhouse gas emissions data relating to their investment funds

- Monitoring some of the strategic risks faced by the Fund through the Pensions Risk Management Framework which considers the impact of strategy changes on the Fund's return objectives and risk budget, in addition to the effects on cashflow and the Fund's ESG targets.

With respect to the Fund's new ESG-focused risk points in the Risk Register, here are the internal controls that are in place to respond and monitor such risks:

- Climate change and environmental risks:
 - Understand, measure and monitor potential risks to the portfolio
 - Understand, measure and monitor potential impact on liabilities
 - Consider climate and environmental investment opportunities for the Fund
 - Tilt portfolio to assets that are better able to support climate transition and less exposed to physical risks
- Failure to carry out engagement and stewardship activities:
 - RIWG quarterly meetings to consider stewardship and engagement issues and to understand oversight of external providers
 - Regular reporting on stewardship activities
 - Reviewing and liaison with the Fund's investment pool, London CIV, to monitor and assess their stewardship activities and feed into their priorities
 - Regular review of voting and engagement reporting
 - Regular review of RI related policies

How the Fund works with other stakeholders to promote the functioning of financial markets:

Our investment managers and specifically the London CIV are expected to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund, including ESG factors, not least of which is climate change. We monitor this activity on an ongoing basis with the aim of maximising its impact and effectiveness. Where necessary, we will also engage with investment managers or the London CIV to address specific areas of risks relating to climate change and the need for the global economy to decarbonise over the short- to medium-term.

The Fund maintains dialogue with a range of other bodies as a means of promoting continued management and mitigation of material systemic risks, and improvement of the functioning of financial markets:



- The Ministry of Housing, Communities & Local Government (MHCLG) – regular contact with MHCLG as regulator of the scheme, participating and responding to consultations as required.

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- Trade Unions – working with relevant trade unions to ensure the scheme is understood by all interested parties. Efforts are made to ensure all pension-related issues are communicated effectively with the trade unions and union perspectives are heard by the Fund.
- Employer representatives – work with relevant employer representative bodies to ensure that the Fund's views are represented to employer groups, and employer perspectives are heard by the Fund.

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

- PLSA – We are a member, which provides an opportunity for administering authorities to discuss issues of common interest and share best practices.



- LAPFF – We act alongside other local authority funds as part of LAPFF, resulting in stronger engagement on ESG matters, including on systemic and policy issues.
- London Pension Officers Group (LPOG) and London Pension Officers Forum (LPOF) – the Fund is a member of these voluntary groups. Meetings are held on a quarterly basis to share information and ensure standardised interpretation of LGPS regulations and best practice.
- Consultations – there are occasions when the administering authority will consult with interested parties either as a result of potential changes to the regulations governing the LGPS or specific policy changes relating to the Hackney Pension Fund. In these instances, the most effective way of communicating with interest parties is through consultation, during which they are given the opportunity to respond to specific changes. Interested parties and representative groups will be approached to provide feedback to the policy changes before amendments are enacted

Roles in relevant industry initiatives:

Hackney participates in a range of industry initiatives as a means of considering and influencing systemic risk issues and promoting and contributing to the functioning of financial markets. Hackney's voice and impact adds to the gravitas of these initiatives and supports the opportunity for stronger engagement.

These are some of the industry initiatives that we are involved in via partnerships with London CIV:





- Asset Owner Diversity Charter
- Climate Action 100+
- Cost Transparency Initiative
- Deforestation Free Pensions Working Group
- Diversity Project
- FSB's Task Force on Climate Related Financial Disclosure (TCFD)
- LAPFF
- Marine Conservation Society
- IPDD
- Investor Alliance for Human Rights
- Pensions for Purpose
- ShareAction
- TNFD Forum
- UNPRI Tax Reference Group
- UNPRI Advance

How Hackney aligns investments accordingly

The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns

relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee seeks to mitigate systemic risk through a diversified portfolio. As mentioned previously, steps have already been taken to factor climate-related risk into the Fund's investment strategy, through the Fund's decarbonisation targets and ESG focused investments. These actions should benefit not only our members but also wider society. Specifically, we have invested into nature based solutions in acknowledgement of the significance of nature as a financial and systemic risk.

OUTCOME:

We maintain clear and involved oversight of key climate metrics and risks through the quarterly reports from the London CIV, LAPFF as well as the our progression in work towards TCFD reporting. This has supported us in the effective identification and potential response to risks in order to promote the strong functioning of financial markets.

We engage with investment managers and holdings on a quarterly basis to ensure that sufficient progress is made to mitigate the risks faced by the Fund across a range of investment, funding and climate related risks. Specifically, we monitor the geographical exposure of the Fund's holdings on a quarterly basis so that we can react to potential market risks.

As part of the TCFD reporting which we are in the process of, we have used the climate and carbon metrics to support in identifying stewardship priorities. Across the Fund's financed emissions, we have identified the portfolio's top holdings (i.e. highest emitters in the Fund, weighted by their exposure in the Fund overall). This list will help to inform engagement with managers to understand their level of comfort in holding these companies given the climate risk exposures and how they are using stewardship to mitigate those risks.



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PRINCIPLE 5

How Hackney reviews policies, assures their processes and assesses the effectiveness of their activities

ACTIVITY:

How Hackney reviews policies as a means of effective stewardship:

We have various policies which frame our investment approach, which we keep under regular review to ensure that they remain at the forefront of good practice. Any such review goes through multiple levels of drafting and oversight, including input from independent advisers, to make certain that we take any opportunities for improvement.

The Fund’s Investment Strategy Statement (ISS) and related Funding Strategy Statement (FSS) set out the overarching strategy. These are reviewed annually and are underpinned by more detailed further policies, which tend to be reviewed on a less frequent basis. The Committee has an established timetable for these reviews, but remains ready to respond to regulatory developments, or shifts in best practice, that require earlier changes.

The following table sets out the principal policies and the timing of their most recent review. It also references the expected date for the next review, though as noted any review can be brought forward as required:

Policy	Most recent review	Next planned review
Funding Strategy Statement	March 2023	March 2026
Investment Strategy Statement	November 2023	September 2026
Responsible Investment Policy (page 307)	March 2025	March 2028
Engagement Policy (page 323)	March 2025	March 2028
Governance Compliance Statement	November 2024	November 2027

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Knowledge & Skills Policy	November 2021	June 2025
Conflicts of Interest Policy	November 2022	March 2025
Communications Policy	June 2021	June 2025
Pensions Administration Policy	March 2022	March 2025
Administering Authority Discretions Policy	July 2021	June 2026

In addition to these existing policies, the Fund is currently developing the following additional policies which it currently expects to put in place over the next year:

Policy	Desired Outcomes	Planned review
Voting policy	In reviewing this policy, we hope to reinforce the Fund’s role as a responsible long-term asset owner by formalising and enhancing our approach to voting and engagement across the portfolio. This policy will aim to provide a clear framework for how voting decisions are made, executed and overseen.	Ongoing

By having levels of oversight within our structure, and by taking input from independent advisers, the Committee is confident that its policies, and its reporting against them, are fair and balanced. The aim is to be ambitious but also realistic, setting standards that are high but also deliverable in practice. Through testing our aims in dialogue with investment managers and other service providers, we seek to understand what is possible in the current market. We can also test our approach against the public reporting by peers, not least fellow members of the London CIV.

In the 2024-25 reporting period, as part of the responsible investment policy and engagement policy reviews, we sought feedback from our investment managers and specifically the London CIV. This provided external assurance that our policies are in line with industry best practice, fostered transparent dialogues as well ensuring alignment between the Fund and investment managers.

Internally, we undertake regular and specialised training sessions in order to ensure that Committee members and Officers are in the best position to review policies, assure that processes are the most up to date and effective for the Fund and the LGPS market. Furthermore, we produced a survey (January 2025) to the Fund’s scheme members to better understand their views on a range of responsible investment and stewardship issues. This supported to reflect member views into our policies.

Our stewardship service providers (the investment managers, the London CIV and LAPFF) provide regular reporting on their activities. The Committee, supported by independent advisers, use this to

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track and assess delivery. Through regular oversight meetings with each of these providers, the Committee and its independent advisers are able to test the substance of the reporting, with particular attention to the reported outcomes, and to assess these against the Fund’s stated policies and ambitions, and its stewardship themes. In particular, we discuss and analyse LAPFF’s reporting on a quarterly basis as a means of scrutinising their own reporting practices. We further utilise Redington’s Sustainable Investment Survey, an independent resource to review investment managers, and will use this as a focus for stewardship engagement in the Responsible Investment Working Group. This helps provide reassurance as to the fairness of the reporting by providers as well as an opportunity for feedback that should encourage enhancements over time.



We recognise the limits to the quality that can be expected of environmental and social metrics currently, as these are still nascent and public disclosure by underlying companies is patchy. We therefore do not set a high expectation for the assurance of any such metrics, but rather look to see what can in practice be learned from the information that is available – which tends to mean that trend data is more useful than absolutes.

How governance objectives are monitored to ensure stewardship and engagement:

We ensure that our objectives relating to investment and stewardship activity are delivered through robust governance, resourcing and thoughtful prioritisation.

Objective	Monitoring arrangements
Aiming to act in the best interests of the Fund’s members and employers	<ul style="list-style-type: none"> Conflicts of interest policy in place Training undertaken on role in managing the fund on behalf of members/employers as part of induction

<p>We will have robust governance arrangements in place, to facilitate informed decisions making in a transparent manner, supported by appropriate advice, policies and strategies</p>	<ul style="list-style-type: none"> • Pensions Committee carry out an effectiveness of governance survey at least every three years • Governance consultant in place providing ongoing view of effectiveness of governance arrangements • Pensions Board prepares and publishes an annual report
<p>We will 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</p>	<ul style="list-style-type: none"> • A Training Policy is in place with monitoring and reporting of all training by Pensions Committee members, Pension Board members and key officers in accordance with the Training Policy
<p>We will act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based</p>	<ul style="list-style-type: none"> • The Conflicts of Interest Policy is in place together with ongoing reporting and monitoring of the register of conflicts in accordance with the Policy • Employers within the Fund are invited to an Annual Employers' Forum. Attendees receive presentations and have the opportunity to ask questions on the governance of the Fund • Pensions Committee includes representatives from scheme members and employers in the Fund • Pensions Board includes representatives from scheme members and employers in the Fund • Pensions Committee receive advice from officers and a range of consultants are in place to provide advice across all fund aspects • Pensions Board prepares and publishes an annual report which may include comment on decision making
<p>We will understand and monitor risk</p>	<ul style="list-style-type: none"> • There is a Risk Policy and register in place, and monitoring and reporting of risks is carried out in accordance with this Policy • Ongoing consideration of key risks at Pensions Committee meetings
<p>We will 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</p>	<ul style="list-style-type: none"> • The governance of the Fund is considered by both the External and Internal Auditors • Compliance check is carried out at least annually against the Pension Regulator's current Code of Practice • A log of all breaches of the law is maintained in accordance with the Fund's breaches procedures which is reported on and monitored as outlined in that procedure • The Pensions Board prepares and publishes an annual report which may include comment on compliance matters

<p>We will clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success</p>	<ul style="list-style-type: none"> • Governance of the Fund is considered by both the External and Internal Auditors • Compliance check is carried out at least annually against The Pension Regulator's current Code of Practice • A log of all breaches of the law is maintained in accordance with the Fund's breaches procedure which is reported on and monitored as outlined in that procedure • Pensions Board prepares and publishes an annual report which may include references to compliance matters
<p>We will clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success</p>	<ul style="list-style-type: none"> • All strategies and policies include reference to how objectives will be monitored • Ongoing monitoring against key objectives at Pensions Committee meetings • Ongoing monitoring of business plan targets at Pensions Committee meetings
<p>We will ensure that confidentiality, integrity and accessibility of the Fund's data, systems and services are protected and preserved</p>	<ul style="list-style-type: none"> • All information security breaches relating to data being issued insecurely, or other incidents affecting confidentiality, integrity or accessibility of data, systems or services relating to the Fund are recorded and reviewed • A cyber incident response plan is in place • A business continuity plan and a testing schedule (including cyber incident testing) is in place which is adhered to • All Fund staff undertake data protection training in accordance with the Council's training programme

OUTCOMES:

It was our robust review process with thorough detail and challenge that led to the Committee's launch of the Responsible Investment Working Group. On review, we found that the quarterly committee meetings did not satisfy the granularity and focus needed for effective stewardship oversight, as well as attention to responsible investment opportunities and challenges. The creation of the working group has allowed for these engagement and responsible investment activities to take place in a focused forum, permitting efficiency and effectiveness. Furthermore, strategic investments in nature based solutions and impact property – both of which now sit alongside the Fund's existing allocations to a selection of Sustainable and Renewable funds – demonstrate how review and discussion of investment priorities can lead to real practical change.





PRINCIPLE 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them:

CONTEXT:

The members of the Fund are largely current and former employees of the London Borough of Hackney Local Authority. In addition, a few members are the employees (or former employees) of certain Participating Employers, companies that provide services associated with the Local Authority.

The breakdown of beneficiaries is as follows:

Fund Membership as at 31st March 2024:

- 27,710 total members
- 8,239 active members
- 8,470 pensioners/dependants
- 11,001 deferred members

There are 37 employers with active scheme members in the Pension Fund as at 31st March 2024, including Hackney Pension Fund itself. During the year, 3 new employers were admitted, whilst 6 previous employers ceased.

The Fund's length of time horizon:

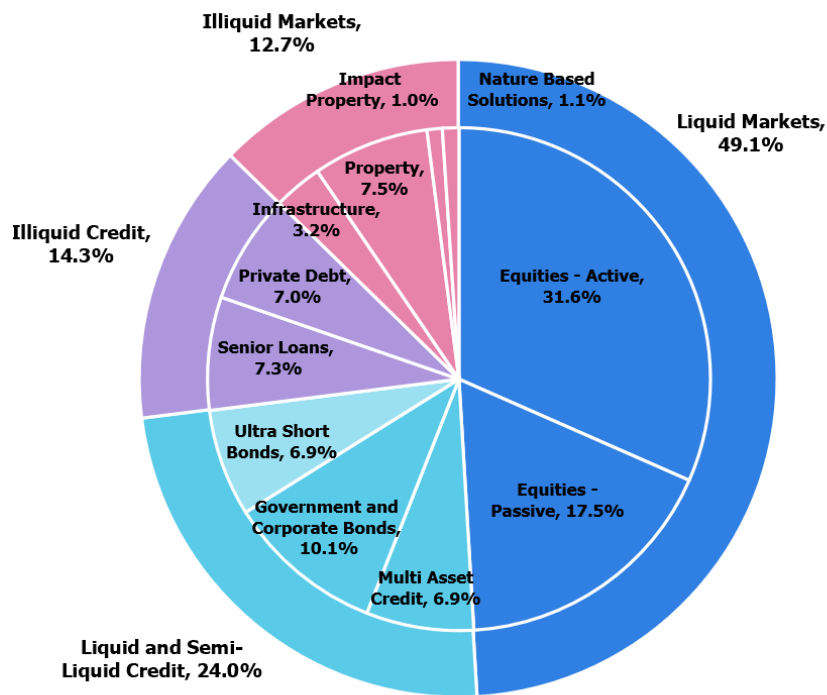
The average ages of the Fund's beneficiaries and the fact it is an open defined benefit scheme mean that the Fund's investment mindset needs to be a long-term approach. Current members and their dependents are expected to be drawing pensions from the Fund for decades to come, and new members are expected to continue to join the Fund in future years meaning that the time horizon over which the fund needs to consider its investments, and risks to them, is unlikely to reduce.

As an investor over a multi-decade time horizon, we need to actively incorporate environmental, social and governance risks and opportunities in investment decision-making, and the use of active stewardship as a tool to mitigate and manage those risks. The Fund also seeks to understand and consider investments that actively address sustainability challenges. Both investment and stewardship approaches thus reflect a time-horizon for investment that appropriately reflects member interests. The Fund recognises that a number of key sustainability challenges, including climate change and inequalities, are systemic and cannot be diversified away from completely. Such systemic issues need to be addressed either through stewardship or investment approaches, or both.

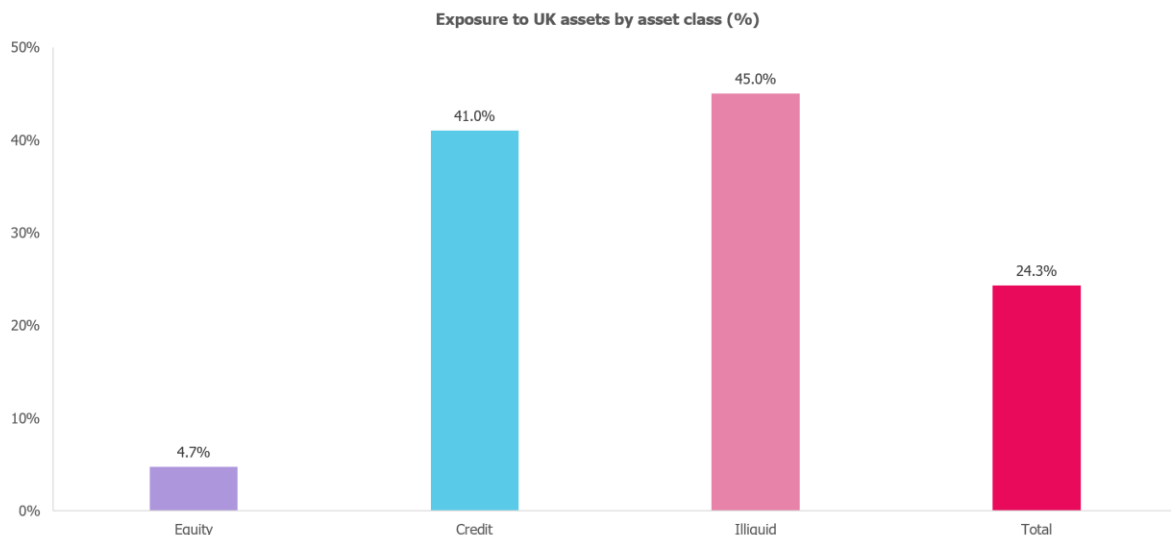
Asset class and geographical breakdown:

Given there has been increased government focus on UK investment, we monitor the Fund's UK exposure on a quarterly basis to support additional reporting requirements. We think given some of the survey responses we received in particular around local investment, providing a breakdown of exposure to the UK more broadly would also be of interest to scheme members.

Asset Allocation (31 Mar 25)



As at 31 March 2025, the Fund's exposure to UK assets was 24.3%, representing c.£499.3m of the portfolio. Within the core assets classes, as shown below, the Fund's equity investments had 4.7% exposure to UK assets, credit investments had 41.0%, and illiquid investments 45.0%, respectively.



Source: Northern Trust's preliminary Q1 2025 report and investment managers. Please note that the data used for 2 illiquid funds in this calculation is quarter-lagged.

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ACTIVITY:

The governance structure of the Pension Fund Committee and Board builds in accountability to members and helps ensure that their views are always kept in consideration as appropriate in Fund investment decisions. Both the Pension Fund Committee and Board specifically include member representatives and so bring their perspectives and experience ensuring that members' views and interests are reflected in the Fund's governance.

As part of our obligation to maintain public accountability, all of the Committee's meetings occur in the public domain and its papers – and our relevant Fund policies – are also available publicly. Only commercially sensitive matters are restricted and considered in private sessions. Scheme members, and indeed members of the public, are welcome to attend in person, or to watch the proceedings online. Many have done so over the last year. Attendees at the meeting, and others, have the opportunity to ask questions and to raise concerns. This has also happened in the last year.

This public nature of the Committee's activities is the foundation of the Fund's communication with its members. This is further supported by our website, which includes a range of information for members, as well as soliciting their feedback. This is supplemented by the Annual Report and newsletters, which include discussions of sustainable investment and stewardship as appropriate.

Hackney communicating stewardship and investment activities:

By the very nature and objectives of the Fund, the Committee is active in reporting about the Fund's investments, including about its responsible investment activities, in ways that are readily understood by our beneficiaries. As responsible investors, we consider how investments interact with the real world and understand that real-world impact helps to bring to life investments for non-specialists. We aim to be transparent, fair and balanced in reporting so that the Pensions Committee can itself be held accountable.

In January 2025, we issued the scheme member survey to better understand the views on a range of responsible investment and stewardship issues. The results of this survey have been analysed and are being incorporated into the Fund's policies, objectives and behaviours. Furthermore, we have made a commitment to triennial scheme member surveys as a means of maintaining alignment with beneficiary needs and the Fund's investment and stewardship activities. We believe that survey engagement fosters transparency, strengthens governance, and ensures that the Fund's investment strategy remains responsive to the evolving priorities of members.

This stewardship report is a further attempt by the Fund to communicate with members about efforts on their behalf to integrate long-term factors into investment decision-making and to act as good long-term stewards on their behalf. We will produce such a report on an annual basis and make it available on the website. Additionally, we are working towards completing our first TCFD report with the intention to better track climate related action and progress against climate metrics.

OUTCOME:

We always act to reflect the beliefs and needs of the Fund's beneficiaries and do so in a variety of ways. The makeup of the Committee allows for diversity of thought and belief which tries to reflect the varying opinions of the Scheme's beneficiaries whilst the open nature of Committee meetings enforces opportunities for member engagement. The Investment Strategy Statement is reviewed by multiple external sources and against a set range of considerations. Similarly, the culture of challenge and scrutiny which is embodied in the Fund allows for the needs and beliefs of beneficiaries to be better reflected.

Actions taken after consideration of client views:

- We have a range of focused climate metrics, approved by the Pensions Committee at the meeting held on 30 March 2023 ([Link](#)) as a means of monitoring and reviewing the London CIV and investment managers. Further, we expect that the London CIV and investment managers have climate targets that are aligned to the Paris Agreement in order to ensure collaborative and unified impact.
- We reviewed and updated our responsible investment and engagement policies to better reflect up to date scheme member views and beliefs. This helps our decision-making retain a focus on member preferences and outcomes that are aligned with them.
- Following the scheme member survey and review of draft responsible investment and engagement policies, we sought feedback from the external managers the Fund uses to manage assets. All of the managers provided responses to varying degrees and also as it applied to the asset class they manage on our behalf. This supported in ensuring that our policies and objectives are reflective and aligned to our managers. Furthermore, this allowed us to identify gaps in alignment and the reasons for this.

Where managers have not followed stewardship and investment policies:

We are cognisant of the LGPS direction of travel whereby the Fund's assets will be transferred to the London CIV at the end of March 2026. Therefore, we will be working closely with the London CIV to ensure that our policies are clear and seek additional information on where aspects have not been met. As part of seeking investment manager feedback on our policies, we have found that managers faithfully followed and agreed with our new policies.

FURTHER ACTION:

We are conscious and committed to continuous improvement. Therefore, we are working towards circulating an annual responsible investment report amongst stakeholders to ensure strong engagement and knowledge of the Fund's activities in this area. This additionally acts as a means of improved communication with stakeholders and beneficiaries.



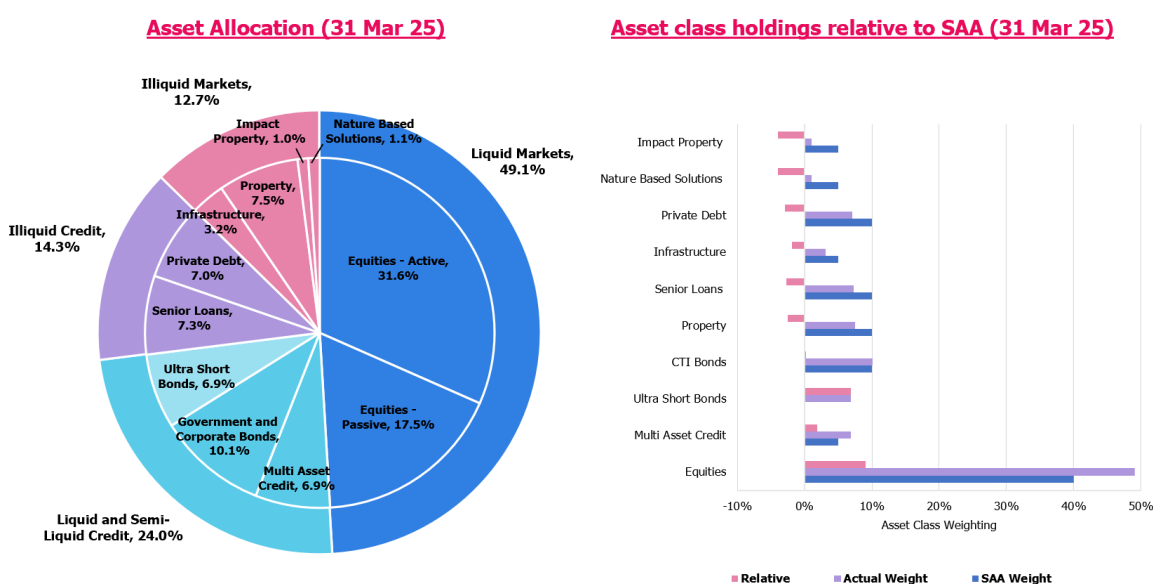
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PRINCIPLE 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

CONTEXT:

The Fund's Current Asset Allocation (as at 31 March 2025) vs Strategic Asset Allocation:



The Fund's robust investment beliefs, which have a strong focus on responsible investment, support our fundamental belief that the systematic integration of engagement and investment is necessary to deliver our objectives and reflect our priorities.

As previously referenced in Principle 1, we give clear importance to the following beliefs in relation to ESG and responsible investment issues within the investment strategy statement:

- ESG issues can have a material impact on the long-term performance of investments
- The UN Sustainable Development Goals highlight investment risks and potential opportunities as well as areas in which asset owners can have a positive impact
- Engagement with managers, and through them with investee companies, can have a material impact on progress towards the chosen goals as well as on investment performance
- Responsible investing is relevant to the performance of the entire Fund across asset classes
- The Fund believes investment, stewardship and engagement are the primary ways to deliver change rather than exclusion or divestment

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Additionally, through the use of the UN SDGs, we have identified five priority themes. These themes provide a strong focus for monitoring the characteristics of the investment portfolio and ongoing engagement with the London CIV and investment managers.


- Climate Change (SDG 13)
- Developing clean energy systems (SDG 7; SDG 13)
- Investing for the human condition (SDG 5; SDG 10; SDG 13)
- Protecting the Natural Environment (SDG 14; SDG 15)
- Peace, Justice and Strong Institutions (SDG 16)


All investment management activity is delegated to external investment managers who manage their part of the portfolio on a discretionary basis. We expect our investment managers to integrate financially material ESG factors into their investment analysis and decision-making and we engage with managers and London CIV to ensure that the strategies it invests in remain appropriate for the Fund's needs.

ACTIVITY:

How integration of stewardship and investment differs:

We recognise that approaches to stewardship and investment will differ depending on the asset class and managers to ensure that stewardship activities may be as effective as possible. It is necessary to tailor these to differing funds, circumstances and situations. Across asset classes, we undertake detailed and extensive research of potential investment managers with robust responsible investment focused objectives. This not only ensures that we work with investment managers who have strong responsible investment and cultural alignment but also ensures that progress and impact can be achieved through their ESG focused strategies.

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Equities: For equity investments, stewardship will take a 'top down' and 'bottom up' approach. We will assess and engage with the investment manager's approach to responsible investment, its policies and procedures whilst also analysing the specifics of the portfolio including metrics to ensure robust alignment with the Fund. Equity investors can engage directly with companies through voting rights and so the nature of stewardship activity and approach can be more direct.
- 

Fixed Income: Engagement in fixed income allocations is more focused on dialogue with issuers. This often focuses on the approaches and mitigation strategies of risks to ensure that risk mitigation and impact can be achieved.
- 

Property: As the Fund's property investors have a hands-on and direct management approach, it is important that we can assume that ESG focused activity is being implemented and progresses in line with the Fund's expectations. Therefore, engagement takes place in the

form of extensive and thorough monitoring of managers and their physical investments to ensure that our expectations are met on ESG integration.

Processes used to integrate stewardship and investment:

There are a variety of different processes which enable and support in integrating responsible investment and stewardship into its investment activities. Facilitating this has been a substantial priority for us and is achieved through a number of ways:

- The fundamental and robust integration of responsible investment beliefs and objectives into the Investment Strategy Statement
- The implementation of an active responsible investment and stewardship focused agenda and discussion plan in Committee meetings
- The launch of the RIWG has benefited the Fund through means of specific and focused analysis and evaluation of stewardship and investments
- Presentations and Q&A by different managers in RIWG meetings has allowed us to actively engage with our managers on their responsible investment and stewardship activities to ensure robust alignment with our views and objectives.
- Strong communication and guidance from external providers to ensure best in class stewardship and investment integration – for example, active involvement in LAPFF.
- Review and discussion of Redington’s Sustainable Investment survey.

Ensuring stewardship and investment alignment with external providers:

As has been previously referenced, we are able to have strong assurance that external providers are fully aligned with our stewardship and investment beliefs. This helps to ensure that action and impact can be taken in a collaborative and unified manner which supports the mitigation of risk. This assurance can be achieved in a number of different ways:

- Open, transparent and frequent correspondence to ensure alignment of objectives and actions
- Monitoring and review of investment managers and London CIV against objectives and policies to ensure that they are carrying out active engagement as necessary
- Review of investment managers and external provider’s annual responsible investment report

Additionally, as part of our review of the Fund’s responsible investment and engagement policies, we sought feedback from the Fund’s managers to ensure alignment between policies and objectives. This has supported in identifying alignment gaps and the reasons so that we can engage on such topics.

The Fund has strong assurance that Redington, the Fund’s Investment Consultant, has aligned policy and views towards stewardship, responsible investment and climate change within its commercial activities. We undertake an annual review of Redington against agreed objectives which include integrated and specific responsible investment targets. This has allowed for detailed review of an external adviser to ensure robust alignment in views and objectives.

Ensuring stewardship and investment alignment in tenders:

We ensure that tenders require service providers to align with our responsible investment beliefs and stewardship priorities. The RIWG plays a key role in reviewing tender documents to ensure ESG and stewardship are embedded across mandates. Our approach is not just procedural or box-ticking

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oriented, but is backed by tangible investments. We have recently invested in nature based solutions and impact property strategies and as part of this selection process, we analysed the stewardship and investment alignment of the asset class and investment managers. These investments and the final investment managers were selected for their ability to deliver both financial returns and measurable environmental and social outcomes whilst demonstrating robust alignment.

OUTCOMES:

As we have developed our stewardship, responsible investment and investment activities, we have been able to implement our approaches in impactful and meaningful ways. We have focused dialogues with the London CIV, especially, in the product development of funds to ensure that our responsible investment priorities are heard and therefore actioned as a means of fulfilling their responsibilities. As part of our investment into impact property, we have liaised and engaged closely with the London CIV with focus on their UK Housing Fund. Additionally, we have concentrated discussion surrounding future London CIV property products and potential options.

Hackney Pension Fund engagement – London CIV



Relevance: Allocation and investment into nature based solutions was undertaken as a means of helping us achieve our strategic goals including climate action focusing on real world impact and address challenges related to climate change, human well-being and biodiversity.

Context: After extensive training, consideration and discussion surrounding nature based solution investment opportunities, we allocated 5% for investment at the beginning of 2023. At that moment, this was a particularly nascent and innovative area for LGPS investment and there was not an investment opportunity readily available through the London CIV.

Action: We actively engaged with the London CIV with potential product ideas and strategies. This mainly involved the Fund's robust input towards the London ICV to undertake a blended, diversified approach across the industry's opportunity set to ensure a well-balanced and high-quality product. We actively engaged in multiple Seed Investment Groups and portfolio construction discussions for product creation.

Outcome: As a result of our engagement and liaising with the London CV, the London CIV subsequently provided a fund for London Boroughs to allocate to nature based solutions through which we invested into in January 2025.

Source: Hackney Pension Fund

FURTHER ACTION:

We are aware of the importance of continuous development and that it is always possible to do more in integrating stewardship, investment and ESG activities. We are in the process of finalising our first TCFD report. Although this is not yet a regulatory requirement for the LGPS, we believe that it will support in the Fund's integrating of stewardship, investment and ESG activities. This will also further support in developing its climate metrics and monitoring processes with the London CIV and investment managers.

We recognise that the investments into nature based solutions and impact property will help the Fund's ambition of impact and reducing carbon emissions in the short term. In the longer term, we will continue to explore further investments into sustainability focused strategies, and as the existing

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holdings decarbonise naturally, this will further reduce the Fund's carbon emissions whilst supporting real life impact.



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PRINCIPLE 8

Signatories monitor and hold to account managers and/or service providers:

ACTIVITY:

We recognise that as an asset owner which outsources most investment and stewardship activity to others, our role is to monitor the performance of those service providers and hold them accountable for the outcomes they deliver.

This oversight role is based on clear contractual terms and expectations set for the quality and timeliness of delivery of the contracted services. Relevant reporting is received from each service provider and is considered as appropriate by both the investment staff and the Pensions Committee.

We engage both formally and informally with our service providers to seek enhancements over time in their approach, especially including enhancements to their sustainable investment and stewardship delivery.

Over this reporting period, the RIWG have invited a series of its investment managers to attend. This has allowed the Fund to engage, monitor and hold to account its investment managers:

- September 2024 – Oversight of LAPFF’s engagement and stewardship activities
- November 2024 – Oversight of LCIV’s engagement and stewardship activities
- January 2025 – Oversight of BlackRock’s engagement and stewardship activities
- May 2025 – Oversight of CTI’s engagement and stewardship activities

Pool company:



Our principal service provider is the London CIV, who are intended to derive the benefits of scale and efficiency. This is true across both investment and stewardship activities. As at 31 March 2025, the London CIV oversees funds representing 50% of the Fund’s assets whilst overseeing 100% of the Fund’s active equity investments.

We have established contractual relationships with the London CIV which incorporate expectations regarding stewardship delivery. Reporting on stewardship activities is received on a quarterly basis, facilitating our understanding and oversight – and where necessary enabling input on specific engagements. We also receive reporting on sustainable investment matters, particularly carbon emissions and other climate change data, on a quarterly basis, helping us measure and understand progress towards our climate targets.

As a participant and partner in the London CIV, we are able to shape the Pool’s overall approach to sustainable investment and stewardship and have played a part in its building out of resourcing in this area. We also maintain dialogue with our fellow partner funds in the Pool. Our investment staff are in regular contact with relevant counterparts at the London CIV, who attend Pension Committee meetings and RIWG throughout the year to discuss a range of issues across investment and stewardship performance.

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When the London CIV was invited to the RIWG in November 2024, we engaged with them on a range of stewardship focuses. This entailed discussions on the London CIV's priority themes, the nuances of their engagement approach, governance decision making frameworks, engagement coverage and more. Such engagement enforced our view that the London CIV meets our engagement and stewardship needs.

Other investment managers:

Alongside the expanding relationship with the London CIV, we still maintain direct relationships with certain investment managers, specifically BlackRock and Columbia Threadneedle. Through our engagement with these managers over the last year, we can reconfirm that the Fund's investment managers meet our needs.



We seek to put in place mandates with these investment managers, setting appropriately high expectations for stewardship that are commensurate with the nature of the asset class and the relevant investment time horizon. Managers are expected: to be signatories of the UK Stewardship Code (or local equivalents); to exercise their rights as investors to manage risks and open opportunities, so as to preserve and enhance value over the long-term; and to report on these activities as appropriate. We have shared our stewardship themes with investment managers and made clear our aspirations regarding stewardship delivery by them.

Our investment staff are in regular contact with relevant counterparts at the investment managers. We encourage investment managers to be proactive in suggesting changes to mandates, either in terms of investment parameters or stewardship expectations, to assist them to be most effective in delivering the Fund's sustainable investment ambitions.

Whilst engaging with BlackRock in January 2025, the RIWG focused on BlackRock's different stewardship approaches, engagement coverage, participation in industry-wide collective engagement vehicles and public policy efforts. Additionally, in the case of Columbia Threadneedle Investments, the RIWG questioned their stewardship approach, recent engagement activity and participation in industry initiatives.

Stewardship provider overlay:

As well as benefiting from the stewardship actions of the London CIV and its investment managers, we benefit from the London CIV's specialist stewardship overlay provider – Hermes EOS. Since 100% of the Fund's active equities are with the London CIV, this means that Hermes EOS provides stewardship services to the Fund, via the London CIV.

We take advantage of this model as a way of consolidating influence and delivering more consistent messaging, both through voting decisions and through broader engagement actions, delivered by a skilled and specialist provider of these stewardship services. The London CIV appointed Hermes EOS in 2020 following a competitive tendering process.

The London CIV's contract with Hermes EOS sets an appropriately high expectation for stewardship delivery. Hermes EOS is a signatory of the UK Stewardship Code and reports transparently on its activities on a quarterly basis. Both the Fund and the London CIV have shared their stewardship themes with Hermes EOS and made clear their aspirations regarding stewardship delivery.

Investment consultant:

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We appointed Redington as investment consultant, in part because of its recognised expertise in sustainable investment and stewardship matters. Redington is a signatory of the UK Stewardship Code. Redington was appointed in 2021 following a competitive tendering process.

Redington representatives attend the meetings of the Pension Committee and also all meetings of the Responsible Investment Working Group. The firm provides reports on sustainable investment and stewardship matters and presents them to the meetings as relevant; Redington also provides the Pension Committee with appropriate training as required. The consultant assists us in assessing the stewardship delivery by its service providers and where needed encourage more from them.



The Pension Committee has set strategic objectives for its investment consultant, in compliance with the requirements of The Investment Consultancy and Fiduciary Management Market Investigation Order 2019, created by the Competition and Markets Authority (CMA). Performance against these distinctive and robust objectives is monitored annually, and the objectives themselves are kept under active review.

OUTCOME:

The monitoring of managers and service providers have ensured that all parties and shareholders have the same goals and objectives. This is crucial in our aim to reduce carbon emissions as well as make real world impact through investment and stewardship activities.

The detailed review and evaluation of investment managers ensure that we are informed and knowledgeable about the investment and stewardship activities of investment managers and the details of their strategies. This is particularly important for a situation whereby the Fund needs to take action.

Similarly, we have a clear expectations and procedures to ensure that our service providers are monitored and held to account, especially those who provide a significant service to the Fund.

Situation where expectations of service providers have not been met:

Although we do not have an example of where this has taken place, we are able to propose the steps of escalation which would be taken in this potential situation:

- Realisation of dissatisfaction
- Review and analysis of situation
- Engagement and dialogue through the Committee and advisers
- Attendance at Committee meetings to explain and detail the situation
- Committee decision
- Enhanced monitoring status

As previously referenced, we have held a series of investment manager engagement dialogues in our RIWG meetings. When engaging with one investment manager, we held concerns with their approach to responsible investment, engagement and industry collaboration. As a result of this, we actively engaged with the investment manager with robust questioning and challenge which enabled us to gain more comfort in their approach to stewardship and engagement.



FINANCIAL REPORT

Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10



Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
100.00	120.00	150.00	180.00	200.00	220.00	250.00	280.00	300.00	320.00
110.00	130.00	160.00	190.00	210.00	230.00	260.00	290.00	310.00	330.00
120.00	140.00	170.00	200.00	220.00	240.00	270.00	300.00	320.00	340.00
130.00	150.00	180.00	210.00	230.00	250.00	280.00	310.00	330.00	350.00
140.00	160.00	190.00	220.00	240.00	260.00	290.00	320.00	340.00	360.00
150.00	170.00	200.00	230.00	250.00	270.00	300.00	330.00	350.00	370.00
160.00	180.00	210.00	240.00	260.00	280.00	310.00	340.00	360.00	380.00
170.00	190.00	220.00	250.00	270.00	290.00	320.00	350.00	370.00	390.00
180.00	200.00	230.00	260.00	280.00	300.00	330.00	360.00	380.00	400.00
190.00	210.00	240.00	270.00	290.00	310.00	340.00	370.00	390.00	410.00
200.00	220.00	250.00	280.00	300.00	320.00	350.00	380.00	400.00	420.00
210.00	230.00	260.00	290.00	310.00	330.00	360.00	390.00	410.00	430.00
220.00	240.00	270.00	300.00	320.00	340.00	370.00	400.00	420.00	440.00
230.00	250.00	280.00	310.00	330.00	350.00	380.00	410.00	430.00	450.00
240.00	260.00	290.00	320.00	340.00	360.00	390.00	420.00	440.00	460.00
250.00	270.00	300.00	330.00	350.00	370.00	400.00	430.00	450.00	470.00
260.00	280.00	310.00	340.00	360.00	380.00	410.00	440.00	460.00	480.00
270.00	290.00	320.00	350.00	370.00	390.00	420.00	450.00	470.00	490.00
280.00	300.00	330.00	360.00	380.00	400.00	430.00	460.00	480.00	500.00
290.00	310.00	340.00	370.00	390.00	410.00	440.00	470.00	490.00	510.00
300.00	320.00	350.00	380.00	400.00	420.00	450.00	480.00	500.00	520.00
310.00	330.00	360.00	390.00	410.00	430.00	460.00	490.00	510.00	530.00
320.00	340.00	370.00	400.00	420.00	440.00	470.00	500.00	520.00	540.00
330.00	350.00	380.00	410.00	430.00	450.00	480.00	510.00	530.00	550.00
340.00	360.00	390.00	420.00	440.00	460.00	490.00	520.00	540.00	560.00
350.00	370.00	400.00	430.00	450.00	470.00	500.00	530.00	550.00	570.00
360.00	380.00	410.00	440.00	460.00	480.00	510.00	540.00	560.00	580.00
370.00	390.00	420.00	450.00	470.00	490.00	520.00	550.00	570.00	590.00
380.00	400.00	430.00	460.00	480.00	500.00	530.00	560.00	580.00	600.00
390.00	410.00	440.00	470.00	490.00	510.00	540.00	570.00	590.00	610.00
400.00	420.00	450.00	480.00	500.00	520.00	550.00	580.00	600.00	620.00
410.00	430.00	460.00	490.00	510.00	530.00	560.00	590.00	610.00	630.00
420.00	440.00	470.00	500.00	520.00	540.00	570.00	600.00	620.00	640.00
430.00	450.00	480.00	510.00	530.00	550.00	580.00	610.00	630.00	650.00
440.00	460.00	490.00	520.00	540.00	560.00	590.00	620.00	640.00	660.00
450.00	470.00	500.00	530.00	550.00	570.00	600.00	630.00	650.00	670.00
460.00	480.00	510.00	540.00	560.00	580.00	610.00	640.00	660.00	680.00
470.00	490.00	520.00	550.00	570.00	590.00	620.00	650.00	670.00	690.00
480.00	500.00	530.00	560.00	580.00	600.00	630.00	660.00	680.00	700.00
490.00	510.00	540.00	570.00	590.00	610.00	640.00	670.00	690.00	710.00
500.00	520.00	550.00	580.00	600.00	620.00	650.00	680.00	700.00	720.00
510.00	530.00	560.00	590.00	610.00	630.00	660.00	690.00	710.00	730.00
520.00	540.00	570.00	600.00	620.00	640.00	670.00	700.00	720.00	740.00
530.00	550.00	580.00	610.00	630.00	650.00	680.00	710.00	730.00	750.00
540.00	560.00	590.00	620.00	640.00	660.00	690.00	720.00	740.00	760.00
550.00	570.00	600.00	630.00	650.00	670.00	700.00	730.00	750.00	770.00
560.00	580.00	610.00	640.00	660.00	680.00	710.00	740.00	760.00	780.00
570.00	590.00	620.00	650.00	670.00	690.00	720.00	750.00	770.00	790.00
580.00	600.00	630.00	660.00	680.00	700.00	730.00	760.00	780.00	800.00
590.00	610.00	640.00	670.00	690.00	710.00	740.00	770.00	790.00	810.00
600.00	620.00	650.00	680.00	700.00	720.00	750.00	780.00	800.00	820.00
610.00	630.00	660.00	690.00	710.00	730.00	760.00	790.00	810.00	830.00
620.00	640.00	670.00	700.00	720.00	740.00	770.00	800.00	820.00	840.00
630.00	650.00	680.00	710.00	730.00	750.00	780.00	810.00	830.00	850.00
640.00	660.00	690.00	720.00	740.00	760.00	790.00	820.00	840.00	860.00
650.00	670.00	700.00	730.00	750.00	770.00	800.00	830.00	850.00	870.00
660.00	680.00	710.00	740.00	760.00	780.00	810.00	840.00	860.00	880.00
670.00	690.00	720.00	750.00	770.00	790.00	820.00	850.00	870.00	890.00
680.00	700.00	730.00	760.00	780.00	800.00	830.00	860.00	880.00	900.00
690.00	710.00	740.00	770.00	790.00	810.00	840.00	870.00	890.00	910.00
700.00	720.00	750.00	780.00	800.00	820.00	850.00	880.00	900.00	920.00
710.00	730.00	760.00	790.00	810.00	830.00	860.00	890.00	910.00	930.00
720.00	740.00	770.00	800.00	820.00	840.00	870.00	900.00	920.00	940.00
730.00	750.00	780.00	810.00	830.00	850.00	880.00	910.00	930.00	950.00
740.00	760.00	790.00	820.00	840.00	860.00	890.00	920.00	940.00	960.00
750.00	770.00	800.00	830.00	850.00	870.00	900.00	930.00	950.00	970.00
760.00	780.00	810.00	840.00	860.00	880.00	910.00	940.00	960.00	980.00
770.00	790.00	820.00	850.00	870.00	890.00	920.00	950.00	970.00	990.00
780.00	800.00	830.00	860.00	880.00	900.00	930.00	960.00	980.00	1000.00

PRINCIPLE 9

Signatories engage with issuers to maintain or enhance the value of assets

ACTIVITY:

Engagement lies at the core of the Fund's beliefs and is a key element of our responsible investment behaviours. We define engagement as purposeful dialogue by investors with their investee companies with a specific objective in mind, typically seeking improvements to companies' business practices, often in relation to the management of ESG factors.

Active ownership is widely considered one of the most effective strategies for mitigating risks, maximising returns, and positively influencing society and the environment. We favour this approach over divestment, which deprives investors of a voice and the opportunity to promote responsible corporate behaviour.

How Hackney selected and prioritised engagement:

We recognise the value of prioritisation of engagement, in order to better align with the values and expectations of various stakeholders, as well as to respond to developing best practices within the broader investment community. We therefore consider and evaluate several factors when seeking to prioritise engagement, including considering opportunities for impact in multiple forms.

The bulk of the engagement work in relation to individual investments on behalf of the Fund is taken forward by London CIV and its stewardship service provider Hermes EOS, or by other investment managers. We see our main role in terms of engagement as overseeing these providers (including close involvement directly with London CIV, and the London CIV's own oversight of Hermes EOS) and holding them to account for the effective delivery of stewardship over time.

Given the essentially collaborative nature of our engagement approach, working alongside a range of partners, we identify priorities and objectives in an iterative way as part of ongoing dialogue with its key partners and other stakeholders. Priorities and objectives have therefore been set through parallel discussions within: the RIWG, having received input from committee members and broader stakeholders including beneficiaries; guidance from industry experts and service providers; committee meetings at the London CIV and other more informal dialogue with the Pool and the Fund's partners within it; and active participation in LAPFF, not least through Councillor Chapman's position as Vice-Chair of LAPFF.

To best channel our stewardship efforts, we believe that we should focus on a selection of key themes. These themes are selected by assessing the financially material risks that they pose, as well as the maturity and development of industry approaches to the issues as this enables us to integrate them properly into our approach.

We recognise the breadth and depth of sustainability-related challenges facing society and the natural environment. Our key themes are diverse in nature, and we will work with our stakeholders on a regular basis in order to review and update the Fund's engagement priorities as necessary. Key areas of focus for engagement include Climate Change, Human Rights (including conflict regions and modern slavery, labour and workplace rights, child labour and supply chain issues), biodiversity and animal welfare and Corporate Governance. These areas of focus have been informed by scheme member engagement through a survey (which identified climate change and human rights as the two topics at the forefront of scheme member views), and also the long-standing focuses of the Pensions

Committee. The Committee recognise the importance of having some consistency in its themes for engagement to help form long-term approaches and to help drive change.

The London CIV provides regularly updated reports regarding their stewardship activities and decision-making processes. We utilise this information as a means of selecting and prioritising engagement. The London CIV, with direct input from us and other member funds, reviews their engagement priorities on an annual basis. At present these are identified in the following way:

1. Identifying **global drivers** including macro risks, policy and regulation as well as stakeholder priorities
2. Assessing **company drivers** unique to London CIV including asset-specific risk, client priorities, holdings and investments as well as where influence can best be wielded
3. Recognising **social materiality** in terms of which issues will have the biggest impact on the wider world and relevant stakeholders
4. Calculating **financial materiality** in terms of which issues will have the biggest impact on returns
5. Responding **reactively** to unforeseen events after a specific and significant incident.

This process led the London CIV to select a number of current engagement priorities and broader ESG issues that will seek to address these include actions with relation to people issues, planetary harm and risks, good governance and the promotion of prosperity.

Methods of engagement:

Recognising that our main role in stewardship is to hold managers and service providers to account for the effective delivery of engagement, we deploy a range of methods for engaging with them. These include: annual formal review of managers and considering the extent to which their efforts serve to deliver against our needs; informal dialogue on a regular basis, either by email or telephone, to ensure there is mutual understanding of expectations and an opportunity to raise any concerns early on; more formal meetings to discuss ongoing concerns or emerging issues that require more full engagement; and investment manager and London CIV attendance at Committee and RIWG meetings to further explain and respond to Committee questions. For example, in the 2024-25 reporting period, the following managers attended RIWG meetings:

- September 2024 – Oversight of LAPFF’s engagement and stewardship activities
- November 2024 – Oversight of LCIV’s engagement and stewardship activities
- January 2025 – Oversight of BlackRock’s engagement and stewardship activities
- May 2025 – Oversight of CTI’s engagement and stewardship activities

We also require managers to disclose climate metrics and reporting regarding other ESG factors within portfolios, enabling a focus on the effectiveness of integration of risks into investment, and the use of stewardship to mitigate the risks that are faced. This reporting provides a basis for much of the dialogue already discussed.

Because of the central importance of the London CIV in delivering stewardship, as well as investment services more broadly, there is a particular focus on active engagement with London CIV and the Fund’s partners in the Pool. This includes: participation in regular investor meetings with London CIV partner funds where ESG matters are discussed with underlying managers; active involvement in the London CIV Annual Conference, which provides the opportunity for open dialogue especially on

stewardship and engagement matters; and regular involvement in the London CIV's product development through Seed Investor Group meetings, where underlying funds can help shape developments so that there is clear alignment between products and underlying investment strategies, and issues such as stewardship expectations can be built in from the start.

The London CIV's approach to stewardship:

As a partner fund of the London CIV as well as all of our active equity funds being managed by the London CIV, we welcome and support the London CIV's overall approach to stewardship, which involves:

- **Voting** – the London CIV is a member of LAPFF and works closely with Hermes EOS to execute votes. The London CIV has created its own voting guidelines (subject to annual review) that have been influenced and strengthened by guidance from LAPFF and Hermes EOS guidelines as well as the Pool partner funds and London CIV's investment beliefs and prioritised sustainable themes.
- **Integrated engagement** – the London CIV fundamentally believes that engagement should be carried forward actively and appropriately to deliver its investment beliefs and prioritised sustainable themes. Again, the model and approach has been shaped through dialogue with pool partner funds, LAPFF and Hermes EOS. Collaboration with these service providers and other like-minded institutional investors is an effective way to pool knowledge as well as strengthening engagement. The London CIV takes a collaborative approach to stewardship through engagement with companies, investment managers, like minded peers and market participants. The Pool recognises that engagement is an ongoing process, and that constant refinement and review is necessary.

The London CIV recognises that good active ownership requires research, prioritisation, objectives, tracking outcomes, integration with investment decisions, persistence and consistency. Each stage of their approach is underpinned by disclosure and transparency to ensure best practice and appropriate governance and oversight, enabling us and the partners in the Pool to have oversight and regular input.

How the London CIV integrates engagement across asset classes, funds and geography:

The London CIV uses asset class, geographic focus and risk objectives to determine which responsible investment and ESG factors are prioritised. Across the board, external managers are only selected if they exhibit consistently strong ESG integration and stewardship practices, paired with clear responsible investment criteria and standards.

On equity and credit investments collaboration with other investors is key. This allows for the maximisation of influence and promoting sustainable investments that benefit all stakeholders. For real estate and infrastructure assets, thorough due diligence on external managers is conducted with monitoring of environmental performance being a particular focus. For alternative investments, it is crucial to ensure the alignment with ESG objectives and actively monitor ESG performance.

London CIV engagement – Toyota Motor Corp

Relevance: Investing in support of corporate governance is a key responsible investment priority for the Fund and therefore represents a clear opportunity for us and the London CIV to streamline engagement activities.

Context: The London CIV via Hermes EOS had concerns surrounding the governance of the corporate group. Specifically, there were issues relating to the oversight of subsidiaries with recent investigation by the authority of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) encompassing misalignment with appropriate laws and regulations. The London CIV believe that it is the responsibility of the board members to ensure that the group upholds proper internal controls and provides transparent and accurate public disclosures.

Action: The London CIV voted against the chairman and chair of the board while Hermes EOS engaged with Toyota on our behalf. Hermes EOS stated that Mr Toyoda, who has served as the top management of the company since June 2009 should be held responsible. Mr Toyoda holds responsibility for failing to ensure that the group maintained appropriate internal control and for the failure to ensure appropriate governance measures were implemented at group companies.

Outcome: By voting against the Chairman, we have utilised our shareholder voice to express our dissatisfaction with Toyota's governance practices. We and the London CIV remain committed to engaging with the company and the London CIV intends to directly engage with Toyota at their UK facility with Hermes EOS and other investors.

Source: London CIV

The London CIV recognises the challenges of integrating ESG factors into different asset classes. This is particularly difficult in emerging markets where ESG practices and regulations may differ. Although this may be the case, the London CIV is committed to reviewing responsible investment practice whilst striving for continuous improvement to ensure positive ESG impact. The London CIV expects managers to understand the local context and commit time into understanding the local business environment culture, and evolving regulations when engaging with companies.

OUTCOMES AND CASE STUDIES

London CIV engagement – Climate enhancements for fixed income



Relevance: Our investment in fixed income through the London CIV's vehicles paired with robust focus on climate related actions.

Context: In 2024, the London CIV recognised the need for further enhancement on the ESG requirements within their Global Bond Fund and MAC Fund. Such enhancements were spearheaded by the London CIV's net zero ambitions, our feedback and progression observed across the fixed income market.

Action: In 2024, the London CIV further enhanced the ESG guidelines for both funds, omitting corporations that score poorly on ESG criteria, particularly those with low environmental scores. In addition, further exclusions were implemented which aimed at restricting exposure to fossil fuels, cannabis production, gambling and other areas.

Outcome: The funds are now on a pathway to achieving net zero which positively contributes to our target to reduce carbon emissions.

Source: London CIV

Hackney Pension Fund engagement – Columbia Threadneedle Investments



Relevance: Our focus and recognition of climate monitoring and reporting as a means of collaboratively tackling climate issues and risks

Context: Over the course of 2024, the Fund has been engaging with Columbia Threadneedle's bond mandate focusing on the incorporation of stringent decarbonisation targets which the strategy did not previously have.

Action: The Fund carried out regular dialogue and engagement with CTI to encourage the consideration of decarbonisation targets (as it pertains to the credit portion of the mandate) as a means of ensuring that the mandate aligns with the Fund's broader targets whilst retaining the flexibility to achieve its financial objectives.

Outcome: As a result of this engagement, CTI will incorporate in the IMA three separate targets pertaining to net zero:

1. Portfolio-level net zero alignment – specifically to ensure > 70% of the portfolio holdings are aligned to net zero
2. Net zero stewardship – CTI to identify laggard companies and attempt to engage with them on climate related objectives
3. Credit portfolio-level emissions target setting – CTI will aim to achieve emissions reductions targets in line with net zero by 2040 and a 50% reduction by 2030 (relative to the 2023 portfolio baseline)

CTI have indicated that they do not expect these more stringent targets to materially impact the overall risk and return of the mandate

Source: Hackney Pension Fund

London CIV engagement – multiple investment managers



Relevance: Identifying and responding to climate related risks is a key and robust priority for the Fund and mitigating climate related risks in the market is a clear focus for the Fund and the London CIV.

Context: On account of US regulatory, political and litigation concerns, several of the London CIV's investment managers exited climate collaboration groups in 2024. Such groups include the CA100+ and The Net Zero Asset Managers Initiative. Several US states have enacted or proposed anti-ESG legislation which has been partly led by concerns that ESG criteria could lead to discrimination against certain industries (e.g. Fossil fuels, firearms, or agriculture) or political viewpoints that could disadvantage shareholders.

Action: The London CIV has engaged with the investment managers who left the initiatives and requested prompt responses to explain why they had done so.

Outcome: The majority of investment managers highlighted that their departure to such initiatives was due to political and legal pressures. Some investment managers highlighted that because of the size of their stewardship teams, they are now able to engage directly with companies within CA100+ without the collaborative platform. In conclusion, we are reflective of the US political climate and cognisant of the challenges that responsible investment is currently navigating. The London CIV has been reassured that their investment managers are continuing to invest responsibly and acting on climate.

Source: London CIV



PRINCIPLE 10

Signatories, where necessary, participate in collaborative engagement to influence issuers:

ACTIVITY:

Overall approach to collaborative engagement:

Both us and the London CIV understand and highlight the importance of collaborative engagement as an engagement strategy. The nature of the LGPS pooling process builds in collective action between funds – both through the Pool itself and through wider collaborations with partner funds in the Pool. Further to these collaborations arising from the structure of our investment approach, we also have opportunities for collective actions and engagement through a range of additional partners:

- London CIV's stewardship overlay provider Hermes EOS
- LAPFF, not least through a Pension Fund Councillor vice-chairing that organisation
- Investment managers
- Broader industry initiatives

Underpinning this range of partnerships and structural approach expressing a view to a company or other investment can have influence, but that influence is always likely to be greater where the views are shared with others and amplified through collective vehicles.

Thus we, through our partnership with the London CIV, work closely with the underlying LGPS partner funds in London to enhance the level of engagement both with external managers and the underlying companies in which they invest. London CIV has hired Hermes EOS, which is in effect a stewardship collaboration vehicle for its global asset owner client base. Additionally, we are a member of the LAPFF, through which it joins with other LGPS Funds to magnify its voice and maximise their influence as asset owners.

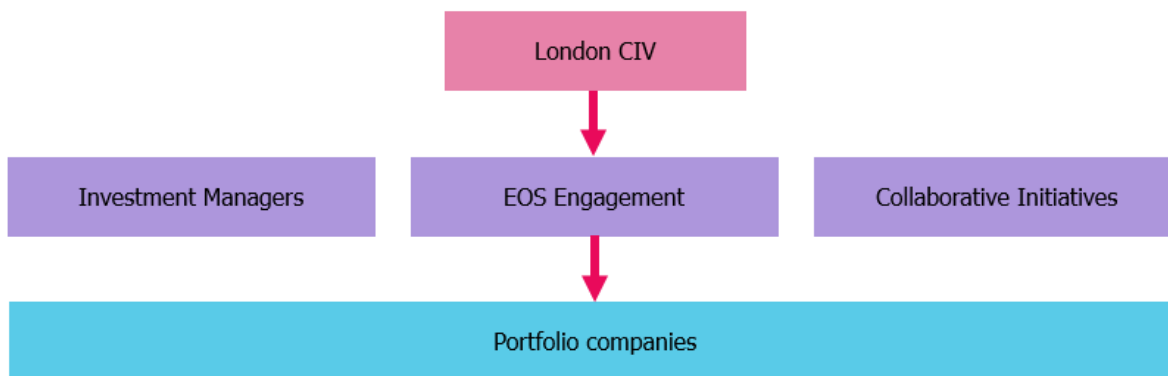
Further, we expect our investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

London CIV collaboration:

Collaboration is one of the London CIV's core investment beliefs. The London CIV believes that its voice has greater influence and is more effective when it works together with other investors and stakeholders. The Pool has therefore committed to collaborate with peers and partner funds on initiatives covering a range of ESG issues.

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The London CIV advances its collaborative engagement through the following channels:



Among the formal and informal industry bodies that it is a party to, enabling more effective stewardship, either of individual investments or of markets as a whole, are:

Asset Owner Diversity Charter	ShareAction: Healthy Markets Coalition
ClimateAction 100+	UN backed Principals for Responsible Investment (RPI)
Cost Transparency Initiative (CTI)	Investor Alliance for Human Rights
TCFD	Deforestation Free Pensions Working Group
LAPFF	UNPRI Tax Reference Group
Marine Conversation Society: Microplastics Pollution	UNPRI Advance
Pensions for Purpose	IPDD
ShareAction: The Good Work Coalition	TNFD Forum

Hackney's collaborative engagement:

The Fund is a member of the London CIV's Sustainability Working Group (SWG) which focuses on working collaboratively with partner funds to achieve improved focuses, alignment and outcomes. Our Fund Officers further collaborate through the London Pension Officers Forum (LPOF). This is a long - standing regional network which focuses on providing networking opportunities and knowledge shares through presentations by investment managers and the London CIV.

OUTCOMES AND CASE STUDIES

London CIV engagement – Barclays



Relevance: We have exposure to Barclays within our portfolio and so have aligned interest to engage on climate related topics with the London CIV.

Context and action: The London CIV worked with ShareAction and aligned investors to support a co-filing opportunity regarding Barclay's energy policy. The collaborative parties requested an explanation as to how Barclays address stranded asset risk associated with financial new oil and gas infrastructure as well as systemic risk to the financial system of stranded assets.

Outcome: Barclays updated their climate policy to include:

- No project finance, or other direct finance to energy clients, for upstream oil and gas expansion projects or related infrastructure
- Restrictions on non-diversified energy clients engaged in long lead expansion
- Additional restrictions on unconventional gas and oil, including extra heavy oil
- Requirements for energy clients to have 2030 methane reduction targets, a commitment to end all routine/non-essential venting and flaring by 2030 and near term net zero aligned scope 1 and 2 targets by January 2026
- Expectation for energy clients to produce transition plans for decarbonisation strategies by January 2025.

Source: London CIV

LAPFF engagement – Nike Inc



As per LAPFF's Q1 2025 engagement report, the corporation signed onto a collaborative investor letter which highlights human rights concerns in Nike's supply chain. More specifically, this letter outlined expectations on heightened human rights due diligence, the effectiveness of binding agreements, especially in high-risk contexts, and worker concerns around wage theft. Such engagement follows from LAPFF's previous engagement with Nike on its approach to human rights, looking at labour rights issues in both Myanmar and the Xinjiang Uyghur Autonomous Region (XUAR) but no response has been received from the company. Additionally, LAPFF advised that members support two shareholder resolutions at the company AGM in September 2024 in respect to supply chain management and social responsibility.

Source: LAPFF



US\$144.25
US\$250.00
US\$95.00
US\$225.00
US\$150.00
US\$100.00
US\$100.00
US\$100.00

PRINCIPLE 11

Signatories, where necessary, escalate stewardship activities to issuers

ACTIVITY:

How objectives and issues for escalation are selected:

We expect investment managers and the London CIV to undertake appropriate monitoring and effective engagement of investments especially with regards to financial risks to our long-term performance and risks associated with environmental, social and corporate governance. Where initial efforts at engagement are ineffective (over an appropriate time period), or where the urgency of a situation requires greater effort from the start, service providers need to be ready to escalate their actions to deliver change. Our role is largely to oversee, assess and challenge the effectiveness of service provider actions in this regard.

We utilise the Responsible Investment Working Group to take on responsibility and discussion surrounding escalated engagement. This has been key whilst creating our engagement policy this year.

When to escalate:

We recognise there may be instances where engagement must be escalated. This is likely to follow a period of active dialogue that has not been successful. We expect investment managers and the London CIV to be ready to apply a range of engagement tools to escalate dialogue, including voting against company management, proposing shareholder resolutions, attendance at AGMs, public statements, and litigation. Different such tools will be appropriate in different circumstances. Divestment from unresponsive issuers is the final point of escalation and investment managers which have scope to do so within their mandates are expected by us to use discretion as to whether this is an appropriate action.

Vehicles for escalated engagement:

We have identified the following routes to carry forward engagement and to escalate it as necessary:

- Through investment managers: The London CIV and other managers, particularly those investing actively, ought to be most closely aware of the companies (and other assets) into which they invest on behalf of us. They ought therefore to be most aware of the need for escalation of engagement efforts from time to time. We actively assess each manager's approach to escalation as part of its assessment of the manager's engagement approach and look to encourage escalation where we believe that it may be necessary given understanding of the progress in engagement and urgency of the issues in question.
- Through specialist service – such as LAPFF: as a collective engagement vehicle that acts as an overlay service across our assets (and those of its fellow LAPFF members), LAPFF is always a form of escalation of engagement through its focus on key issues and its typically more strident calls to action by companies. As a member of LAPFF and by one committee member's senior role at the organisation, we are able to shape its approach and ensure that escalation is focused on the right issues and at the right companies.
- Through the London CIV and its provider Hermes EOS: as a collective engagement vehicle that acts as an overlay service across the our assets (and those of its fellow clients, including

other the London CIV funds), Hermes EOS is always a form of escalation of engagement through its focus on key issues and its typically ordered and more persistent calls to action by companies. Through our role at the London CIV, we are able to shape its approach and - influence Hermes EOS, which has an active process to gain client feedback.

- Direct - Hackney engaging directly with investments: we retain the right to engage directly with investee assets. Given the limited resources that are available for any such effort, this power will only be used sparingly and is likely only ever to be deployed as an escalation tool following a failure of other engagement routes to deliver necessary change.
- In industry groups – e.g. CA100+/IIGCC/PLSA: we, the London CIV and its other managers, LAPFF and Hermes EOS are all members of a range of collective bodies representing institutional investors, some focused on particular areas of sustainable investment or stewardship and some with a broader role including such matters. To the extent that these operate as vehicles for collaborative engagement, they are a form of escalation and help to deliver a collective and louder voice on key issues.

The London CIV's approach to escalation:

As our main investment manager, the London CIV's approach to escalation is of particular importance to the Fund's overall delivery. We work closely with other members of the Pool to help shape and frame this approach to ensure it is effective in practice.

The London CIV details escalation as a strategy used to pursue engagement in cases where the company is not open to dialogue or where dialogue has not been constructive. In these cases, the London CIV will consider a range of different escalation strategies to trigger corporate reaction:

- Communicating with the Board: expressing concerns to corporate representatives or non-executive directors, either directly or in a shareholders' meeting
- Collaborating with other investors to increase pressure on the company
- Issuing a public statement and organising or supporting a media campaign
- Submitting shareholder resolution in relation to the ESG issues of concern
- Voting against the re-election of directors who are responsible for the topic of engagement (i.e., risk and audit committee members)
- Voting against the board of directors or the annual financial report
- Submitting one or more nominations for election to the Board
- Threatening to reduce exposure or divest

In relation to listed equities, here are some of the strategies that may be used by the London CIV when it is necessary to trigger corporate reaction:

- Voting: voting against management on key resolutions, including voting against the chairs of relevant committees and the company chair
- Attending AGMs: to trigger more dialogue with boards and executives
- Filing or co-filing shareholder resolutions: supporting requests to improve company strategy, board accountability and ESG disclosures

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- Divestment: selling a holding. The London CIV only uses this as a last resort when prior persistent engagement activities have been unsuccessful.

OUTCOMES

Examples of escalated engagement:

We monitor investment managers and London CIV's engagement activities through regular reports, including discussions in both the RIWG and Committee meetings. It is expected that investment managers and the London CIV engage in stewardship activities on our behalf and undertake escalation when appropriate. The following are examples of relevant escalated engagement:

London CIV engagement – CRH



Relevance: CRH was the London CIV's largest Green House Gas contributor in 2024. This is a clear engagement focus for us and so we support London CIV's continued engagement efforts.

Context: Last year, London CIV provided an engagement case study conducted by the investment manager, Baillie Gifford and have subsequently followed up to track its progress this year. London CIV has escalated the engagement efforts and became a 'contributor' for CRH on CA100+.

Action: Baillie Gifford has been engaging with CRH since 2008. This year engagement focused on remuneration and climate.

Remuneration: Baillie Gifford provided feedback on proposed revisions to executive pay, particularly noting the shift towards US-style compensation structures due to CRH's increased US market presence. Specifically, this included discussion about the invested quantum of pay and revisions to the long-term incentive framework.

Climate: Engagement highlighted CRH's integration of carbon pricing into all strategic decisions, including acquisitions and divestments. Specifically, clarification was sought on ongoing sustainability disclosures and scenario analysis following US regulatory changes and divergence between EU standards. Additionally, Baillie Gifford encouraged deeper transparency regarding CRH's internal carbon cost calculations and their impact on business operations as well as how CRH supports low carbon product innovation through their CRH Ventures project.

Outcome: These engagements result in several notable outcomes:

- Enhanced clarity on executive succession plans and recruitment
- Increased understanding of the balance between maintaining long-term strategic focus of the executive remuneration structures and US market practices
- Assurance from CRH that recent acquisitions were assessed thoroughly regarding their compatibility with decarbonisation targets, confirming their confidence in achieving 2030 emissions reductions goals.
- Recognition that while CRH's interim (2030) emissions targets remain credible, longer-term strategies for 2050 are less clear due to reliance on technological innovation. This is an area to continue monitoring in the future
- Confirmation from CRH that the price of carbon is deeply integrated into strategic decision-making processes across the business, including in board-level reviews.

Source: London CIV

LAPFF engagement – Response from Home Depot re Uyghur forced labour – Investor Alliance for Human Rights



In collaboration with other investors from the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF has continued its engagement with Home Depot. LAPFF has met with Home Depot twice to discuss the company's approach to Uyghur forced labour in its luxury vinyl tile flooring. In Q1 2025, LAPFF wrote to Home Depot again seeking further engagement on this issue and received a written response.

In this written response, Home Depot provided positive developments in the efficacy of its traceability initiatives, detailing information on programmes that had been discussed in past engagements, further enhancements in the company's auditing practices and verification process, and a continuation of how it was monitoring evolving regulatory standards.

LAPFF has highlighted that it will continue to focus attention on CAHRAs and engage sectors that operate them. LAPFF will also monitor best practice across industries and consider escalation through AGM attendance and voting alerts to members moving forwards.

Source: LAPFF



PRINCIPLE 12

Signatories actively exercise their rights and responsibilities

CONTEXT

We are committed to actively exercising the ownership rights tied to our investments. This reflects our belief that responsible asset owners should oversee the companies they invest in and participate actively in their governance processes, using relevant mechanisms. It recognises that these companies' actions impact not only their customers and clients but also their employees, other stakeholders, and society as a whole.

How we exercise rights:

The execution of voting rights is delegated to investment managers and, in particular, the London CIV. The Fund expects as a minimum that:

- All votes should be exercised where feasible
- Where votes are cast by underlying asset managers selected by the London CIV, the London CIV is required to oversee voting policies and voting activity of underlying asset managers to ensure good practice
- Investment managers provide clear monitoring and reporting on voting activity, and that this is discussed in detail on at least an annual basis
- In particular, votes on resolutions related to climate and other environmental actions should be considered carefully based on the specific request being made and the context of the company in question. The Fund expects a high level of support for votes requiring greater disclosure or setting a business transition strategy consistent with the Paris Agreement. Managers are expected to monitor this closely and explain any cases where such votes are not supported.

For Hackney's active equity mandates are invested through London CIV and managed within pooled funds. At this time the London CIV do not offer the opportunity for segregated voting within the funds. The execution of voting rights for London CIV funds is undertaken on their behalf by their appointed third-party external voting and engagement provider. Given the LGPS pooling landscape, the Fund will closely collaborate with other LGPS funds and the London CIV to influence its voting and engagement agenda to reflect the views of the Fund and scheme members.

Voting for investments within London CIV will be delegated to Hermes EOS and monitored on a quarterly basis. The London CIV will arrange for Hermes EOS to vote in accordance with voting alerts issued by the LAPFF as far as is practically possible for them to do so and will provide evidence where they have not voted in accordance with the LAPFF directions.

For Hackney's passive equity mandates, voting is currently delegated to the investment manager, BlackRock, the Fund oversees BlackRock's voting and engagement activities and regularly reviews these through discussion at the Fund's RIWG.

Where the Fund has other external managers for non-equity assets, where the manager also has equity mandates, the Fund is keen to understand the broader approach to voting and whilst not able to influence this area, the Fund recognises this provides an understanding of the overall approach to

key engagement areas and therefore as part of the regular RIWG reviews, will also consider voting approach as part of its oversight of the manager.

Expectations for asset managers that exercise rights and responsibilities on our behalf:

We expect that all managers exercise rights and responsibilities on behalf of the Fund to uphold high standards of stewardship and transparency. Voting rights must be exercised wherever feasible, with clear and regular reporting provided to the Fund, included detailed reviews. Managers are expected to support resolutions that promote the Fund's key engagement priorities, including climate change, human rights (including conflict regions and modern slavery), biodiversity and animal welfare and corporate governance.

The London CIV's voting principles

The London CIV has produced its own Voting Guidelines which explain its overarching voting process and provide a reference point for all voting mechanisms. This is a living document and therefore is updated regularly (reviewed at least annually) as the London CIV develops their voting and engagement to a transitioning business world.

According to these guidelines, on behalf of us and its beneficiaries the London CIV endeavours to:

1. Exercise our shareholder rights by always voting on contentious issues: Aim to vote either for or against a resolution and only abstain in exceptional circumstances. This can occur when a vote is conflicted, a resolution is (or will be) withdrawn, or sufficient information is available to base an informed decision
2. Vote consistently on issues: Aim to vote consistently on issues, in line with the voting policy, applying due care and diligence, allowing for a case-by-case assessment of individual companies and market-specific factors when necessary
3. Remain informed: Aim to be knowledgeable about investee companies and support their boards and management when their actions protect long-term shareholder value
4. Align to long-term value creation: Voting and engagement seeks to protect and optimise long-term value for shareholders, stakeholders and society
5. Uphold exemplar transparency: Publish voting activity quarterly and update stewardship prioritises annually
6. Engage: View that engagement is the most effective tool and will escalate a vote if concerns remain unaddressed. Understanding that leveraging the threat of divestment as a shareholder is more powerful than divestment alone
7. Collaborate: Partner with like-minded investors and service providers to leverage voting at scale and amplify shareholder voice
8. Align with Local Authority Pension Fund Forum ("LAPFF"): Aim to vote in line with LAPFF recommendations. Where this is misalignment between votes and LAPFF's suggestions, provide sound reasoning and research behind decisions to stakeholders

The guidelines also sets out the London CIV's expectations of the companies in which it invests on our behalf:

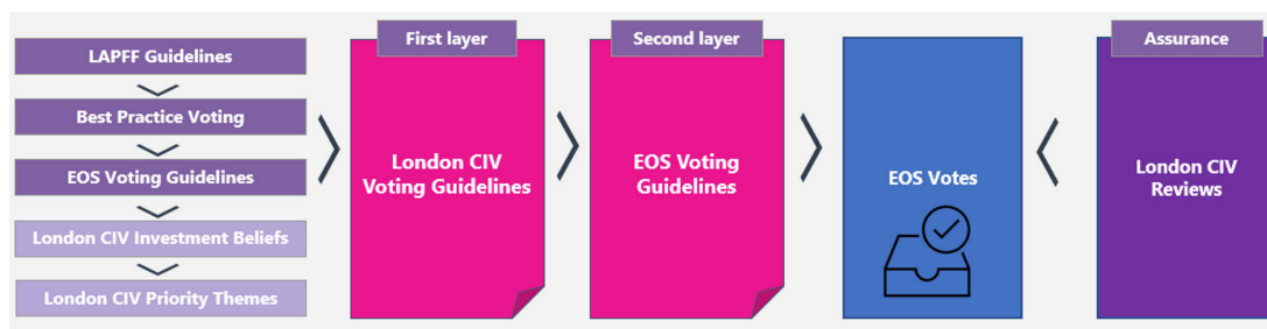
1. Remain accountable to their shareholders: by holding regular board meetings, providing relevant information, be readily available for dialogue with investors, implementing and responding to other initiatives as appropriate

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2. Consider proposals fairly: review proposals where shareholders express their views on corporate governance matters and other fundamental, prioritise proposals that help to promote long-term shareholder value
3. Align to long-term value creation: implement incentive arrangements that create and protect shareholder value, prioritising strategies that won't detriment long-term company success, performance, or natural, social, and human capital
4. Demonstrate adequate transparency: disclose robust and timely information on environmental social and governance issues that could have a material impact on the company's balance sheet or society

How the London CIV votes:

The London CIV has appointed Hermes EOS to consolidate all voting activities on the segregated funds and to provide engagement services in respect of all segregated public market funds. The London CIV believes that by consolidating votes, rather than outsourcing voting activities to fund managers, it is possible to drive positive outcomes that are more tailored to London CIV's priority themes – and to those of the Fund and its partners in the Pool.



The London CIV welcomes the more country-specific guidance within Hermes EOS's voting guidelines, which reflect a range of more localised corporate governance factors. By incorporating these as an overlay to the London CIV's wider voting guidelines, votes can be executed in a more comprehensive and thoughtful manner on behalf of us and its beneficiaries.

How the London CIV works with partners to exercise their voting rights:

Fund managers: The London CIV works with its fund managers to exercise engagement rights depending on fund type

Hermes EOS: In 2021, the London CIV appointed the specialist stewardship provide to manage its votes and stewardship activities in accordance with the prioritises and objectives of the underlying partner funds such as Hackney Pension Fund.

LAPFF: As a forum which promotes robust corporate governance, it leads the way on crucial issues and provides critical voting alerts of specific issues. The London CIV usually votes in line with LAPFF guidelines as a standard but will assess on a case-by-case basis with input from Hackney from their quarterly analysis of LAPFF's engagement reports

PLSA: The London CIV works with the PLSA on voting Guidelines and on Cost Transparency.

We recognise that within pooled funds, where assets from individual investors are aggregated, influence in terms of voting rights, engagement and stewardship activities, responsible investment policy requirements and disclosure are diluted compared with segregated mandates. This is because

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the pooled investment manager is not bound by the London CIV's specific voting guidelines. However, during the manager selection process, in which we are actively involved with through the Joint Committee, the Pool considers each pooling fund managers' stewardship policies and seeks to ensure that they are of a high standard. The London CIV also shares its voting guidelines with these managers, including updates as relevant. This should lead to positive and effective voting within these investments also.

Moving forwards, we are in the process of considering the appointment of a voting provider for assets not directly managed by the London CIV at this time. We believe that such action will further our ability to work with partners to exercise our voting rights.

Approach to stock lending, recalling lent stock for voting and how to mitigate 'empty voting':

We did not undertake any direct stock lending activity during the year but acknowledge that within pooled investments fund managers may participate in this activity.

The London CIV Stock lending approach:

Although the London CIV recognises that stock lending is a tangible benefit, particularly for investors with a long-term investment horizon who do not seek to trade frequently, the only fund that currently considers stock lending is not one that the Fund invests in.

Nevertheless, the London CIV has a number of measures to mitigate the risks associated with stock lending related to voting, approved by the Joint Committee:

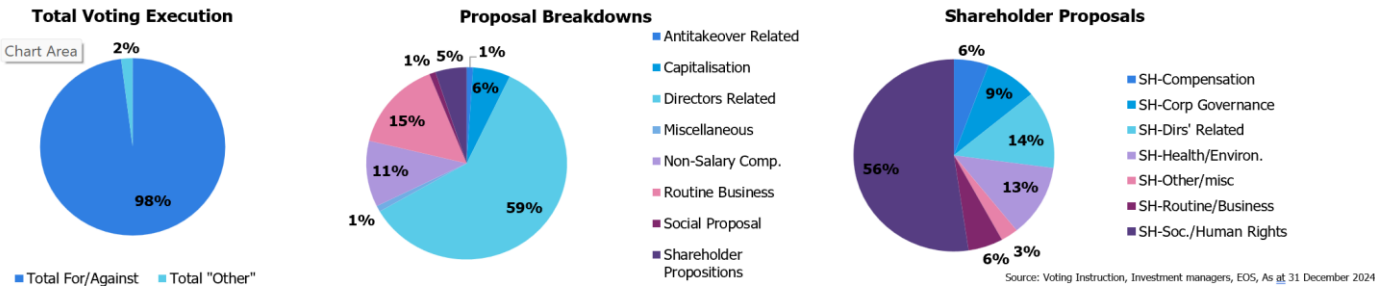
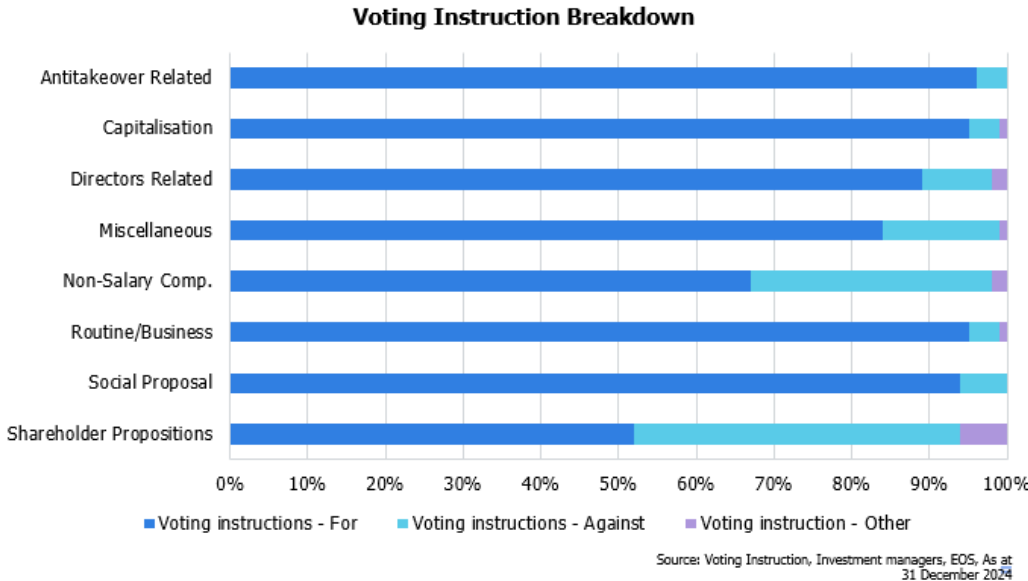
- Recall 100% of lent stocks ahead of Annual General Meetings for 'contentious' votes
- Create a 'contentious list' of stocks that will be recalled 10 days before the registration for votes at AGMs and extraordinary general meetings
- Retention of a minimum quantity of any individual stock, to ensure that the Pool always retains an ownership interest on which to base engagement, and to preserve voting rights should a meeting be called at short notice

ACTIVITY:

The London CIV publishes its voting records on a quarterly basis and managers are required to provide a rationale for all voting activity on a "comply or explain" basis.

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In 2024, the London CIV’s investment managers and Hermes EOS voted on 21,746 proposals which represents a 98% voting execution. Investment managers and Hermes EOS voted on 1,096 shareholder proposals in 2024 and thus supporting 51% of the proposals.



How do we monitor their shares and voting rights?

We monitor the decisions and voting outcomes of their funds through investment manager’s and the London CIV’s attendance at RIWG meetings as well as quarterly reporting. The quarterly votes are discussed in the RIWG as well as the committee meeting, alongside our and London CIV’s voting policy and guidelines.

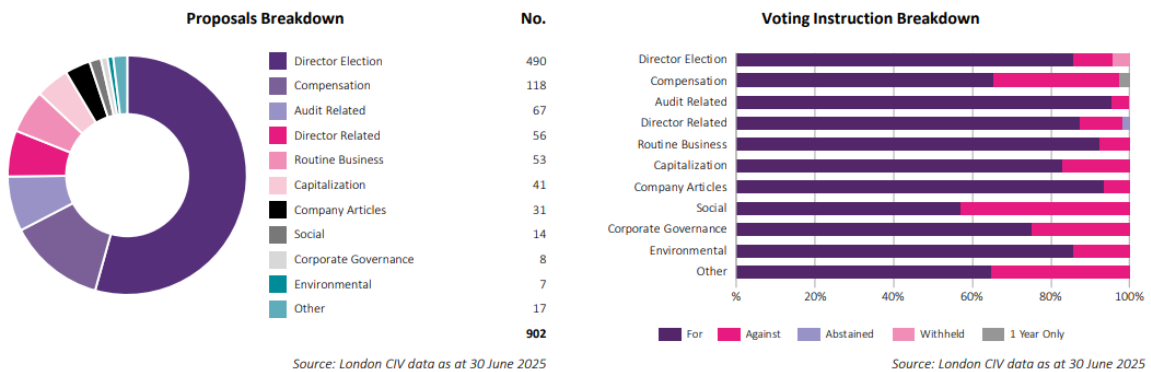
A sample quarterly voting report (from the London CIV's Global Alpha Growth Paris Aligned Fund) is shown below, providing the top level of insight available to the Fund to enable this oversight and interrogation of manager voting decision-making. This remains an active process, and we are continuing to develop its approach to this oversight.

25 London CIV Quarterly Investment Review 30 June 2025
 London Borough of Hackney Pension Fund
 LCIV Global Alpha Growth Paris Aligned Fund

Summary Update **Funds** Appendices

Voting Summary

As stewards of capital, exercising voting rights is an important part of our responsibility towards our Client Funds' ESG objectives. We believe that voting on shareholder resolutions is a powerful part of our stewardship strategy as it helps communicate our views to companies. Being transparent about disclosing our voting records further supports this aim. London CIV's stewardship provider Hermes EOM and investment managers are expected to vote on all proxies considering the impact of ESG factors to ensure shareholder value is maximised. London CIV monitors voting records on a quarterly basis and expects Hermes EOS and managers to be able to provide a rationale for all voting activity on a "comply or explain" basis. The following charts give an overview of voting activity for this quarter (1 April 2025 - 30 June 2025).



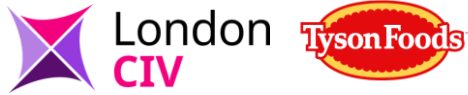
[Link to Underlying Manager's Voting Report for the Quarter](https://londonciv.org.uk/portal/email/download/19098-LCIV-Global-Alpha-Growth-Paris-Aligned-Fund-Voting-Report-Q2-2025)
 londonciv.org.uk/portal/email/download/19098-LCIV-Global-Alpha-Growth-Paris-Aligned-Fund-Voting-Report-Q2-2025

Fixed income assets:

Our stewardship approach to fixed income assets is grounded in proactive engagement and rigorous oversight of contractual and legal frameworks. Where appropriate, we seek amendments to terms and conditions in contracts to better align with the Fund's long-term investment objectives and responsible investment principles. This includes advocating for enhanced transparency and accountability provisions, ensuring that any changes are consistent with fiduciary duty and do not undermine the interests of beneficiaries.

OUTCOME AND CASE STUDIES

London CIV engagement – Tysons Foods



In 2024, the London CIV voted in favour of a shareholder proposal that request Tyson to accelerate its efforts to eliminate deforestation, native vegetation conversion, and primary forest degradation from its supply chains to achieve independently verified deforestation-free supply chains by 2025.

The proposal recommends Tyson Foods to:

- Include native vegetation conversion and primary forest degradation in the company’s deforestation free goal
- Disclose the company’s forest footprint and annual reporting of deforestation-free commodity volumes
- Complete a material biodiversity dependency and impact assessment in line with the Task Force for Nature Related Financial Disclosures (TNFD) Framework
- Disclose scope 3 emissions related to deforestation and other land-use change.

Unfortunately, the proposal only received 3.3%. However, the London CIV have highlighted their intention to continue engagement through Hermes EOS to promote better management of natural capital.

Source: London CIV

London CIV engagement – Apple



During Apple’s 2024 AGM, the London CIV voted in support of Shareholder Proposal #6 – Racial and Gender Pay Gaps. Such engagement stems from the belief that the UK-style median pay gap disclosures could be applied in the US and key global markets. These disclosures offer more meaningful insights than the pay equity data for the same job which is typically reported by US companies.

While 31% of shareholders voted in favour of the proposal, this is still positive as it effectiveness brings shareholder concerns to management’s attention.

Source: London CIV

London CIV engagement- Meta Platforms



The London CIV voted to support the shareholder proposal filed by Akademiker Pension which calls for a report on human rights risks in non-US markets. Although the company already provides disclosure on how it addresses human rights risks in these markets, we value more information on how the company allocates its limited resources for content moderation, including across different markets. This could help mitigate perceptions that the company under-resources content moderation in certain markets relative to others.

We also voted to support the shareholder proposal filed by Mercy Investment Services and NEI Investments, which calls for a human rights impact assessment on AI systems driving targeted advertising. Meta’s Advertising Policies are publicly available and include expectations on how the company decides which advertisements to show uses.

Although just 5.5% of shareholders voted in favour of the human rights report proposal and 14.5% supported the advertising impact assessment, it is positive that these shareholder concerns have been highlighted to management.

Source: London CIV

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Title of Report	2024/25 Task Force on Climate-related Financial Disclosures Report
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director Finance & Corporate Resources

1. **Introduction**

- 1.1. This report presents the Pensions Committee with the Fund’s first report on Taskforce on Climate-related Financial Disclosures (TCFD) as at 31 March 2025. (Appendix 1).
- 1.2. The Fund has seen a 20.3% decrease in its scope 1 & 2 carbon footprint from 2023 to 2025.

2. **Recommendations**

- 2.1. **The Pensions Committee is requested to:**
 - (i) **Note the report and appendix**
 - (ii) **Note the use of proxies in calculating metrics where industry data limitations exists**
 - (iii) **Note the limitations of scenario analysis**
 - (iv) **Agree to the follow up of companies highlighted as high emitters for scope 1, 2 and 3.**
 - (v) **Note the Scope 1&2 carbon footprint reduction of 30.3% from 2023 to 2025**

3. **Background to the Report**

- 3.1. There are currently no statutory reporting requirements in respect of Climate-related Financial Disclosures for LGPS pension schemes as we are still awaiting regulations on this. However, in supporting Hackney's TCFD

reporting, Redington have taken account of:

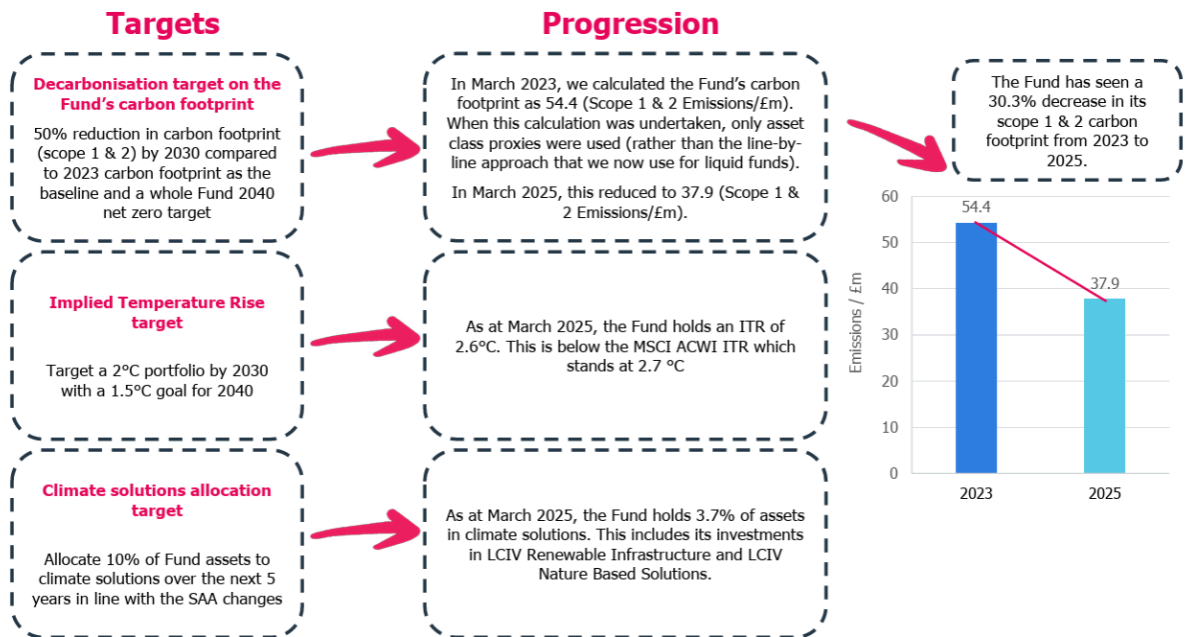
- The Climate change governance guidance issued by the Pensions Regulator and DWP's statutory guidance Governance and reporting of climate change risk
- Guidance for trustees of occupational schemes

3.2. The report (Appendix 1) is split into 7 sections:

- TCFD recap: covering background on TCFD framework and details on the metrics and Targets section of the TCFD report
- Context setting: explaining the scope of analysis and calculation
- Climate scenario analysis: explaining the approach to climate scenario analysis taken by Redington, explanation of the limitations of climate scenario analysis, Network for Greening the Financial System (“NGFS”) scenarios used, output of these scenarios
- Carbon emissions-based metrics used: explanation and analysis of the range of backward-looking climate metrics such as corporate carbon scopes 1, 2 and 3, sovereign emissions and corporate absolute financed emissions
- Explanation and output of the Partnership for Carbon Accounting financial (PCAF) scores
- Explanation and output of Implied Temperature Rise (ITR)
- Explanation of how these calculated metrics can be used to identify stewardship priorities

Hackney Pension Fund’s Climate Related Targets

3.3. In March 2023, the Fund agreed and adopted the following related targets:



Summary of Hackney's Climate Strategy

3.4. The Fund's ambition is to reach net zero emissions by 2040. To assist it in achieving this ambition, it set a series of interim targets:

- Achieve a 50% reduction in carbon footprint (scope 1 &2) by 2030 compared to its 2023 carbon footprint as the base line.
- Target a 2C portfolio by 2030 with a 1.5C goal for 2040.
- Allocate 10% of Fund assets to climate solutions in line with the Strategic Asset Allocation (SAA) changes and in line with the Fund's fiduciary duties.

Climate Strategy

3.5. The diagram below shows a summary of the Fund's climate strategy



Net zero targets

The Fund's ambition is to reach net zero emissions by 2040. To assist it in achieving this ambition, it has set a series of interim targets as follows:

- Achieve a 50% reduction in 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 10% of Fund assets to climate solutions in line with the Strategic Asset Allocation (SAA) changes and in line with Fund's fiduciary duties.



Responsible investment beliefs

- Environmental, social and corporate governance ('ESG') issues can have a material impact on the long-term performance of investments
- The UN Sustainable Development Goals highlight investment risks and potential opportunities as well as areas in which asset owners can have a positive impact
- Engagement with managers, and through them with investee companies, can have a material impact on progress towards the chosen goals as well as on investment performance
- Responsible investing is relevant to the performance of the entire Fund across asset classes
- The Fund believes investment, stewardship and engagement are the primary ways to deliver change rather than exclusion or divestment



Robust engagement and stewardship

Rather than defaulting to divestment, the Fund prioritises active engagement with investment managers and investee companies to influence responsible corporate behaviour. The Fund works closely with external partners, leveraging their platforms to amplify the Fund's investment priorities.



Asset allocation investments

The Fund has developed a strong responsible investment focused asset allocation which includes:

- LCIV Global Alpha Growth Paris Aligned Fund
- LCIV Sustainable Equity Fund
- BlackRock Low Carbon Fund
- LCIV Renewable Infrastructure Fund
- LCIV Nature Based Solutions
- LCIV Social and Affordable Housing
- Resonance National Homelessness Fund

RESULTS SUMMARY

- 3.6. The Fund has seen a 30.3% decrease in its scope 1 & 2 carbon footprint from 2023 to 2025.

Whole Fund Level Climate Metrics Results for Corporate Emissions

- 3.7. 31 March 2025 becomes the first year the Fund is producing a TCFD report and therefore the first set of whole fund results shown in the table below.

	Metric	March-25 all assets
Climate scenario analysis	(2°C Disorderly)	-3.9% ²
	(2°C Orderly)	-2.4% ²
	(Hot House World) ¹	-5.0% ²
Backward-looking climate metrics ³	Scope 1&2 absolute financed emissions	72,370
	Scope 3 absolute financed emissions	634,469
	Scope 1 & 2 carbon footprint	37.9
	Scope 3 carbon footprint	326.8
Forward-looking climate metrics ⁴	Implied temperature rise (all scopes)	2.6°C
	Implied temperature rise (scope 1&2)	2.2°C

¹ The Hot House World default stress is 3°C for transition risk and technology opportunity, 5°C for physical risk.

² This demonstrates the % of the Fund's assets at risk in each scenarios. The three scenarios make up combined risk.

³ Backward-looking climate metrics assess historical emissions performance. They are based on reported or estimated data and reflect a company or portfolio's past environmental impact.

⁴ Forward-looking climate metrics estimate future climate impact or alignment based on projections, targets, and scenario modelling. They aim to assess how well an entity is positioned for the low-carbon transition.

Top Contributors - Financed Emissions (Scope 1 & 2)

- 3.8. The table below shows the portfolio's top holdings by aggregated scope 1&2 financed emissions across the Fund's liquid mandates (i.e. highest emitters in the Fund, weighted by their exposure in the Fund overall).

Rank	Fund Exposed to issuer as fund level top 10 emitter	Financed emission (scope1&2)	% of Total Emissions	ISIN	Issuer name
1	LCIV Sustainable Equity Fund	6,146	8.5%	US91913Y1001	Valero Energy Corporation
2	LCIV Global Alpha Growth Paris Aligned Equity LCIV Sustainable Equity Fund	5,087	7.0%	IE0001827041	CRH Public Limited Company
3	LCIV Global Alpha Growth Paris Aligned Equity	1,500	2.1%	US7835132033	Ryanair Holdings Public Limited Company
4	LCIV Sustainable Equity Fund	1,356	1.9%	US16411R2085	Cheniere Energy, Inc.
5	CTI Bonds	1,123	1.6%	XS2393405803	Holcim Sterling Finance (Netherlands) B.V.
6	LCIV Sustainable Equity Fund	1,049	1.4%	GB00BHJYC057	Intercontinental Hotels Group Plc
7	LCIV Sustainable Equity Fund	523	0.7%	GB00BDR05C01	National Grid Plc
8	LCIV Global Alpha Growth Paris Aligned Equity LCIV Emerging Market Equity	461	0.6%	KR7005930003	Samsung Electronics Co., Ltd.
9	LCIV Multi-Asset Credit	411	0.6%	XS2988562554	ContourGlobal Power Holdings S.A.
10	LCIV Global Alpha Growth Paris Aligned Equity	391	0.5%	US5732841060	Martin Marietta Materials, Inc.

Top Contributors to Financed Emissions (Scope 3)

- 3.9. The table below shows the portfolio's top holdings by aggregated scope 3 financed emissions across the Fund's liquid mandates (i.e. highest emitters in the fund, weighted by their exposure in the Fund overall).

Rank	Fund Exposed to issuer as fund level top 10 emitter	Financed emission (scope 3)	% of Total Emissions	ISIN	Issuer name
1	LCIV Sustainable Equity Fund	78,983	12.4%	US91913Y1001	Valero Energy Corporation
2	BlackRock Low Carbon Passive Equity LCIV Sustainable Equity Fund	42,153	6.6%	CH0012221716	ABB Ltd
3	LCIV Sustainable Equity Fund	31,884	5.0%	JP3902400005	Mitsubishi Electric Corporation
4	LCIV Sustainable Equity Fund	24,136	3.8%	FR0000073272	Safran SA
5	LCIV Global Alpha Growth Paris Aligned Equity	17,764	2.8%	FR0000044448	Nexans SA
6	BlackRock Low Carbon Passive Equity LCIV Global Alpha Growth Paris Aligned Equity	14,282	2.3%	SE0017486897	Atlas Copco Aktiebolag
7	BlackRock Low Carbon Passive Equity BlackRock World Passive Equity	13,435	2.1%	US05722G1004	Baker Hughes Company
8	BlackRock Low Carbon Passive Equity LCIV Sustainable Equity Fund	7,796	1.2%	US7427181091	The Procter & Gamble Company
9	LCIV Sustainable Equity Fund	6,903	1.1%	US58155Q1031	Mckesson Corporation
10	LCIV Global Alpha Growth Paris Aligned Equity LCIV Sustainable Equity Fund	6,881	1.1%	US0533321024	Autozone, Inc.

Metrics and Targets Explained

- 3.10. The Fund agreed and adopted the following climate related targets. Metrics and targets support the Committee in identifying and assessing climate risks and opportunities that the Fund is exposed to.
- 3.11. The diagram describes the different modelling approaches depending on the level of data coverage for each of the mandates the fund is invested in.

	Portfolio	Modelling approach	Line-by-line Coverage	Modelling explanation to reach 100% coverage
Liquid funds ¹	BlackRock Low Carbon Passive Equity	High line-by-line coverage paired with asset class (proxy)	99.6%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Emerging Market Equity	High line-by-line coverage paired with asset class (proxy)	98.4%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Global Alpha Growth Paris Aligned Equity	High line-by-line coverage paired with asset class (proxy)	97.8%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Sustainable Equity	High line-by-line coverage paired with asset class (proxy)	98.9%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	BlackRock World Passive Equity	High line-by-line coverage paired with asset class (proxy)	99.3%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	BlackRock Ultra Short Bond	Low line-by-line coverage (scaled)	29.2%	Line-by-line holdings analysis using data from MSCI which has been scaled up to reach 100% coverage.
	CTI Bonds ²	High line-by-line coverage paired with asset class (proxy)	70.5%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
Illiquid funds	LCIV Multi-Asset Credit ²	Low line-by-line coverage paired with asset class (proxy)	38.1%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	Churchill Senior Loans	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Private Debt	Manager data	N/A	100% of emissions data provided by investment manager
	Permira Senior Loans	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Renewable Infrastructure	Manager data	N/A	100% of emissions data provided by investment manager
	Columbia Threadneedle Pension Property	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Nature Based Solutions	Asset class (proxy)	N/A	100% by asset class (proxy) modelling
	LCIV UK Housing Property	Manager data	N/A	100% of emissions data provided by investment manager
	Resonance National Homelessness Property	Asset class (proxy)	N/A	100% by asset class (proxy) modelling

¹ Line-by-line analysis undertaken using data from MSCI.

² Sovereign emissions coverage figures for CTI Bonds and LCIV Multi-Asset Credit respectively are: 68.7% and 8.0%. These have been reported separately.

4. **Comments of the Group Director of Finance & Corporate Resources**
- 4.1. The Pensions Committee acts as Scheme Manager for the Pension Fund and is therefore responsible for the management of £2.17 billion worth of assets and for ensuring the effective and efficient running of the Pension Fund. The investment returns that the Fund is able to deliver have significant financial implications, not just for the Fund itself but also on the Fund's employers in terms of the level of contributions they are required to make to meet the Fund's pension promises, which are underwritten by statute.
- 4.2. The Fund recognises that investment in fossil fuels and the associated exposure to potential stranded assets scenarios pose material financial risks. These risks apply not only to the Fund's investment portfolio but also, when considered on a wider scale, to long term global economic growth.
- 4.3. In recognising the risks that climate change and stranded assets scenarios could pose to the Fund, the Committee needs to understand where these risks might apply and how they can best be mitigated within the investment management framework within which LGPS funds operate.
- 4.4. TCFD reporting, although mandatory for private pension pension schemes, it's currently voluntary for the LGPS. The introduction of mandatory TCFD reporting will represent a material change to how climate-related risks are disclosed within the LGPS investment management. The Committee agreed to voluntarily report as part of its proactive steps towards ESG and Responsible Investment.

4.5. There are no immediate financial implications arising from this training.

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

5.1. In 2014, the Law Commission produced guidance on the fiduciary duties of investment intermediaries, which indicated that investors should have regard to ESG factors where they are financially material. In its guidance to occupational schemes, the Pensions Regulator has given a clear indicator that it believes this to be the case for climate change.

5.2. This report helps to demonstrate that the Committee is actively engaged in shaping the Government's approach to disclosure of climate risks within the LGPS. Improved disclosure will assist the Fund in factoring climate risk into its investment strategy setting process as a material financial risk.

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

Appendices

Appendix 1 - DRAFT 2024/25 TCFD Report

Background documents

None

Report Author	Name Miriam Adams Title Assistant Director Pension Investments and Administration Email miriam.adams@hackney.gov.uk Tel 020 8356 2734
Comments for the Group Director of Finance and Corporate Resources prepared by	Name: Deirdre Worrell Title: Director, Financial Management Email: .worrell@hackney.gov.uk Tel: 0208 3567350
Comments for the 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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REDINGTON
A Gallagher Company



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

23 September 2025

Private and Confidential

Certified



EXECUTIVE SUMMARY

Preliminary Comments

- The Fund has a long history of considering the risks and opportunities posed by climate change with its first climate change investment plan developed in 2015/2016 after extensive consideration by the Pensions Committee of the financial implications of climate change on the Fund.
- The Fund has maintained a progressive approach to climate change including the development of this standalone Taskforce for Climate-related Financial Disclosure (TCFD) report, which is not a statutory requirement for the LGPS. In doing so the Fund has looked to adopt best practice and follow regulatory requirements for other sectors which have compulsory reporting in place and therefore has reflected the current DWP statutory guidance [Statutory guidance: Governance and reporting of climate change risk: guidance for trustees of occupational schemes - GOV.UK](#) and the Pension Regulator's Guidance [Climate change governance guidance | The Pensions Regulator](#). This includes using scenario analysis as a risk management tool, even though this is not a requirement. However, the Fund also recognises that there are some significant limitations to current scenario analysis modelling, despite using global standards, and the output which shows relatively muted impacts under what are likely to be global catastrophic events.
- The Fund further recognises that climate change and the data supporting it is an evolving science and whilst the Fund looks to use the best data tools available to it, these reflect where scientific standards are today and as such are likely to be imperfect in predicting fully real-world outcomes. However, rather than waiting for perfect data, which could still be years away, the Fund has chosen to use the best it can and recognise the flaws that come with using current data. Instead, it sees these more as a way to set the Fund's direction of travel and take into account the risks and opportunities of climate change rather than seeing it as definitive data.
- The Pensions Committee in preparing its first Fund TCFD report has received a training programme to understand the key elements of TCFD reporting and follows an ongoing programme of training on climate change and broader responsible investment and stewardship, sitting alongside a more focused Responsible Investment Working Group (RIWG) which undertakes in-depth work on responsible investment matters to then help inform discussions at Pensions Committee.
- Following publication of this first report, the Fund will be looking to conduct annual updates on progress towards the Fund's climate objectives but also to monitor developments and seeking to improve the data availability and quality on an ongoing basis, with a focus on risk management, but also looking for opportunities.
- The Fund undertook a scheme member survey in January 2025 to capture views of its membership, which confirmed that climate change remained at the forefront of members concerns with regards to responsible investment. The Fund is keen to ensure that it remains open and transparent with stakeholders and will publish this report on the Fund's website following approval by Pensions Committee.
- The Fund is currently undertaking a strategic asset allocation review, which takes into account the Fund's approach to climate risk management and climate opportunities. However, noting the Government's 'Fit for the Future' consultation and response, and the requirement to pool the Fund's assets into its investment pool, London CIV, and the requirement to take strategic advice from the pool going forwards, the Fund will work closely with the pool to deliver on its strategic objectives with regards to climate change going forwards.

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EXECUTIVE SUMMARY

Preliminary Comments (Continued)

With 50% of the Fund's assets directly managed by London CIV and a further 18% managed through BlackRock passive mandates (but included in London CIV oversight), we have also considered the London CIV TCFD report [London CIV - London CIV publishes 2024 TCFD Report](#) to assess how reporting might show different outputs. The Fund's TCFD report covers all assets in the Fund, whereas at this time if the Fund relied on London CIV data alone, this would only cover around 50% of the assets. The Fund's reporting on Governance, Strategy and Risk Management are Fund specific, although we have looked to include references as to how London CIV approach these aspects.

We have looked at the TCFD data provided by London CIV in relation to their underlying sub-funds which Hackney invests in and recognise there are differences, which are due to a number of factors:

- **Date:** London CIV have used a December year end to analyse the funds they manage; we have used a March year end in line with the Fund's financial reporting period. This could also impact the exchange rates used, which can vary significantly and therefore likely to also impact on comparisons between the output for the same funds.
- **Data Providers:** We have sourced our data and metrics for the Fund from MSCI, London CIV's provider is S&P. The outputs that MSCI and S&P provide are not directly comparable given the aggregation of physical, transition and technology risks by MSCI and the different methodologies and scenarios used. Neither is necessarily 'better' and both provide different insights and ways of thinking about climate risk.
- **Climate Scenario Analysis:** Redington produce climate scenario analysis in line with the scenarios developed by the NGFS (2C Orderly Transition, 2C Disorderly Transition, Hot House World Transition, etc), sourced from MSCI, across all our clients for standardisation and regulatory alignment with TCFD. These scenarios are also more advanced and more regularly updated than others (eg., PRA stress tests). London CIV have not reported on climate scenario analysis. As the LGPS is not covered by regulatory requirement for reporting against TCFD, inclusion of scenario analysis is therefore not mandatory and is as per earlier comments, the Fund recognises such metrics aren't without issues.
- **Emissions Scope 1,2 & 3:** London CIV have aggregated all 3 scopes to report on, the Fund's reporting break down Scopes 1&2 and then Scope 3 separately. Scope 3 emissions are much harder to calculate than scope 1&2 as it involves detailed analysis of companies' supply chains, which can be long and complex. The methodology for calculation ("where material") is also less defined. For this reason, data quality and reliability is low and small differences in methodologies can lead to significant differences in outputs.

We have provided further information in the appendix to the report to show comparisons in the data.

EXECUTIVE SUMMARY

TCFD Report Summary

In line with guidance, the Fund has looked to report in line with TCFD reflecting the 4 key elements:



Governance: This sets out the Fund's governance arrangement with the Pensions Committee having delegated powers to make key strategic decisions for the Fund. With the Fund's investments being increasingly managed by its investment pool, the London CIV, the Fund has also captured the governance arrangements for London CIV, the Fund is also a shareholder in the company. The Fund's focus on responsible investment including its approach to climate change and its integration into decision making is captured, alongside the Committee's commitment to training on climate change and involvement in industry initiatives.



Strategy: Hackney Pension Fund integrates climate-related risks and opportunities across multiple timeframes and asset classes, recognising their relevance to long-term liabilities. The Pensions Committee considers its climate related risks over a range of timeframes, short, medium and long-term impacts. The Fund recognises climate risks as a systemic risks including potential for both physical and transition risks to impact the financial outcomes for the Fund. The strategy adopted by the Fund is set clear responsible investment beliefs; setting a net zero ambition of 2040; undertake robust stewardship and engagement with its asset managers and take climate change into account when setting its asset allocation.



Risk Management: Risk management forms a key part of the Fund's governance and is a key factor within ongoing decision-making for the Committee. The benefits of successful risk management are clear for the Fund: improved financial performance, better delivery of service, and improved Fund governance and compliance. The Fund's approach to identifying and assessing climate-related risks is multifaceted and draws upon various efforts to ensure effective identification and assessment of climate related risks which includes assessing climate related risks to the Fund; quarterly review of the Fund's risk register; active engagement; monitoring of investment managers approach to climate risk; key focus on London CIV as the Fund's primary investment vehicle. The process for integrating climate risks for the Fund is through articulation of the Fund's investment beliefs, setting out its approach in Fund policy documents, stakeholder management, monitoring and reporting and undertaking regular training to ensure the Committee is informed when taking decisions.



Metrics and Targets: These support in helping the Committee identify and assess climate risks and opportunities that the Fund is exposed to. However, as touched on in the preliminary comments the Fund is cognisant of the limitations of climate focused reporting and therefore this analysis should be treated as an estimation and illustrative of the potential impacts on the Fund's assets and more as a means to inform direction of travel rather than being an accurate reflection of data. Climate analysis has been carried out across all the Fund's assets using line-by-line data where available, providing the level of coverage and the outcomes for the portfolio using the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) across Scopes 1, 2 & 3. The Fund has further adopted a forward-looking metric, Implied Temperature Rise (ITR) as a proxy for measuring the Fund's assets' contribution to climate change. The Fund approved a range of climate target in March 2023 which are set out in the body of the report.

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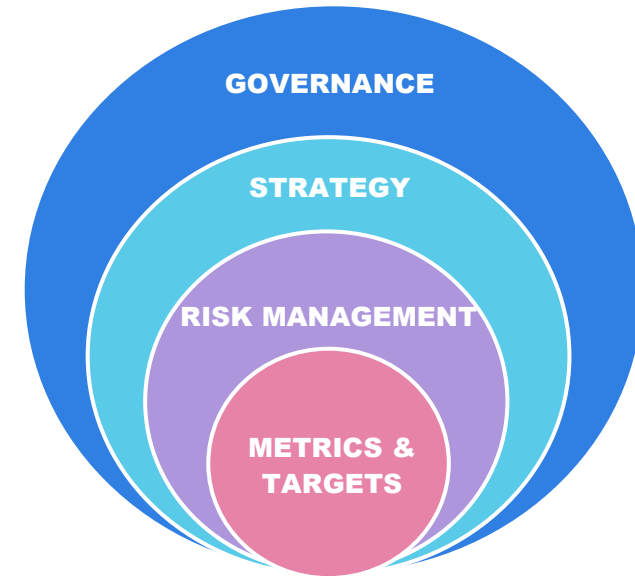


THE TCFD FRAMEWORK

Background

- The Task Force on Climate-related Financial Disclosures (TCFD) has become a widely recognised framework for integrating the consideration of climate-related risks and opportunities into decision-making – both for corporates as well as investors.
- The structure of the recommendations is intended to provide the market with decision-useful, forward-looking information on to what extent organisations are addressing climate-related risks and opportunities in their activities.
- Local Government Pension Schemes (LGPS) are currently not required to undertake mandatory TCFD reporting. However, the UK government decided in November 2020 to make TCFD-aligned disclosures mandatory across all sectors by 2025.
- In 2022, the Department for Levelling-Up, Housing and Communities (DLUHC) – now renamed as the Ministry of Housing, Communities & Local Government - launched a consultation on new requirements for LGPS to report on climate-related risks in line with the TCFD recommendations. The government proposed that all funds in England and Wales produced their first annual climate report by December 2024. This hasn't come in place as yet.

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The TCFD framework

- Recognising the risks that a changing climate poses to pension schemes' investment portfolios, councillors should look to assess and manage climate change as a financially material risk and opportunity for pension schemes and their members' savings.
- The TCFD framework is based on four elements: **Governance**, **Strategy**, **Risk Management** and **Metrics & Targets**. This report provides a detailed assessment of the fund's practices across each of these areas

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

GOVERNANCE



Hackney Pension Fund's governance structure ensures that the Pensions Committee has oversight of the Fund's climate-related risks and opportunities.

This is achieved by ensuring that the Pensions Committee, its relevant sub-committees and those advising the Committee have clearly defined responsibilities in identifying, assessing, and managing climate-related risks and opportunities.

Committee knowledge and understanding

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Training

The Pensions Committee and Responsible Investment Working Group (RIWG) receive regular, in-person training from advisors and subject matter experts on climate and sustainability topics. This supports informed decision-making, particularly around climate-related risks and opportunities. Training has covered areas such as climate change, net zero, TCFD reporting, impact investing and sustainable investment solutions.

Industry Involvement

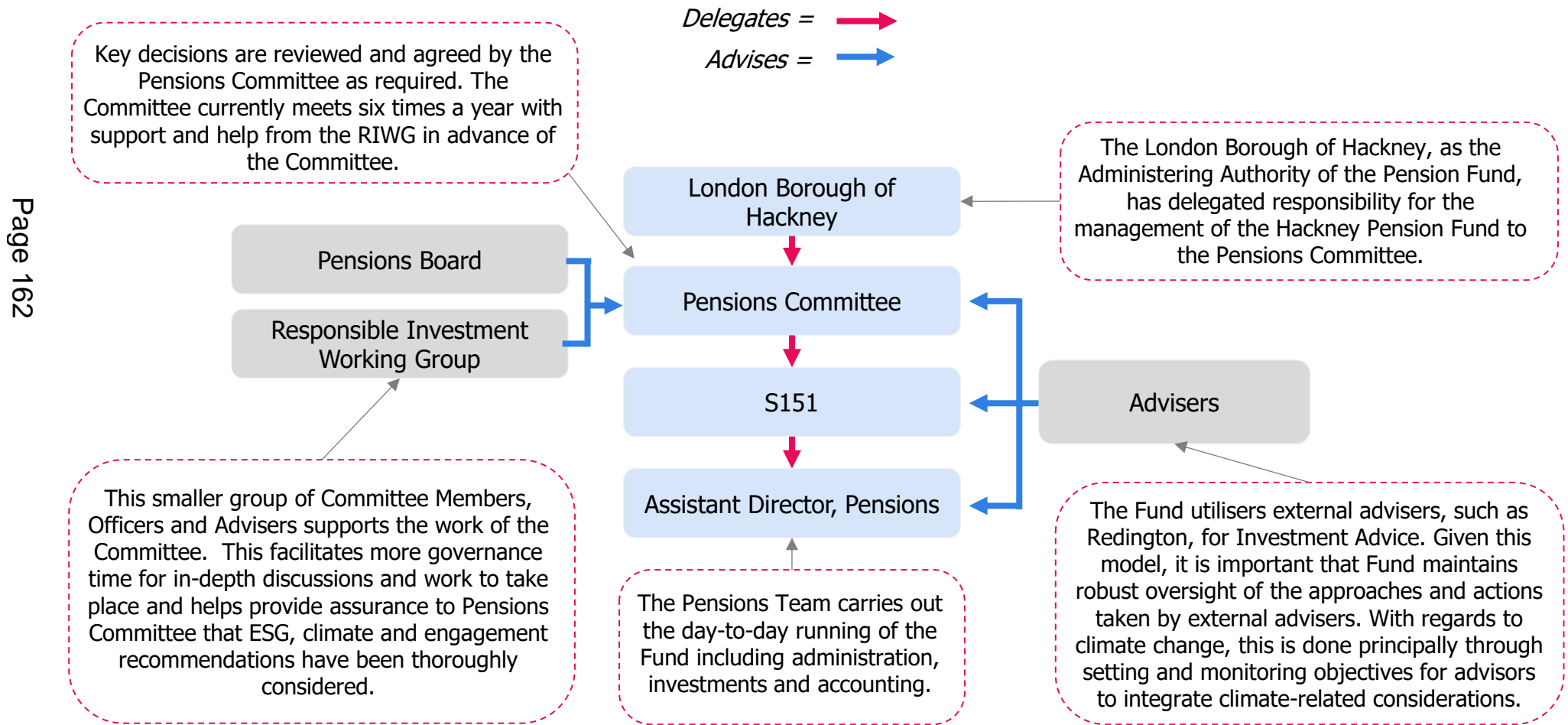
The Fund maintains active dialogue with industry bodies to stay informed on climate-related issues. Through its partnership with London CIV, it participates in leading initiatives such as Climate Action 100+, LAPFF, Pensions for Purpose, and the TNFD Forum, as well as the Deforestation-Free Pensions Working Group and the Cost Transparency Initiative, reinforcing its commitment to ESG best practice.



GOVERNANCE

Governance structure with clear roles and responsibilities

The Fund's governance arrangements mean the Fund's stakeholders hold joint responsibility for the development, implementation and oversight of the Fund's responsible investment policy, climate change activities and the actions it requires.



* Further information on the governance and structure of the Fund can be found in the Fund's Governance Compliance Statement.

GOVERNANCE

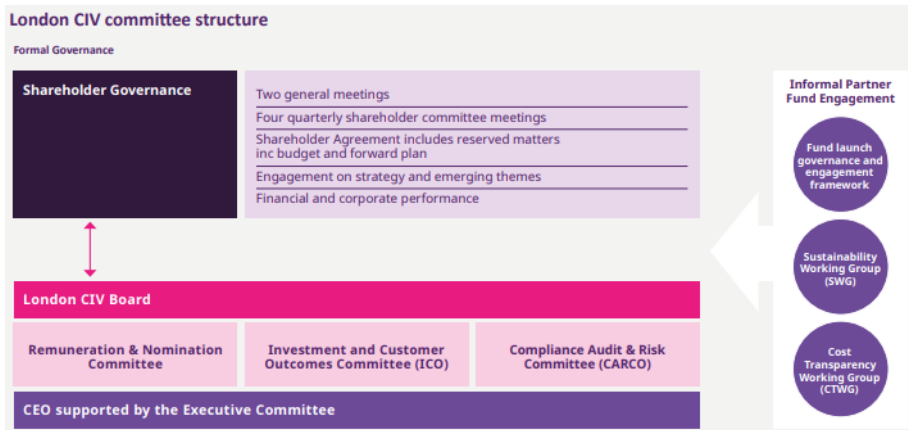
The role and involvement of the Fund's investment pool – London CIV

The London CIV's governance structure

The London CIV's governance framework is designed to ensure that the Board is accountable for the company's overall strategy and governance including climate-related risk.

The London CIV's Board approves its overall strategy, policies, statements as well as investment beliefs including its Responsible Investment and Climate Change policies. The Chief Executive (CEO) is responsible for the development and implementation of strategy (which climate change is an important part of) and is supported by an Executive Committee of senior managers. Further support and guidance is provided by the Chief Sustainability Officer (CSO) who is responsible for the oversight and management of operational climate-related matters.

The Board maintains this oversight through review and analysis of ESG reports at each meeting.



Hackney's engagement with the London CIV

Currently, the London CIV's Partner Funds retain responsibility for investment strategy, and consequently exposure to ESG and climate change risks. The London CIV supports this by helping in the implementation of Fund's strategies by providing relevant products, engagement as well as services and tools including climate analytic reporting.

The London CIV recognises the Fund's focus on climate change which supports its strategy, product offering and services as well as its annual and medium-term financial planning. In particular, Councillor Chapman sits on the London CIV's Sustainability Working Group (SWG) through which the Fund's climate objectives can be channelled and absorbed. This group meets quarterly to discuss a programme of ESG issues with a particular focus on climate change. Similarly, general meetings with Partner Funds are designed to ensure engagement throughout the London CIV's activities and product offerings.

Through, the London CIV, Hackney's climate related engagement activity is undertaken by Hermes EOS. Engagement is informed by the Fund's ESG and stewardship goals which are communicated to the London CIV.

The Fund expects the London CIV to encourage underlying investment managers to promote underlying investee entities' climate disclosures to be aligned with best practice, e.g. TCFD, as the Committee believes this will drive improved standards and transparency.

As a means of assessing and managing climate related risks and opportunities, the RIWG undertakes an oversight position of the London CIV. The RIWG ensures focused dialogues on the product development and monitoring of funds to ensure the alignment of climate related approaches.



GOVERNANCE

The Fund's climate change approach

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Responsible Investment is a key part of the Fund's beliefs and approach in all investment activities and therefore is a fundamental part of the Fund's overarching investment strategy. Furthermore, climate change is paramount to both the Responsible Investment policy and Investment Strategy Statement.

This approach is supported by the Fund's climate change ambition to achieve alignment with a 1.5-degree warming scenario and net zero in its investment portfolio by 2040.

The Fund believes in staying invested in assets rather than exclusion or divestment, recognising that exit will not in itself change an asset's real-world impacts. Rather, stewardship is recognised as one of the key mechanisms through which investors can influence investments towards positive climate change action and interaction with the real world. The Fund actively seeks to use this lever and expects service providers to do the same.

As a means of assessing and managing climate related risk and opportunities, the RIWG regularly reviews climate related updates at its quarterly meetings. This specifically includes responsible investment developments and the quarterly ESG reporting updates on the Fund's investments. The RIWG regularly undertakes engagement with the London CIV to ensure active dialogue with underlying investee entities, regardless of asset class.

These engagement efforts are regularly reviewed by the Fund and strategies are adjusted as needed. Reports on engagement activities and outcomes will be provided to the Pensions Committee quarterly, ensuring transparency and accountability.

More specifically, the responsible investment policy is reviewed on a periodic basis, and at least annually by the RIWG. This document informs the development and implementation of policy for the day-to-day management of climate change risk by Officers of the Fund. Any substantive changes will be brought to the Pensions Committee for consideration, but as a minimum the Pensions Committee will review the Policy at least every three years in line with the Fund's triennial valuation and strategic asset allocation review.

STRATEGY



Hackney Pension Fund integrates climate-related risks and opportunities across multiple timeframes and asset classes, recognising their relevance to long-term liabilities.

ESG considerations are central to the investment strategy. These include the material impact of ESG factors on performance, the relevance of the UN SDGs, and the value of engagement with managers and investee companies. The Fund expects its investment managers—principally London CIV—to integrate ESG into all investment decisions and to monitor material financial risks.

Climate change is recognised as a systemic risk, and the Fund actively considers both risks and opportunities in its asset allocation and strategy decisions.

The Fund will consider its exposure to climate-related risks across the following time-horizons:

Time Horizon	Comment
Short-term (1 - 5 years)	This relatively abrupt period allows the Committee to evaluate short-term risks from sudden climate-related behavioural changes. The Fund is expected to be most exposed to transition risk in the short term, particularly across equity and corporate credit holdings, as these are concentrated in developed markets where climate policy and societal shifts are likely to occur faster and more broadly. The Committee is also mindful of increased price volatility linked to climate considerations. The short-term horizon runs to 2030, aligning with interim decarbonisation and alignment targets under the Paris Agreement.
Medium-term (5 – 15 years)	Over the medium term, the Fund's climate risk exposure is expected to remain predominantly transition risk. However, the Committee recognises that increasing frequency and severity of extreme weather events will make physical risk more prevalent than in the short term, particularly affecting real assets such as infrastructure and property. A broader re-pricing across geographies and sectors is also likely from a transition risk perspective. The medium-term horizon extends to 2040, aligning with the Fund's net zero decarbonisation and alignment targets under the Paris Agreement.
Long-term (15+ years)	Over the long term, physical risk is expected to become the dominant climate-related risk to the Fund, though transition risks will remain material. Physical risks may affect real asset valuations through direct damage or indirectly via supply chain disruptions and reduced productivity from temperature-related impacts, potentially harming business profitability.

STRATEGY

The Fund recognises climate change represents a systemic risk that will have an impact on investment portfolios. It brings significant risks, including both **transition and physical risks**, these are outlined below. Due to the importance of the London CIV, we have also included London CIV's analysis of climate related risk and opportunities in the appendix.

Transition Risks

Transitioning to a lower-carbon economy involves significant policy, legal, technological, and market changes to address and adapt to climate change. Investments in companies that fail to align with this transition are more exposed to these risks, which may negatively affect performance. Risks can take the form of:

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Increased regulation



Stranded asset risk



Technology



Market volatility

Assets most at risk

- Companies with carbon-intensive operations face the greatest need to transition. While the shift carries risks, those failing to reduce carbon intensity are most exposed.
- Depending on the nature, speed, and focus of these changes, transition risks may result in varying degrees of financial and reputational impact.

Physical Risks

Physical risks arise from the direct impacts of climate change, such as damage from extreme weather events, and can lead to financial losses through asset damage or supply chain disruption. Financial performance may also be affected by changes in water availability, food security, and extreme temperatures, which can impact operations, logistics, and employee safety. These risks can take the form of:



Asset Damage



Trade/Supply Chain Disruptions



Resource Depletion



Uninsurable Activities

- Companies with physical assets, such as infrastructure, real estate, or those reliant on natural resources are particularly exposed to physical climate risks.
- However, all companies face some level of exposure, as they depend on core infrastructure like electricity, water, internet, and transport, which are vulnerable to climate-related disruptions.

STRATEGY

Summary of Hackney's Climate Strategy:



Net zero targets

The Fund's ambition is to reach net zero emissions by 2040. To assist it in achieving this ambition, it has set a series of interim targets as follows:

- Achieve a 50% reduction in 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 10% of Fund assets to climate solutions in line with the Strategic Asset Allocation (SAA) changes and in line with Fund's fiduciary duties.

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Responsible investment beliefs

- Environmental, social and corporate governance ('ESG') issues can have a material impact on the long-term performance of investments
- The UN Sustainable Development Goals highlight investment risks and potential opportunities as well as areas in which asset owners can have a positive impact
- Engagement with managers, and through them with investee companies, can have a material impact on progress towards the chosen goals as well as on investment performance
- Responsible investing is relevant to the performance of the entire Fund across asset classes
- The Fund believes investment, stewardship and engagement are the primary ways to deliver change rather than exclusion or divestment



Robust engagement and stewardship

Rather than defaulting to divestment, the Fund prioritises active engagement with investment managers and investee companies to influence responsible corporate behaviour. The Fund works closely with external partners, leveraging their platforms to amplify the Fund's investment priorities.



Asset allocation investments

The Fund has developed a strong responsible investment focused asset allocation which includes:

- LCIV Global Alpha Growth Paris Aligned Fund
- LCIV Sustainable Equity Fund
- BlackRock Low Carbon Fund
- LCIV Renewable Infrastructure Fund
- LCIV Nature Based Solutions
- LCIV Social and Affordable Housing
- Resonance National Homelessness Fund

RISK MANAGEMENT



Risk management forms a key part of the Fund's governance and is a key factor within ongoing decision-making for the Committee.

The benefits of successful risk management are clear for the Fund: improved financial performance, better delivery of service, and improved Fund governance and compliance.

The Risk Register for the Pension Fund sets out the nature of the individual risks for the Fund with an assessment of level of risk. Risks fall into the following categories:

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High risk (red) – need for early intervention where possible

Medium risk (amber) – action is required in the near future

Low risk (green) – willing to accept this level of risk or requires action to improve over the long term



The Committee reviews the Risk Register quarterly, summarising the likelihood and impact of risks to the Fund, existing controls, and highlighting high-level, emerging, and deteriorating risks. This is complemented by ongoing dialogue with peer investors and advisers to monitor systemic risks.

The Risk Register specifically addresses climate and environmental risks, recognising their potential impact on the Fund's assets and liabilities through both transitional and physical risks. It also evaluates risks linked to inadequate engagement and stewardship, underscoring the importance of active ownership in advancing the Fund's broader objectives, including human rights and climate change.

RISK MANAGEMENT

The **Fund's approach to identifying and assessing climate-related risks** is multifaceted and draws upon various efforts to ensure effective identification and assessment of climate related risks.

#1 Climate-related risk metrics

- The Fund identifies and assesses climate-related risks using both backward- and forward-looking metrics, comparing them with other investment risks. This analysis supports TCFD reporting and is informed by quarterly updates from London CIV and LAPFF. While current climate metrics have limitations, the Fund anticipates improvements in future reporting tools.

#2 Quarterly review of Hackney's Risk Register

- The Fund maintains a comprehensive Risk Register, reviewed quarterly by the Committee to identify and assess climate-related risks. It tracks each risk's current and target impact and likelihood, supported by actionable steps the Fund actively pursues.

#3 Active engagement

- The Fund engages with investee companies via stewardship partners: London CIV, EOS at Federated Hermes, and LAPFF.
- London CIV and external managers regularly attend RIWG and committee meetings to discuss performance, engagement, and climate actions.
- The Fund and London CIV participate in industry initiatives to support climate risk identification and collaborative engagement.
- Quarterly LAPFF reports help the Fund maintain oversight of climate metrics and risks, enabling effective response.

#4 Investment manager monitoring of climate risks

- Investment managers are responsible for developing climate risk tools and applying best practices during pre- and post-investment analysis, using scenario modelling and qualitative due diligence. Approaches vary by manager, asset class, sector, and geography.
- The Committee reviews managers' quarterly activity with a focus on climate strategy, responsible investment capabilities, and engagement.

#5 The London CIV's internal monitoring and due diligence of existing and new managers

- As a large portion of the Fund's assets are invested via London CIV, its climate analysis is central to the Fund's risk assessment. For equity funds, London CIV conducts quarterly monitoring, calculating metrics such as carbon intensity and fossil fuel exposure. This helps identify key contributors to the Fund's climate footprint and areas of concern, which are addressed in quarterly due diligence meetings and inform London CIV's engagement strategy. The Fund reviews this analysis quarterly to support strategic decision-making.
- London CIV's responsible investment team also conducts supplemental research to support ongoing portfolio monitoring. This includes qualitative and forward-looking factors such as emerging regulation and external events.

RISK MANAGEMENT

We **manage climate related-risks** in different ways according to the nature, duration, magnitude, and time horizon of the risk itself.



The main management techniques used to mitigate the Fund's investment and funding risk are:

- Triennial asset allocation review
- Due diligence of new and existing managers
- Purposeful stewardship with managers and industry leaders
- Undertaking annual carbon risk analysis
- Integrating climate risk monitoring and management into external manager mandates
- Regularly disclosing and reporting on progress.

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We expect investment managers to be aligned with our ESG-related policies, climate performance targets and to contribute to the decline of climate-related risks over time.

Regular engagement with managers—particularly with London CIV—supports coordinated efforts to analyse, manage, and report climate-related risks. The Fund is represented on the London CIV Sustainability Working Group, contributing to ESG policies, principles, and targets.

The Fund's Responsible Investment Working Group also explores a wide range of ESG issues, with a strong focus on climate, to inform Committee decisions and risk oversight. In 2024, the Fund initiated a questionnaire-based engagement with London CIV and external managers to assess alignment on ESG policies and priorities.

Additionally, the Fund engaged with Columbia Threadneedle Investments (CTI) regarding its bond mandate, leading to the integration of robust decarbonisation targets. This ongoing dialogue ensures alignment with the Fund's climate goals while maintaining flexibility to meet financial objectives.



Managing climate and ESG risks is central to London CIV's corporate and investment strategy. Their approach, shaped in collaboration with Partner Funds—including active input from the Fund via the Sustainability Working Group—ensures continuous feedback and alignment.

Climate-related risks are embedded across all stages of engagement with investment managers, from strategy design to selection and ongoing management. London CIV compiles its own TCFD report, a copy of which can be found [Here](#)

The key ways in which climate-related risks are managed by London CIV include:

- Robust collaboration with Partner Funds
- Pre-investment manager research and due diligence in portfolio construction
- Ongoing due diligence and monitoring of existing managers and portfolios
- Regular disclosure of reporting of performance, managers and portfolios
- Engagement and stewardship activities

Other engagement and collaboration include:



RISK MANAGEMENT

The **processes and practises for integrating climate-related risk** into Hackney's overall risk management are multifaceted.



Investment beliefs

The Fund's investment beliefs incorporate climate- and ESG-focused considerations. This highlights the Fund's certainty that ESG is a key part of its approach and is consistent with the Fund's fiduciary duty to seek optimal investment outcomes that are in the best interests for all Fund stakeholders. The Committee believes that these beliefs should not be viewed in isolation, but holistically, with no one priority being more important than the other.



Fund policies

Climate change and other ESG considerations are recognised and highlighted throughout the Fund's policies, which are reviewed regularly and approved by the Pensions Committee. This furthers the philosophy that ESG factors should not be viewed in isolation but together with all the Fund's investment considerations. This year, we updated the Responsible Investment Policy and Voting Policy, whilst also producing an Engagement Policy, Stewardship Code report and TCFD report. This climate-related focus is reiterated by LCIV with the ESG focuses within its policies through which Hackney has influence.

Stakeholder management

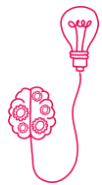
We ensure active, regular and meaningful discussion of climate-related activities amongst the Fund's investment adviser, Officers and the Committee. This supports the Fund in keeping up to date on climate-related risks as well as ensuring progression in mitigating climate-related risks. Specifically, we set up a subset of the Committee, the Responsible Investment Working Group (RIWG), as a means of enhanced responsible investment and stewardship capabilities. Additionally, we carried out a survey to seek the views of the scheme members on a range of responsible investment issues and what is important to them so that these can be taken into account when formulating policies and processes for climate-related action.

Reporting and monitoring

Committee regularly reviews the investment managers' responsible investment and climate change activities, capabilities and engagement activity. This supports the Fund's regular climate-focused due diligence of new managers and monitoring of existing managers and the London CIV.

Training

The Committee have a structured and thought-out training programme which has a robust responsible investment and climate change focus as a means of ensuring up-to-date knowledge, especially in the rapidly changing responsible investment market. This supports in the efficiency of the processes behind the identification, assessment and management of climate-related risks. The RIWG is tasked with developing knowledge and understanding of responsible investment issues on behalf of the Committee. The Committee receives responsible investment training on an at least annual basis, and the training agenda is set by the RIWG.



METRICS & TARGETS



Metrics and targets support in helping the Committee identify and assess climate risks and opportunities that the Fund is exposed to.

We are cognisant of the limitations of climate focused reporting and scenario analysis. Therefore, this analysis should be treated as an estimation **and illustrative of the potential impacts on the Fund's assets.**

Below we describe the different approaches and methodologies of the climate metrics reported.

- Page 172
- We recognise that, as with all emissions reporting, our approach and analysis will continue to evolve in future years as data improves, allowing us to develop our reporting.
 - All mandates which the Fund held as at 31 March 2025 have been included in the scope of our analysis, except for the Columbia Threadneedle Low Carbon Property fund due to the minimal exposure remaining in this fund.
 - For public market funds, i.e. equity funds and publicly traded corporate credit, we have used line-by-line holdings and used data provided by MSCI to calculate specific metrics. Where coverage is missing, we have used asset class (proxy) modelling to 'fill in'. We have used information from the fund factsheets to determine the composition of the fund and therefore the mix of generic asset classes, sectors and geographies to model.
 - Specifically, for the Fund's credit funds, emissions associated with sovereign emissions are reported separately as we do not believe it is appropriate to aggregate with corporate-sourced emissions. We've modelled the production and import carbon intensities of these sovereign positions using line-by-line data and calculated absolute sovereign emissions by applying the relevant intensities to the £m invested in the sovereign portion only.
 - In the case of BlackRock's Ultra Short Bond Fund, we have scaled up the emissions from the specific data that we have coverage for rather than using a generic asset class proxy.
 - For private market funds, emissions data for each fund was provided by our investment managers. We are reliant on the quality of their underlying data, methodologies and assumptions, and recognise that there may be inconsistencies in the approach taken by different managers. Where managers have not been able to provide data, we have used asset class (proxy) modelling. Specifically, we have used asset class (proxy) modelling for all metrics across the following funds: LCIV Nature Based Solutions and Resonance National Homelessness Property.
 - Using these types of modelling naturally retains a level of uncertainty. However, in absence of better data, using modelled emissions rather than assuming funds have zero emissions is more helpful from a strategic decision-making perspective. Other assumptions could be used in this instance, for example, using a different type of proxy or excluding certain funds.

METRICS & TARGETS

Below we describe the different modelling approaches depending on the level of data coverage for each mandate.

	Portfolio	Modelling approach	Line-by-line Coverage	Modelling explanation to reach 100% coverage
Liquid funds ¹	BlackRock Low Carbon Passive Equity	High line-by-line coverage paired with asset class (proxy)	99.6%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Emerging Market Equity	High line-by-line coverage paired with asset class (proxy)	98.4%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Global Alpha Growth Paris Aligned Equity	High line-by-line coverage paired with asset class (proxy)	97.8%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Sustainable Equity	High line-by-line coverage paired with asset class (proxy)	98.9%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	BlackRock World Passive Equity	High line-by-line coverage paired with asset class (proxy)	99.3%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	BlackRock Ultra Short Bond	Low line-by-line coverage (scaled)	29.2%	Line-by-line holdings analysis using data from MSCI which has been scaled up to reach 100% coverage.
Page 173	CTI Bonds ²	High line-by-line coverage paired with asset class (proxy)	70.5%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
	LCIV Multi-Asset Credit ²	Low line-by-line coverage paired with asset class (proxy)	38.1%	Combination of line-by-line holdings analysis using data from MSCI, and where coverage is missing, asset class proxies to fill in the coverage.
Illiquid funds	Churchill Senior Loans	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Private Debt	Manager data	N/A	100% of emissions data provided by investment manager
	Permira Senior Loans	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Renewable Infrastructure	Manager data	N/A	100% of emissions data provided by investment manager
	Columbia Threadneedle Pension Property	Manager data	N/A	100% of emissions data provided by investment manager
	LCIV Nature Based Solutions	Asset class (proxy)	N/A	100% by asset class (proxy) modelling
	LCIV UK Housing Property	Manager data	N/A	100% of emissions data provided by investment manager
	Resonance National Homelessness Property	Asset class (proxy)	N/A	100% by asset class (proxy) modelling

¹ Line-by-line analysis undertaken using data from MSCI.

² Sovereign emissions coverage figures for CTI Bonds and LCIV Multi-Asset Credit respectively are: 68.7% and 8.0%. These have been reported separately.

METRICS & TARGETS

The table on the below provides a summary of the fund-level climate metrics which we have analysed in this paper.

Since this is the first time the Fund has reported climate metrics across the entire portfolio, we can only look at these metrics with a holistic lens as looking at these metrics in isolation is not particularly useful. In future years, we will be able to report against these metrics in a complete dashboard.

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	Metric	March-25 all assets
Climate scenario analysis	(2°C Disorderly)	-3.9% ²
	(2°C Orderly)	-2.4% ²
	(Hot House World) ¹	-5.0% ²
Backward-looking climate metrics ³	Scope 1&2 absolute financed emissions	72,370
	Scope 3 absolute financed emissions	634,469
	Scope 1 & 2 carbon footprint	37.9
	Scope 3 carbon footprint	326.8
Forward-looking climate metrics ⁴	Implied temperature rise (all scopes)	2.6°C
	Implied temperature rise (scope 1&2)	2.2°C

¹ The Hot House World default stress is 3°C for transition risk and technology opportunity, 5°C for physical risk.

² This demonstrates the % of the Fund's assets at risk in each scenarios. The three scenarios make up combined risk.

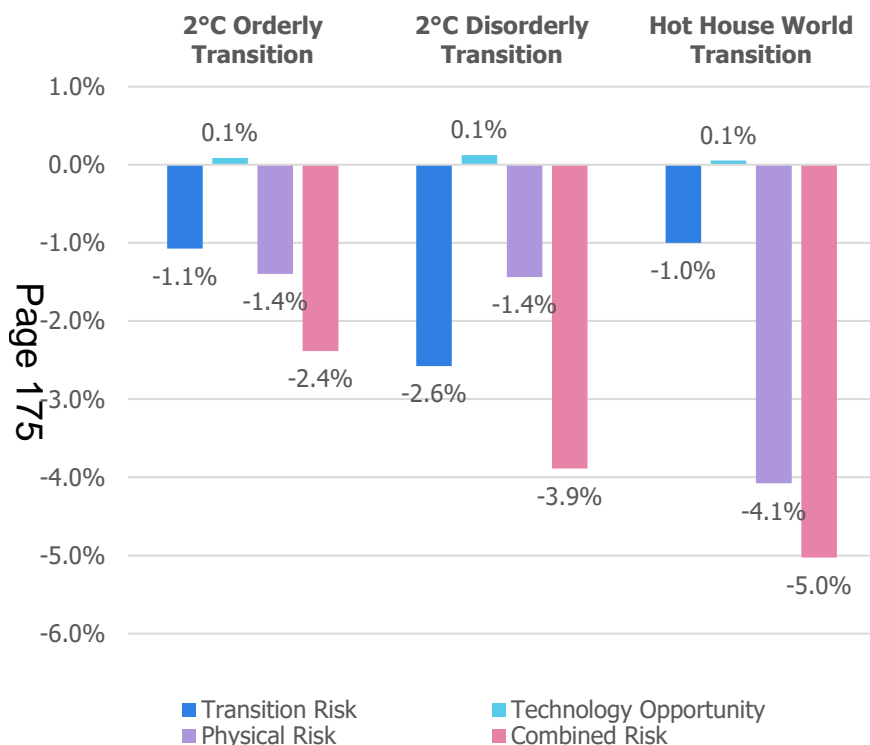
³ Backward-looking climate metrics assess historical emissions performance. They are based on reported or estimated data and reflect a company or portfolio's past environmental impact.

⁴ Forward-looking climate metrics estimate future climate impact or alignment based on projections, targets, and scenario modelling. They aim to assess how well an entity is positioned for the low-carbon transition.

Please note the emissions-based metrics in the table account only for corporate emissions and exclude sovereign emissions.

HACKNEY PENSION FUND NETWORK OF CENTRAL BANKS AND SUPERVISORS FOR GREENING THE FINANCIAL SYSTEM (NGFS) SCENARIO TEST RESULTS

The chart below presents the NGFS scenario test results at **the overall Fund level**. The chart breaks down the combined risk into the transition risk, technology opportunity and physical risk components. The stresses under all three scenarios – 2°C Disorderly, 2°C Orderly, and Hot House World – are based on scope 1, 2 and 3 emissions.



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2°C Orderly Transition

Below 2°C

Climate policies are introduced early and become gradually more stringent. The scenario gives a 67% chance of limiting global warming to below 2°C.

Both physical and transition risks are relatively moderate.

2°C Disorderly Transition

Delayed 2°C

Higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay. Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO2 removal is limited.

High transition risk and moderate physical risk.

Hot House World

NDCs

Some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise. Includes all pledged policies even if not yet implemented. Our default stress is 3°C for transition risk and technology opportunity, 5°C for physical risk.

Low transition risk and high physical risk.

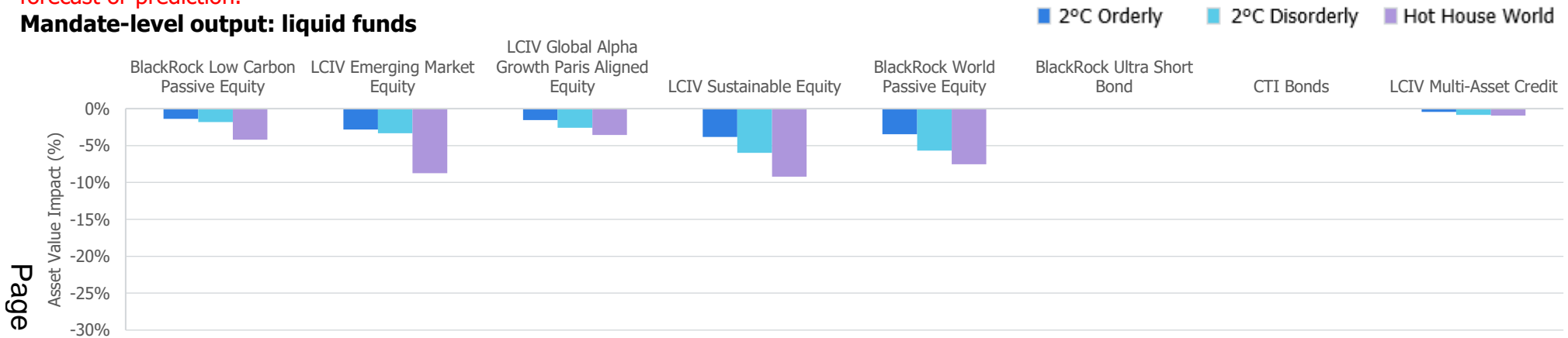
Key Takeaways

Based on the analysis, the most severe scenario and the one the Fund should look to manage is a failed climate transition with high physical risk. The 2°C disorderly test presents the second highest combined risk, driven by the high transition risk assumed under this scenario. **It is important to highlight that climate scenario analysis is extremely complex and the models are based on numerous assumptions and projections, which can introduce significant uncertainty and therefore should be considered as exploratory and illustrative, rather than a forecast or prediction.**

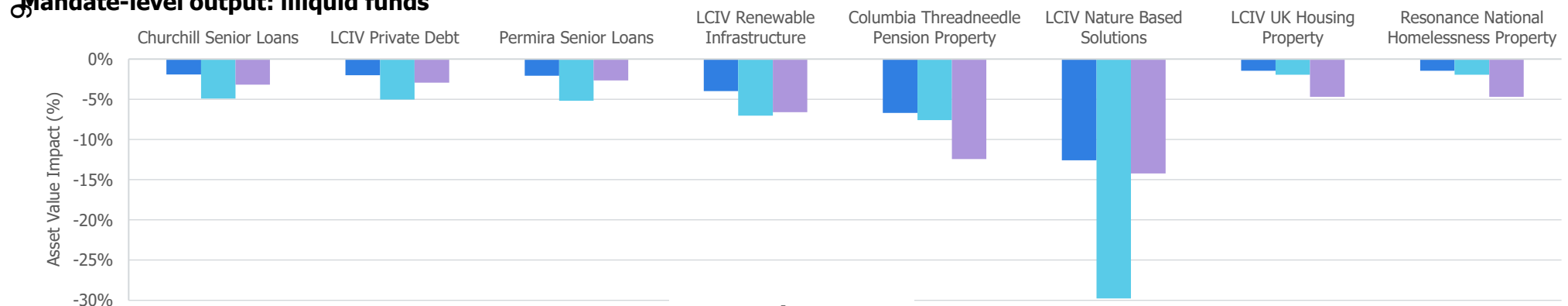
MANDATE-LEVEL NGFS SCENARIO TEST RESULTS

The charts below break down the total Fund-level scenario analysis results on the previous slide into **mandate-level results**. The liquid funds have been modelled on a line-by-line basis, whereas the illiquid funds have all been modelled using asset class (proxy) modelling as investment managers cannot provide this information. **It is important to highlight that climate scenario analysis is extremely complex, and the models are based on numerous assumptions and projections, which can introduce significant uncertainty and therefore should be considered as exploratory and illustrative, rather than a forecast or prediction.**

Mandate-level output: liquid funds



Mandate-level output: illiquid funds

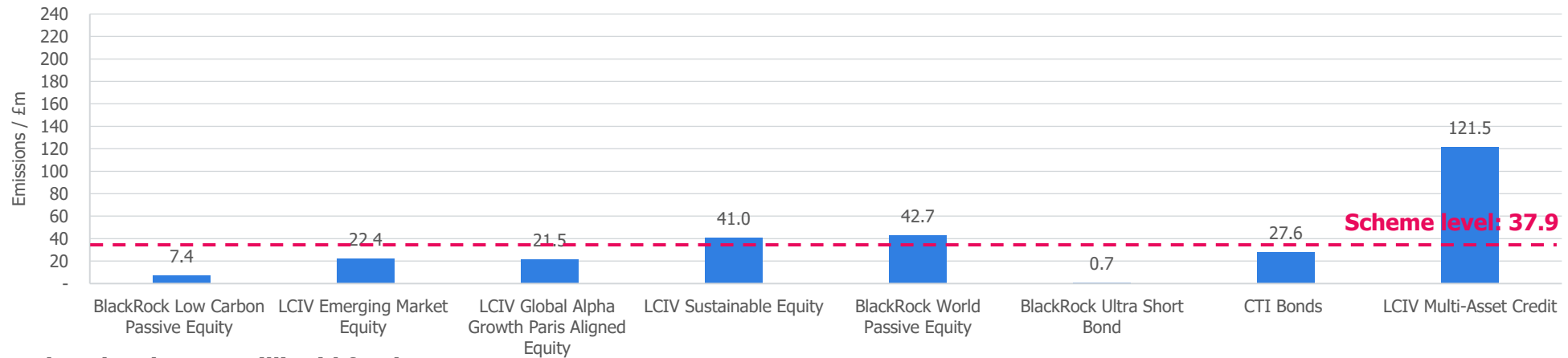


Key Takeaways

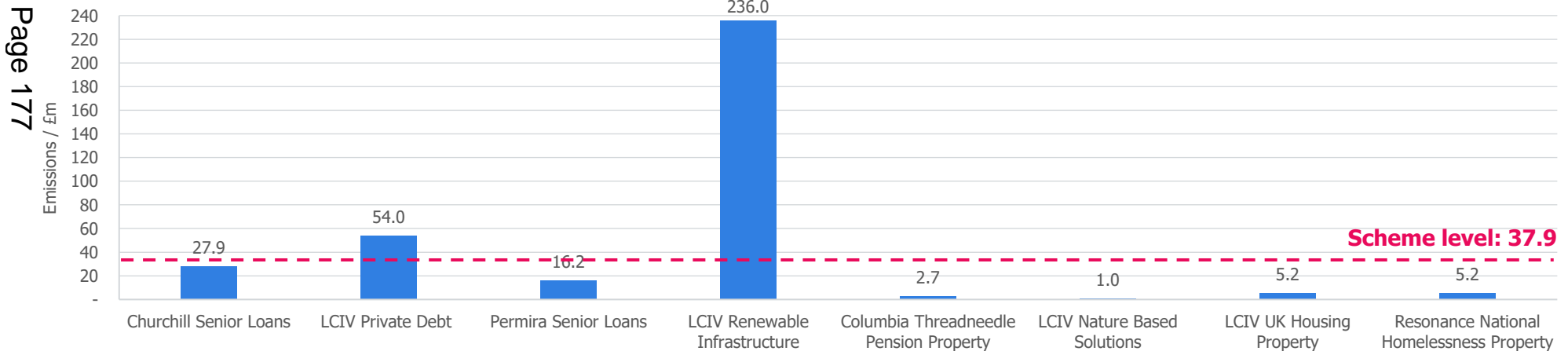
At a mandate level, LCIV's Emerging Market Equities, LCIV's Sustainable Equities and BlackRock's World Passive Equity present the highest modelled losses relative to the other funds liquid mandates. LCIV's Nature Based Solutions, Renewable Infrastructure and Columbia Threadneedle's Pension Property show high transition risk. Although this is partly due to underlying modelling building blocks, illiquid assets in general are likely to have greater exposure to climate-related risks. LCIV's Nature Based Solution fund presents a particularly large impact under the disorderly stress, this may be attributed to NBS companies usually being relatively high emitting companies and so likely to incur heavy regulation and potentially significant losses.

SCOPE 1 & 2 CARBON FOOTPRINT

Mandate-level output: liquid funds



Mandate-level output: illiquid funds



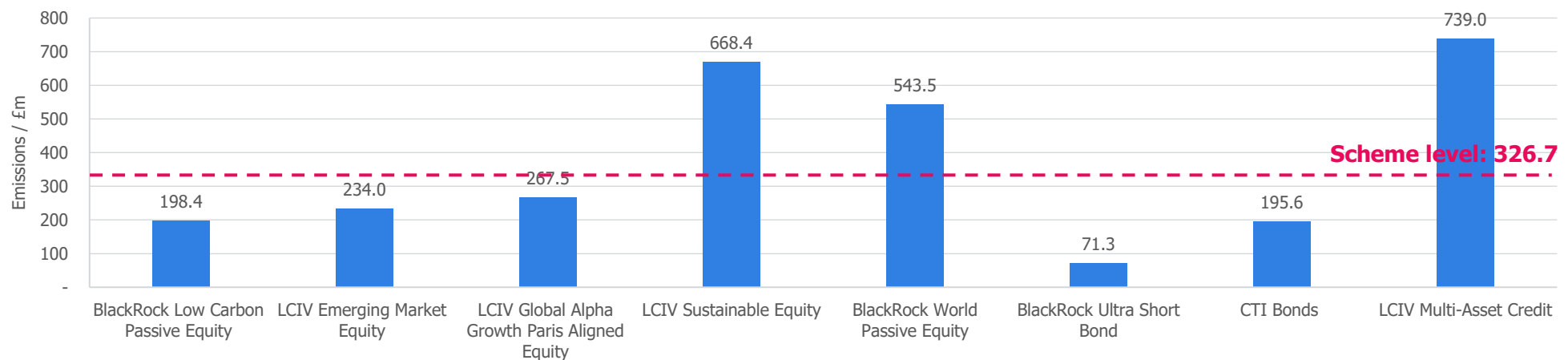
Key Takeaways

Across the Fund's liquid mandates, LCIV's Sustainable Equity, BlackRock's World Passive Equity and LCIV's Multi-Asset Credit are above the total Fund level carbon footprint. LCIV's Multi-Asset Credit is substantially higher which we will continue to monitor this as coverage data improves in the future.

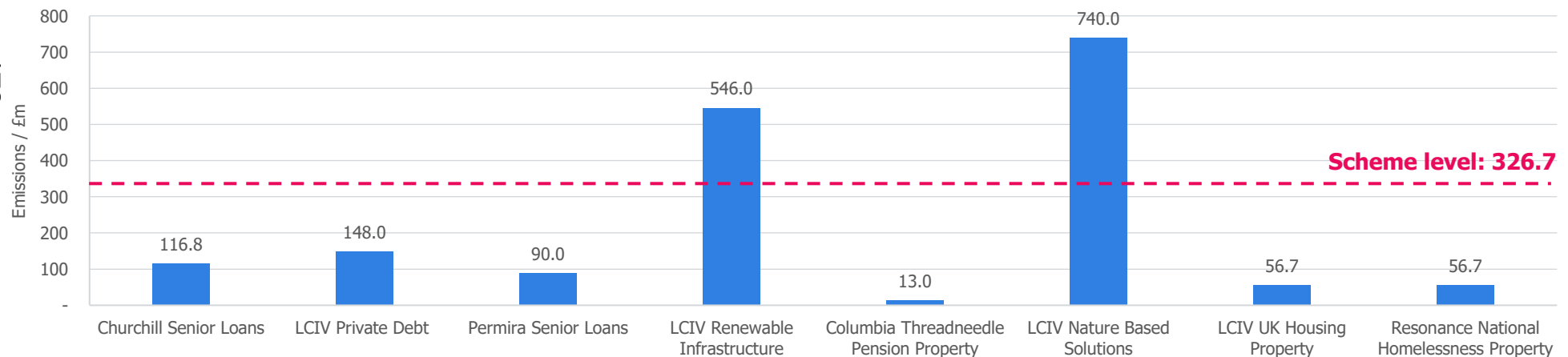
LCIV's Private Debt and Renewable Infrastructure Funds are more carbon intensive on a scope 1 & 2 carbon footprint basis, pushing up the total Fund-level figure up. The high LCIV Renewable Infrastructure footprint is reflective of the Fund's energy intensive activities which is expected within the asset class. We can see that LCIV's Nature Based Solutions fund has a very low scope 1&2 carbon footprint, showing the carbon benefits of investing in this asset class.

SCOPE 3 CARBON FOOTPRINT

Mandate-level output: liquid funds



Mandate-level output: illiquid funds



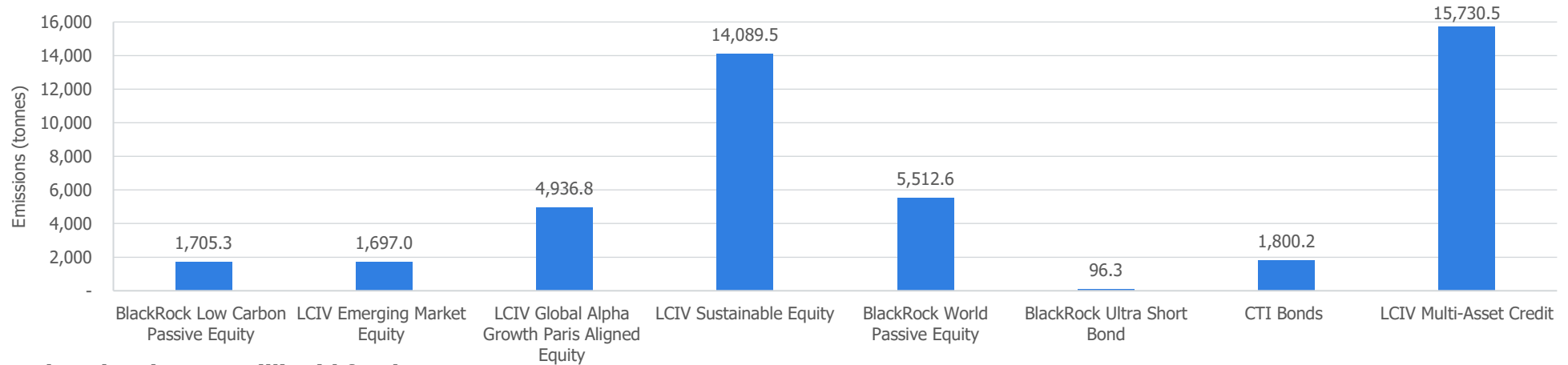
Key Takeaways

On a scope 3 basis, there are 3 liquid mandates that are above the total Fund-level scope 3 carbon footprint – LCIV Sustainable Equity, BlackRock World Passive Equity and LCIV Multi-Asset Credit. The LCIV Sustainable Equity fund appears to include investments in the energy transition sector, which can be high-emitting and so a few top emitters can heavily influence scope 3 results.

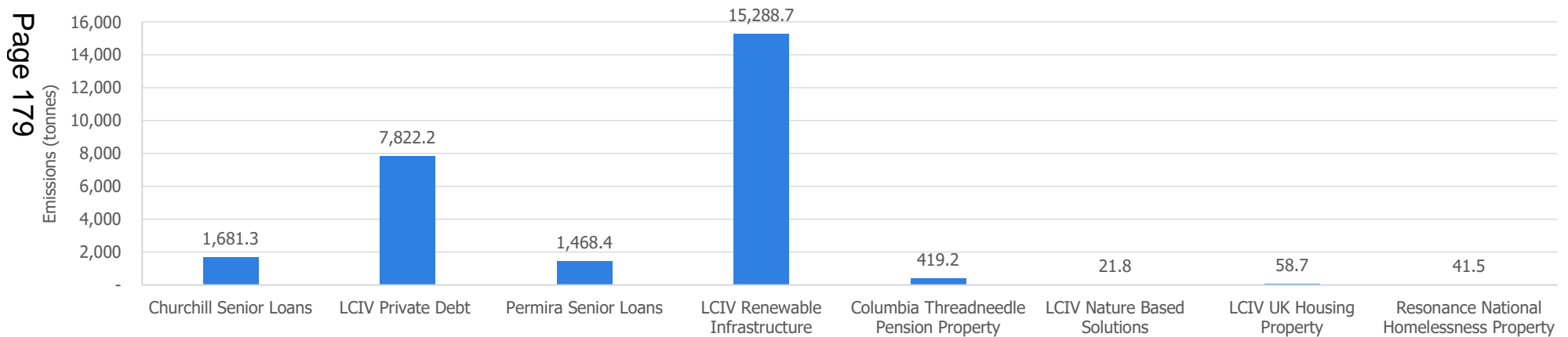
The scope 3 emissions for LCIV Nature Based Solutions is significantly higher than scope 1&2 which is due to the emissions-intensive activities involved in the production and transportation of materials and equipment used in forestry operations, and the processing, transportation and use of timber products. Property mandates, on the contrary, have a low scope 3 carbon intensity, primarily because they do not produce goods that are consumed or disposed of by end-users limiting the volume of downstream emissions.

SCOPE 1&2 ABSOLUTE FINANCED EMISSIONS

Mandate-level output: liquid funds



Mandate-level output: illiquid funds

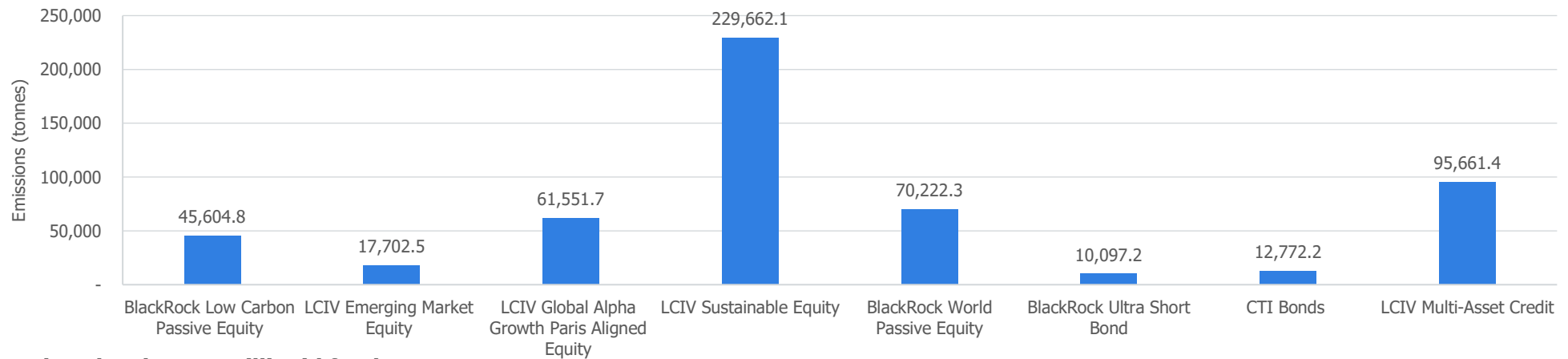


Key Takeaways

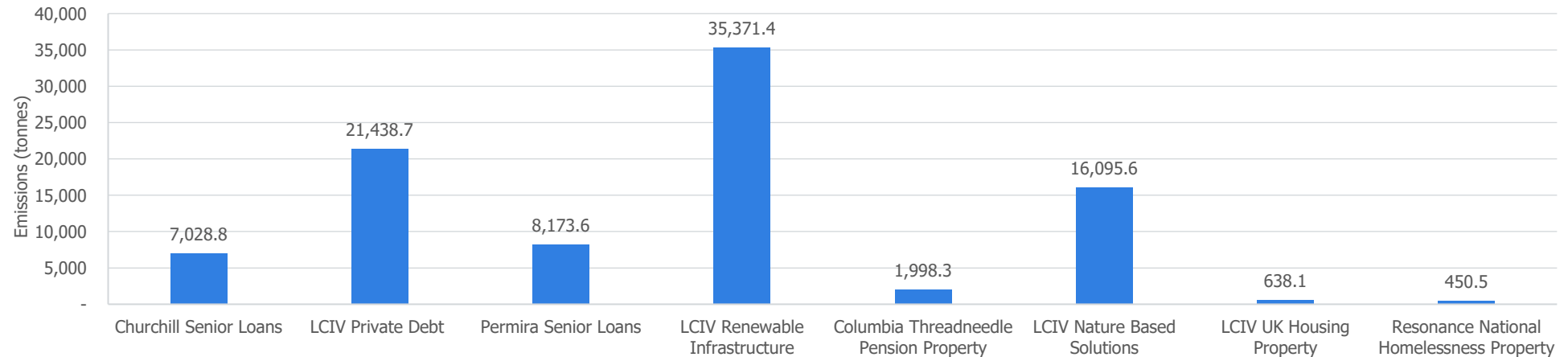
For scope 1 & 2 financed emissions, LCIV Sustainable Equities and LCIV Multi-Asset Credit display significantly, higher emissions in comparison to other liquid funds. For the illiquid funds, LCIV's Renewable Infrastructure and Private Debt are significant contributors to the Fund's scope 1 & 2 financed emissions.

SCOPE 3 ABSOLUTE FINANCED EMISSIONS

Mandate-level output: liquid funds



Mandate-level output: illiquid funds

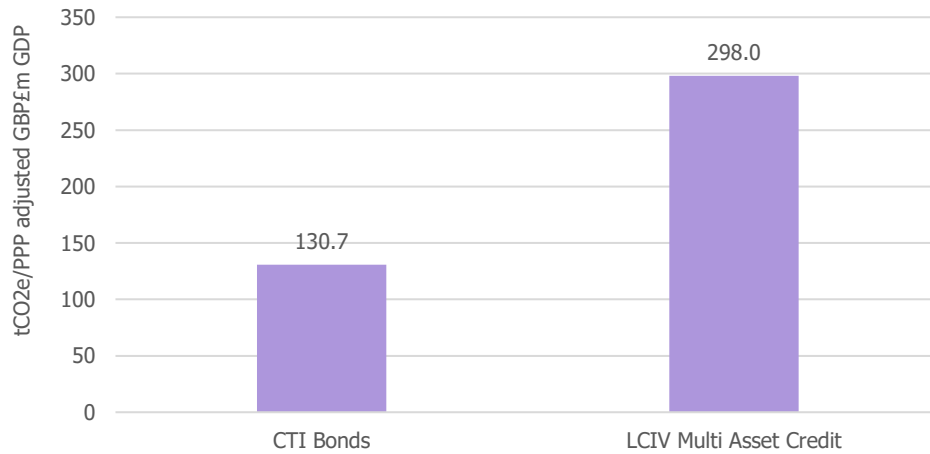


Key Takeaways

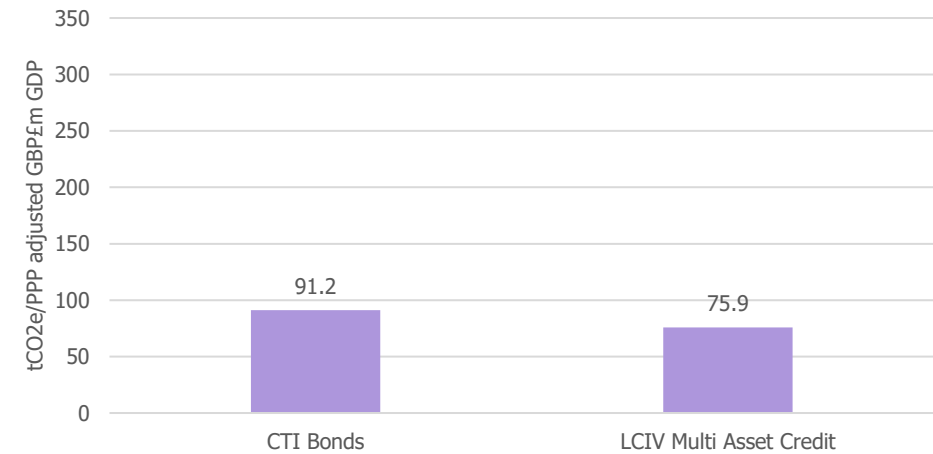
Scope 3 financed emissions paint a very similar picture to scope 1 & 2 financed emissions, with the LCIV Sustainable Equity and LCIV Multi-Asset Credit funds producing the most scope 3 emissions. The high emissions data for LCIV Sustainable Equity may be driven by investments in the energy transition sector. For the illiquid funds, LCIV's Renewable Infrastructure and Private Debt contribute most to the scope 3 financed emissions which is to be expected.

SOVEREIGN EMISSIONS

Production Emission Carbon Footprint – Scope 1

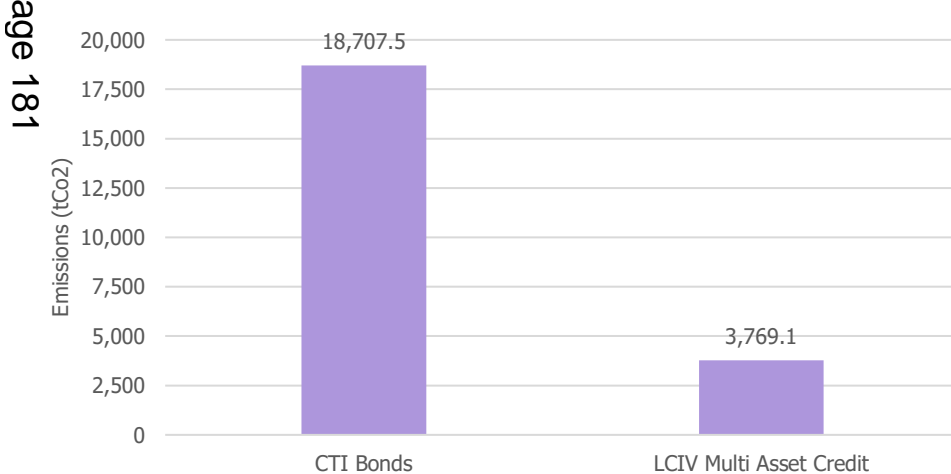


Import Emission Carbon Footprint – Scope 2 & 3

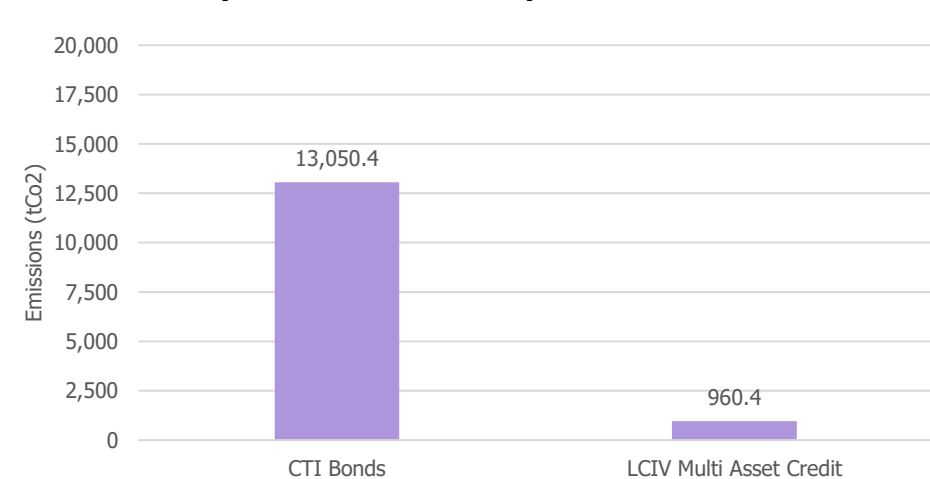


Sovereign emissions coverage figures for CTI Bonds and LCIV Multi-Asset Credit respectively are: 68.7% and 8.0%.

Absolute Production Emissions – Scope 1



Absolute Import Emissions – Scope 2 & 3



Key Takeaways

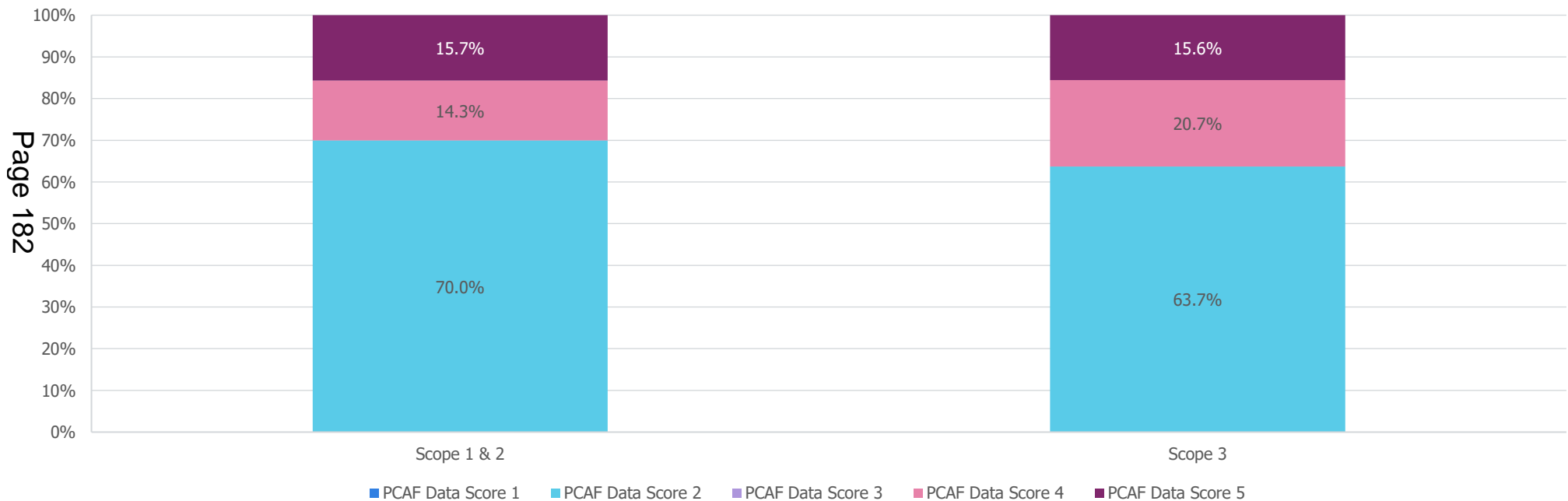
Emissions associated with sovereign bonds are reported separately as we do not believe it is appropriate to aggregate with corporate-sourced emissions given the potential for double counting. Sovereign bonds in the LCIV Multi Asset Credit fund have the highest production (scope 1) emissions carbon footprint, and the lowest import (scope 2&3) emissions carbon footprint. CTI Bonds have large absolute emissions across both scope 1 and scope 2&3, driven by the materially higher allocation to sovereign bonds within this mandate.

PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS (“PCAF”)

High quality data is often not available for all asset classes, so investors should use the best available data per the data hierarchy shown in the PCAF guidelines. Reporting on data quality helps investors understand the quality of the emissions data they’re working with and can help develop a strategy to improve data over time.

For the Fund’s liquid funds, the line-by-line holdings have been used to identify the data quality. As for the illiquid funds, some investment managers were unable to provide PCAF data quality scores and so we have excluded these mandates from the Total Scheme Level PCAF Breakdown. Excluded mandates include: Permira Senior Loans, LCIV Renewable Infrastructure, Columbia Threadneedle Pension Property and LCIV UK Housing Property.

Total Scheme Level PCAF Breakdown



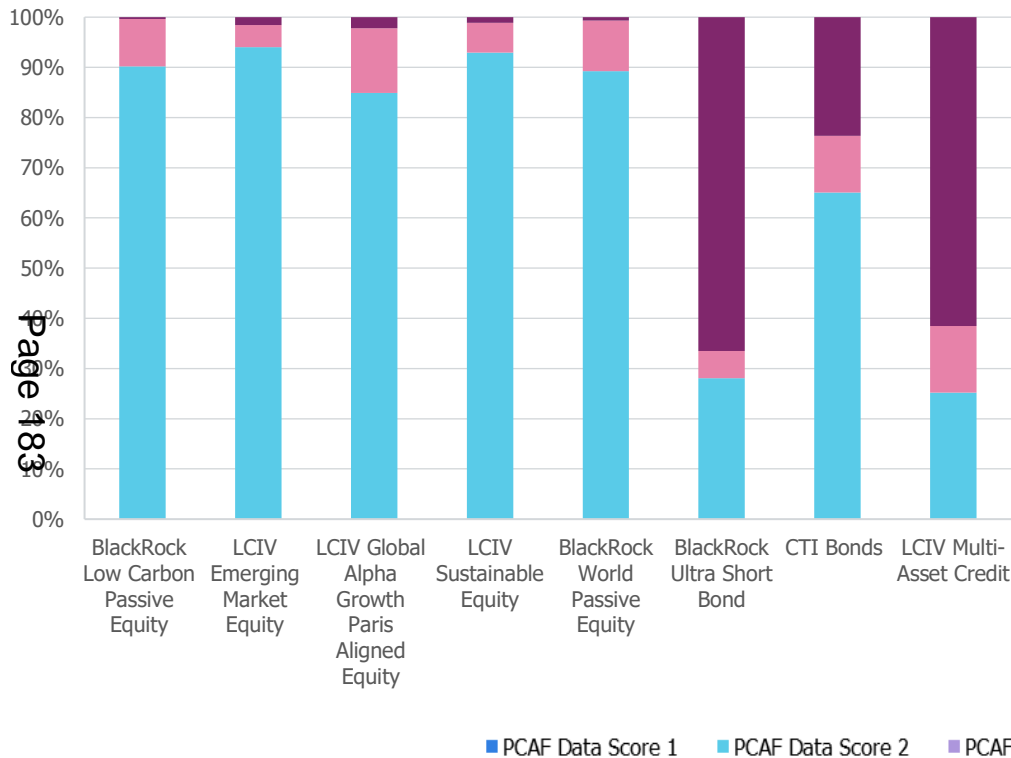
Key Takeaways

Scope 3 has a larger proportion of PCAF 4 scores than Scope 1 & 2 – and less PCAF 2 scores - due to heavy reliance on estimates and sector averages due to limited company disclosures. In contrast, Scope 1 and 2 emissions are more directly measurable and commonly reported, leading to higher data quality scores.

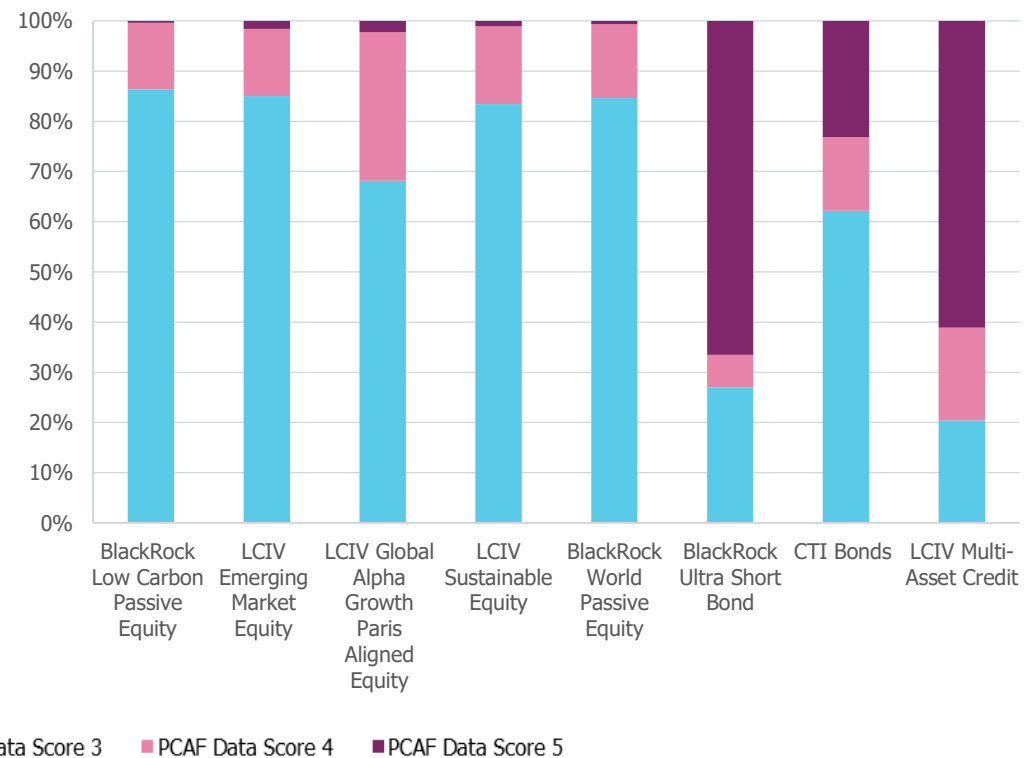
PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS (“PCAF”)

Liquid mandates’ climate metrics are calculated on a line-by-line basis allowing for an accurate breakdown of each fund’s data quality. Below is a detailed breakdown of each fund’s proportion of score grades for Scope 1 & 2, and Scope 3 emissions.

PCAF Data Quality – Liquid Mandates Scope 1 & 2



PCAF Data Quality – Liquid Mandates Scope 3



Key Takeaways

Scope 1 & 2 and Scope 3 show a similar PCAF Data quality by fund, however there is a notable increase in score 4 and decrease in score 2 for the liquid mandates in the scope 3 breakdown. This is largely due to the difficulty in measuring or acquiring disclosed indirect emissions across the entire value chain (e.g. suppliers, product use, waste). This complexity means analysis often relies on sector averages or economic modelling to estimate Scope 3 emissions, which reduces the precision and transparency of the data.

IMPLIED TEMPERATURE RISE ('ITR') – ALL SCOPES

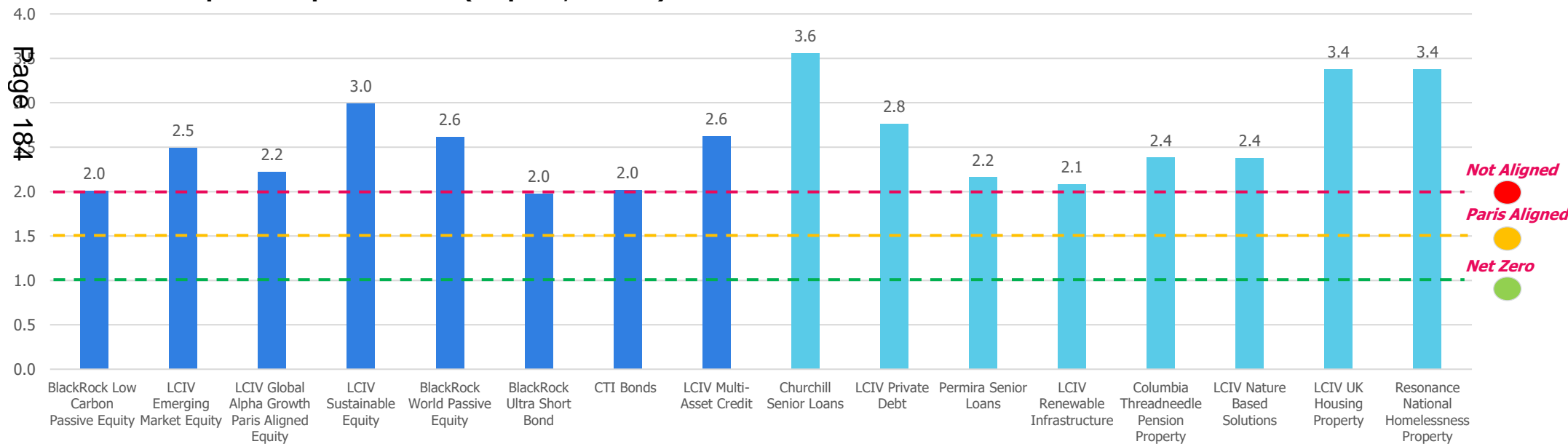
- Liquid Funds - Modelled with combination of line-by-line coverage and asset class proxies
- Illiquid funds - Modelled using only asset class proxies

The total Fund-level ITR **on a scopes 1, 2 and 3 basis is 2.6°C**. We can look at ITR as a proxy for measuring the Fund's assets' contribution to climate change – if ITR is over 1.5°C, the asset is overshooting its allocated carbon budget and therefore contributing to climate change. The higher the ITR, the higher the asset's contribution to climate change is. While the 2.6°C is higher than both the 1.5°C and 2°C targets of the Paris Agreement, it is marginally lower than the MSCI ACWI (2.7°C), which we can take as a proxy for the global investable universe of assets. It is important to interpret these figures in the context of a carbon-intensive economy. The portfolio's contribution to climate change is slightly less than the overall world economy's, which is positive.

Noting that this metric includes all scopes of emissions, scope 3 emissions are likely to push up company ITRs, and they are also significantly more challenging to diversify away from and to control as an investor.

The liquid funds have been modelled on a line-by-line basis, whereas the illiquid funds have all been modelled using asset class (proxy) modelling as investment managers cannot provide this information.

Mandate-level Implied Temperature Rise (scopes 1, 2 and 3)



Key Takeaways

While we can identify funds that have a higher ITR than most (i.e. Churchill Senior Loans, LCIV UK Housing Property and Resonance National Homelessness Property), what's important is the portfolio's overall contribution to climate change, which is measured by the Fund-level ITR. The total Fund's ITR is lower than that of the MSCI ACWI, which can be used as a loose proxy for the global economy. The portfolio's contribution to climate change is less than the overall economy's, which is positive.

IMPLIED TEMPERATURE RISE ('ITR') – SCOPE 1&2

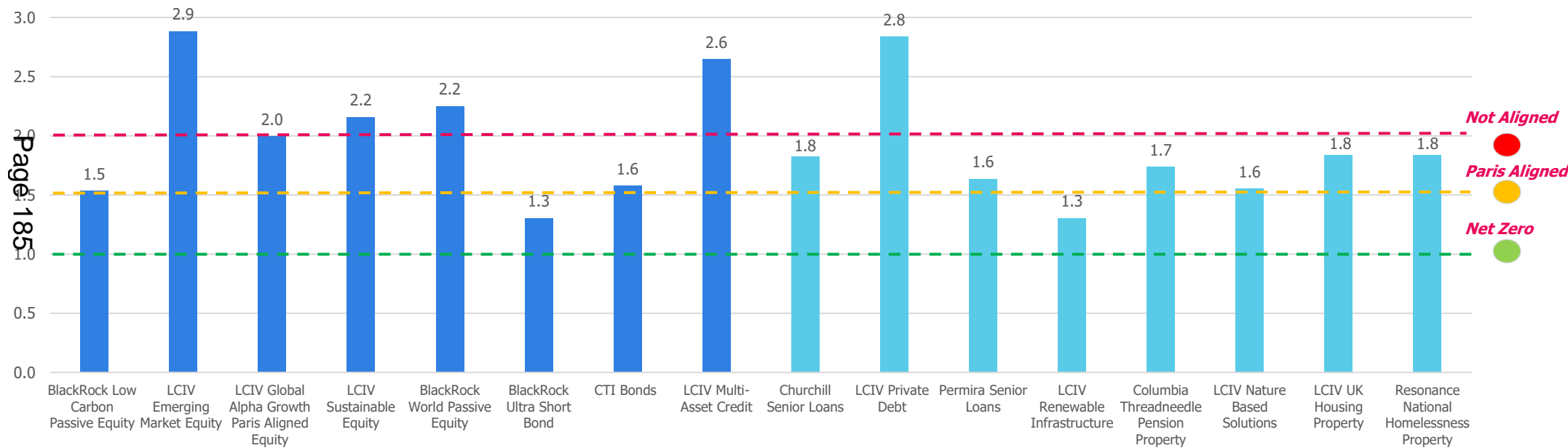
- Liquid Funds - Modelled with combination of line-by-line coverage and asset class proxies
- Illiquid funds - Modelled using only asset class proxies

The total Fund-level ITR **on a scopes 1 and 2 only basis is 2.2°C**. This compares with a scope 1&2 only ITR for MSCI ACWI of 2.6°C. As such, the Fund's contribution to climate change on a scope 1&2 basis is materially lower than the generic equity index, used as a proxy for the global economy.

The liquid funds have been modelled on a line-by-line basis, whereas the illiquid funds have all been modelled using asset class (proxy) modelling as investment managers cannot provide this information.

Mandate-level Implied Temperature Rise (scope 1&2)

Total Fund level: 2.2°C
MSCI ACWI: 2.6 °C



Key Takeaways

On a forward-looking scope 1&2 basis the Fund's trajectory is much lower than that of the global economy as proxied by the MSCI ACWI. Reducing scope 3 emissions is a long-term, systemic issue that may be better addressed through policy advocacy.

TOP CONTRIBUTORS TO YOUR FINANCED EMISSIONS (SCOPE 1&2)

This table shows the portfolio's top holdings by aggregated scope 1&2 financed emissions across the Fund's liquid mandates (i.e. highest emitters in the Fund, weighted by their exposure in the Fund overall). This list can inform engagement with managers to understand their level of comfort in holding these companies given the climate risk exposures, and how they are using stewardship to mitigate those risks. We have **highlighted in pink** below the key companies of focus that we recommend.

Rank	Fund Exposed to issuer as fund level top 10 emitter	Financed emission (scope1&2)	% of Total Emissions	ISIN	Issuer name
1	LCIV Sustainable Equity Fund	6,146	8.5%	US91913Y1001	Valero Energy Corporation
2	LCIV Global Alpha Growth Paris Aligned Equity	5,087	7.0%	IE0001827041	CRH Public Limited Company
	LCIV Sustainable Equity Fund				
3	LCIV Global Alpha Growth Paris Aligned Equity	1,500	2.1%	US7835132033	Ryanair Holdings Public Limited Company
4	LCIV Sustainable Equity Fund	1,356	1.9%	US16411R2085	Cheniere Energy, Inc.
5	CTI Bonds	1,123	1.6%	XS2393405803	Holcim Sterling Finance (Netherlands) B.V.
6	LCIV Sustainable Equity Fund	1,049	1.4%	GB00BHJYC057	Intercontinental Hotels Group Plc
7	LCIV Sustainable Equity Fund	523	0.7%	GB00BDR05C01	National Grid Plc
8	LCIV Global Alpha Growth Paris Aligned Equity	461	0.6%	KR7005930003	Samsung Electronics Co., Ltd.
	LCIV Emerging Market Equity				
9	LCIV Multi-Asset Credit	411	0.6%	XS2988562554	ContourGlobal Power Holdings S.A.
10	LCIV Global Alpha Growth Paris Aligned Equity	391	0.5%	US5732841060	Martin Marietta Materials, Inc.

Holdings we recommend discussing with managers

- **Valero Energy Corporation:** A leading oil refiner and ethanol producer, Valero's Scope 1 emissions stem mainly from burning fossil fuels in its refining processes. Scope 2 emissions come from electricity used across its facilities. While it's expanding into renewable fuels, its operations remain energy-intensive. Valero has already reduced or displaced 63% of its global refinery Scope 1 and 2 emissions and targets 100% by 2035.

TOP CONTRIBUTORS TO FINANCED EMISSIONS (SCOPE 3)

This table shows the portfolio's top holdings by aggregated scope 3 financed emissions across the Fund's liquid mandates (i.e. highest emitters in the Fund, weighted by their exposure in the Fund overall). Engaging directly with managers and companies on scope 3 emissions reduction can be complex because these are emissions from the full value chain – the supply chain and products in use by customers. However, while these emissions are outside of the company's direct control, there is capacity to influence them. Some aspects of scope 3 emissions reduction are more systemic issues that may best be tackled from a policy advocacy perspective. Nevertheless, we recommend discussing certain companies with managers – we have **highlighted these in pink** below:

Rank	Fund Exposed to issuer as fund level top 10 emitter	Financed emission (scope 3)	% of Total Emissions	ISIN	Issuer name
1	LCIV Sustainable Equity Fund	78,983	12.4%	US91913Y1001	Valero Energy Corporation
2	BlackRock Low Carbon Passive Equity	42,153	6.6%	CH0012221716	ABB Ltd
	LCIV Sustainable Equity Fund				
3	LCIV Sustainable Equity Fund	31,884	5.0%	JP3902400005	Mitsubishi Electric Corporation
4	LCIV Sustainable Equity Fund	24,136	3.8%	FR0000073272	Safran SA
5	LCIV Global Alpha Growth Paris Aligned Equity	17,764	2.8%	FR0000044448	Nexans SA
6	BlackRock Low Carbon Passive Equity	14,282	2.3%	SE0017486897	Atlas Copco Aktiebolag
	LCIV Global Alpha Growth Paris Aligned Equity				
7	BlackRock Low Carbon Passive Equity	13,435	2.1%	US05722G1004	Baker Hughes Company
	BlackRock World Passive Equity				
8	BlackRock Low Carbon Passive Equity	7,796	1.2%	US7427181091	The Procter & Gamble Company
	LCIV Sustainable Equity Fund				
9	LCIV Sustainable Equity Fund	6,903	1.1%	US58155Q1031	Mckesson Corporation
10	LCIV Global Alpha Growth Paris Aligned Equity	6,881	1.1%	US0533321024	Autozone, Inc.
	LCIV Sustainable Equity Fund				

Holdings we recommend discussing with managers

- **Valero Energy Corporation:** Valero's Scope 3 emissions—mainly from the combustion of its sold fuels—likely represent the vast majority of its total emissions. However, unlike many peers, Valero does not fully disclose its Scope 3 inventory, instead reporting only intensity metrics 1. This limits transparency into its full climate impact.
- **ABB Ltd:** Most of ABB's Scope 3 emissions come from the use of its sold products. In 2024, these emissions totalled ~395 million tonnes CO₂e—down 8% from 2022. ABB targets a 25% reduction by 2030 and 90% by 2050, with grid decarbonization being key to progress
- **Mitsubishi Electric** reported ~183 Mt CO₂e in Scope 3 emissions for FY2023, mainly from product use and supply chain, targeting net zero by FY2051.
- **Baker Hughes** disclosed its first full Scope 3 inventory in 2024, focusing on low-carbon products and internal reduction plans.

HACKNEY'S CLIMATE RELATED TARGETS

In March 2023, the Fund agreed and adopted the following climate related targets

Targets

Decarbonisation target on the Fund's carbon footprint

50% reduction in carbon footprint (scope 1 & 2) by 2030 compared to 2023 carbon footprint as the baseline and a whole Fund 2040 net zero target

Implied Temperature Rise target

Target a 2°C portfolio by 2030 with a 1.5°C goal for 2040

Climate solutions allocation target

Allocate 10% of Fund assets to climate solutions over the next 5 years in line with the SAA changes

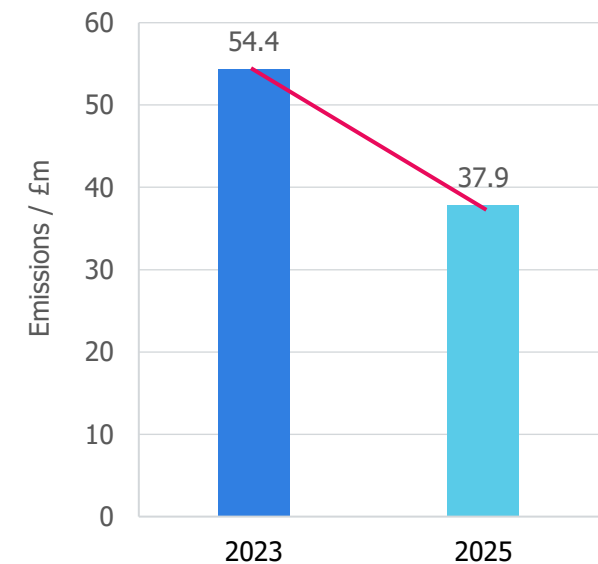
Progression

In March 2023, we calculated the Fund's carbon footprint as 54.4 (Scope 1 & 2 Emissions/£m). When this calculation was undertaken, only asset class proxies were used (rather than the line-by-line approach that we now use for liquid funds). In March 2025, this reduced to 37.9 (Scope 1 & 2 Emissions/£m).

As at March 2025, the Fund holds an ITR of 2.6°C. This is below the MSCI ACWI ITR which stands at 2.7 °C

As at March 2025, the Fund holds 3.7% of assets in climate solutions. This includes its investments in LCIV Renewable Infrastructure and LCIV Nature Based Solutions.

The Fund has seen a 30.3% decrease in its scope 1 & 2 carbon footprint from 2023 to 2025.



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APPENDIX

HOW DID WE IMPLEMENT THE NGFS STRESSES VIA MSCI?

The broad approach

Our ESG data provider, MSCI, produces stresses that provide insights into how an investment portfolio could be impacted by climate policy risk, extreme weather (physical climate risks) and benefitted by a low-carbon technology transition in each scenario.

The stress reflects the full time series of costs to 2100 (not annualised), with 15 years modeled using detailed cost estimates and the rest using MSCI's proprietary cost profile modeling.

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Transition Risk +

- Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.
- Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
- MSCI calculate policy-related transition risks under the **6 NGFS scenarios, calculated at a company level.**
- Companies with carbon-intensive business operations face the greatest need to transition. Making the shift carries risks, but the greatest risk exposure will sit with those companies that don't amend their business to be less carbon-intensive.

Technology Opportunity

- Transitioning to a lower-carbon economy may present untapped growth potential for investors.
- MSCI calculates technology opportunity using estimated current low-carbon revenues as a starting point and then patent valuation techniques to estimate the level of "future green revenue" that each company could attain from the development and sale of low carbon technologies.
- MSCI calculates technology opportunities under **the 5 NGFS scenarios, calculated at a company level.**

+ Physical Risk

- Impact on economic activity resulting from the physical impacts (such as damage and disruption from extreme weather events) of climate change.
- Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. Stress is **calculated at a company level under the 7 NGFS scenarios.**
- Companies with significant physical assets are most at risk.

HACKNEY PENSION FUND VS LONDON CIV METRICS COMPARISON

Since the Fund primarily invests through the London CIV and that this will increase in the near future, it is important to look at the London CIV's TCFD report and its analysis of climate reporting. We have referenced the [London CIV's 2024 TCFD report](#).

Whilst there is strong alignment between our reporting and the London CIV's, differences can arise due to factors such as different methodological interpretations, sources, reporting dates and data lags. For this reason, we tend to look for trends and direction, rather than focusing on small movements or exact precision.

Below we have highlighted parallel metrics that the London CIV analyses in its TCFD report with comparison to what we have reported for Hackney Pension Fund along with brief explanations to differences. **We have only included comparison with the Fund's liquid mandates as we have used the London CIV's data points for the illiquid funds.**

Hackney's liquid mandates with the London CIV	Carbon Footprint				Absolute Financed Emissions			
	London CIV		Hackney Pension Fund		London CIV		Hackney Pension Fund	
	Carbon to Value tCO2e/mGBP		Carbon Intensity (tCO2e / EVIC £m)		Absolute Carbon Emissions ktCO2e		Carbon Emissions (tonnes)	
	Scopes 1 & 2	Scopes 1, 2 & 3	Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3
LCIV Emerging Market Equity	21.9	254.3	22.4	234.0	11.7	124.3	1,697.0	17,702.5
LCIV Global Alpha Growth Paris Aligned Equity	21.9	287.2	21.5	267.5	53.2	643.4	4,936.8	61,551.7
LCIV Sustainable Equity	49.1	357.1	41.0	668.4	74	464.6	14,089.5	229,662.1
LCIV Multi-Asset Credit	94.0	362.0	121.5	739.0	57.2	163.9	15,730.5	95,661.4

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Hackney Pension Fund have used data provided by MSCI whereas the London CIV has used data provided by S&P, using different data providers will result in different data points.

When analysing carbon footprint, the London CIV have grouped together Scopes 1, 2 & 3, whereas Hackney Pension Fund has separated Scope 3 on its own. For absolute financed emissions, Hackney Pension Fund uses a different scale of metric to the London CIV and only reports on its invested proportion of the London CIV funds whereas the London CIV's data points reflect the aggregated investment portfolio.

Additionally, scope 3 emissions are much harder to calculate than scope 1 & 2 as it involves detailed analysis of companies' supply chains, which can be long and complex. For this reason, data quality and reliability is low and small differences in methodologies can lead to significant differences in outputs. Specifically, the London CIV Sustainable Equity fund is overweight to the energy transition sector which can have high scope 3 emissions. The challenges in reporting scope 3 in this sector are reflected in the differing data points.

Broadly, the carbon footprint metrics are consistent except for the LCIV Multi-Asset Credit fund, which is due to the differences in reporting approaches as outlined in this report.

MANAGER TCFD REPORTS

Manager	Link
London CIV	https://londonciv.org.uk/block/download/7069/file
BlackRock	https://www.blackrock.com/uk/literature/public-disclosure/blackrock-investment-management-uk-limited-tcf-d-entity-report-2025final.pdf
Columbia Threadneedle Investments	climate-change-managing-risks-and-opportunities---taskforce-on-climate-related-financial-disclosures-tcf-d.pdf
Churchill Asset Management	Churchill-2023-sustainability-report.pdf
Permira	permira-sustainability-report-fv2-2024.pdf

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THE LONDON CIV'S CLIMATE RELATED RISKS AND OPPORTUNITIES

Given that the Fund invests primarily through the London CIV and is expecting this to increase in the near future, it is important to look at the London CIV's analysis of climate related risk and opportunities. It is essential to remember that the extent and timeframes of these impacts will vary significantly by climate scenario and the underlying portfolio construction at any given point in time.

Climate-related risks and opportunities	Timeframe to impact	Potential impacts on assets within LCIV funds
Transition risks		
Policy and legal: <ul style="list-style-type: none"> Increased emissions costs Enhanced reporting obligations Regulation of products and services Exposure to litigation 	Short to medium term	<ul style="list-style-type: none"> Increased operating costs Write-offs, asset impairments and early retirement of assets Fines and judgements Reduced demand due to reputational impacts
Technology: <ul style="list-style-type: none"> Substitution of products and services in favour of low-carbon alternatives Unsuccessful investment in new technologies Costs of transitioning to lower emissions technologies 	Medium to long term	<ul style="list-style-type: none"> Write-offs and early retirement of existing assets Reduced demand for products and services Research and development (R&D) expenditures Costs to adopt/deploy new practices and processes
Market: <ul style="list-style-type: none"> Changing consumer behaviour Uncertainty in market signals Increased supply chain costs 	Short, medium and long term	<ul style="list-style-type: none"> Reduced demand due to shift in consumer preferences Increased production costs due to changing input prices Abrupt and unexpected shifts in energy costs Change in revenue mix and sources Re-pricing of assets (e.g. fossil fuel reserves, security valuations)
Reputation: <ul style="list-style-type: none"> Shifts in consumer preferences Stigmatisation of high-emitting sectors Increased stakeholder concerns 	Short to medium term	<ul style="list-style-type: none"> Reduced demand for goods/services Reduced revenue from impact on production capacity (e.g. supply chain interruptions) Reduced revenue from negative impacts on workforce management and planning Reducing in capital availability

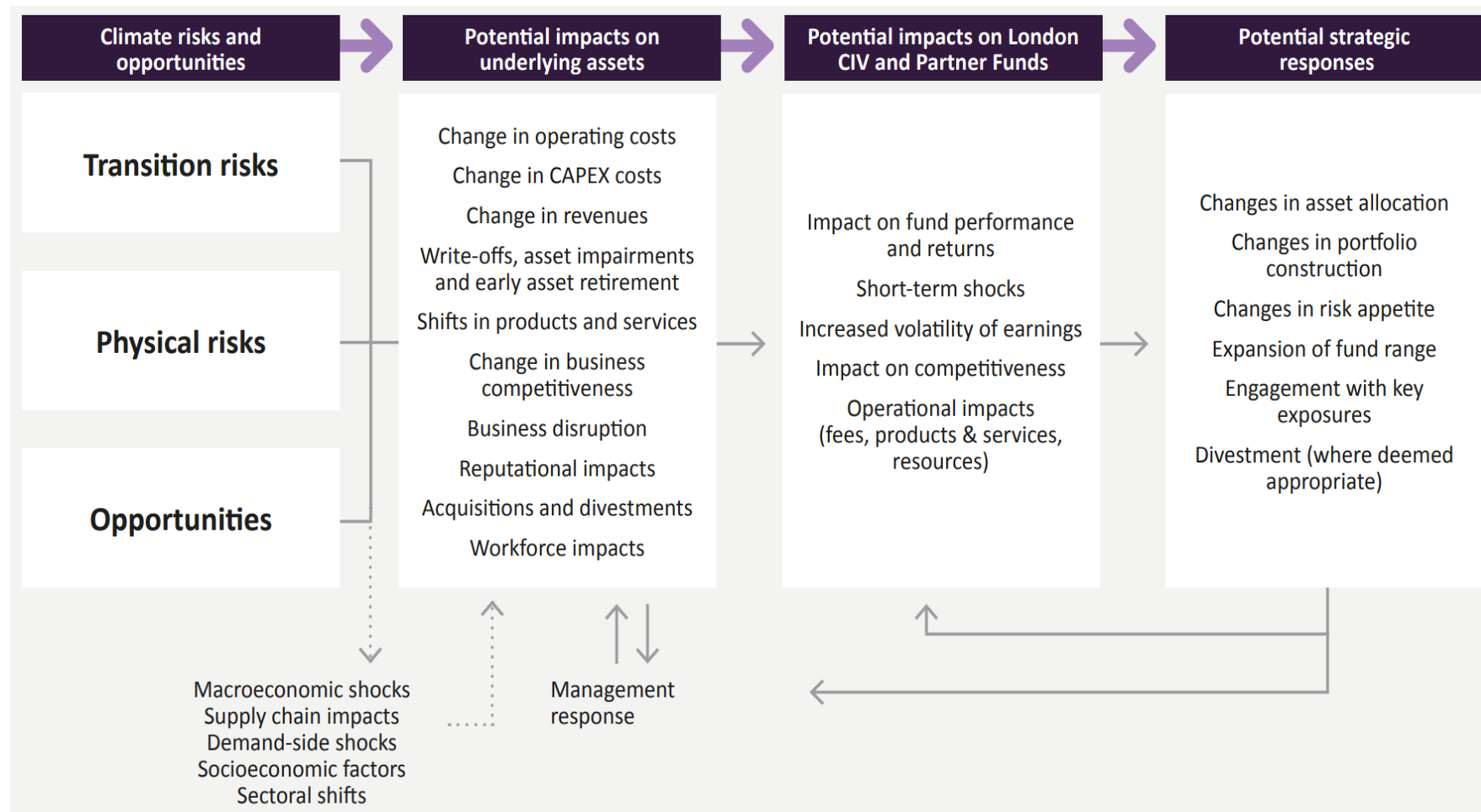
THE LONDON CIV'S CLIMATE RELATED RISKS AND OPPORTUNITIES CONTINUED...

Climate-related risks and opportunities	Timeframe to impact	Potential impacts on assets within LCIV funds
Physical risks		
<p>Acute:</p> <ul style="list-style-type: none"> Increased likelihood and/or severity of extreme weather events such as wildfires, heatwaves. Extreme cold, coastal floods, fluvial foods, droughts and cyclones <p>Chronic:</p> <ul style="list-style-type: none"> Rising mean temperatures Rising sea levels Increased water stress Changes in precipitation patterns Extreme variability in weather patterns 	Short, medium and long term	<ul style="list-style-type: none"> Increased capital costs (e.g. damage to facilities) Increased operating costs Reduced revenues from lower sales/output Increased insurance premiums/reduced availability of insurance on "high risk" assets / locations Reduced production capacity (e.g. supply chain interruptions, disruption, productivity loss) Higher costs from workforce impacts (e.g. health, safety, absenteeism) Write-offs and early retirement of existing assets (e.g. due to damage)
Climate opportunities		
<ul style="list-style-type: none"> Resource efficiency and circular economy Changes in energy markets Changes in products and services Changes in consumer preferences Access to new markets Public-sector incentives Diversification 	Medium to long term	<ul style="list-style-type: none"> Reduced operating costs Increased value of fixed assets New/shifting revenue streams Reduced exposure to volatile input prices and stranded assets Increased access to capital Increased demand for products and services Improved competitiveness Improved reputation Improved resilience Increased production capacity Workforce benefits

THE LONDON CIV'S CLIMATE RELATED RISKS AND OPPORTUNITIES

Given that the Fund invests primarily through the London CIV and is expecting this to increase in the near future, it is important to look at the London CIV's analysis of climate related risk and opportunities. It is essential to remember that the extent and timeframes of these impacts will vary significantly by climate scenario and the underlying portfolio construction at any given point in time.

Here the London CIV have detailed some of the possible outcomes that climate-related risks would have on London CIV portfolios. These climate related risks and opportunities are complex and dependent on a wide range of external factors.



Source: LCIV 2024 TCFD report

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Title of Report	Pensions Administration Function Migration - Project Update
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
Ward(s) Affected	All
Group Director	Naeem Ahmed, Group Director - Finance & Resources

1. **Introduction**

- 1.1. At its meeting on 30th July 2024, the Committee agreed that the Pension Administration service would be provided by way of a shared service with the Local Pensions Partnership Administration (LPPA), when the current contract with Equiniti expires at the end of 2025. As previously advised, it has since been agreed with all parties that the transfer of the service will take effect from 24 October 2025.
- 1.2. This report provides the Committee with an update on the progress of the project to migrate the service from Equiniti to the LPPA.

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to:**
 - **Note the progress to date in respect of the migration to LPPA.**

3. **Related Decisions**

- 3.1. Pensions Committee 11 June 2025 - Pensions Administration Function Migration - Project Update
- 3.2. Pensions Committee 11 March 2025 - Quarterly Administration and Projects Update
- 3.3. Pensions Committee 20 February 2025 - Pensions Administration Function Migration - Project Update
- 3.4. Pensions Committee 30 July 2024 - Pension Administration Services - Preferred Partner

- 3.5. Pensions Committee 9 July 2024 - Pensions Administration Service - Update and Criteria for Selection of Partner
- 3.6. Pensions Committee May 2024 - Pension Administration Service - Procurement Options
- 3.7. Pension Committee March 2024 - Pension Administration Service - Market Information

4. **Comments of the Group Director Finance and Corporate Resources**

- 4.1. This report provides the Committee with further information regarding the work that has been carried out in respect of the migration of the pensions administration function following the agreed recommendations at the Pensions Committee meeting on 30 July 2024.
- 4.2. Given the importance of this project to the Fund, its scheme members and all employers in the Fund, the Committee is being updated at each meeting on the progress of this project and any issues arising.
- 4.3. The latest estimate of the costs of migration of the pensions administration service from Equiniti to LPPA remain as previously reported, although there is pressure on the contingency within the estimate due to additional work required in order to ensure the data mapping to the new pensions administration system, Civica, is completed satisfactorily ahead of go-live.

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

- 5.1. The Pension Committee has responsibility for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions, including the administration of the Fund.
- 5.2. The Committee has a duty to ensure that the Fund is delivering an efficient and effective administration service to the Fund's members, ensuring that pension benefits are correctly calculated and paid to its pensioners.
- 5.3. As such, the Pension Committee needs to be kept informed of work taking place in order to be able to ensure a smooth and efficient migration of the service from Equiniti to LPPA.
- 5.4. There are no immediate legal implications arising from this report.

6. **Background to the Report**

- 6.1. This report presents the Pensions Committee with a further update on the work that has taken place since its June meeting in order to migrate the outsourced pensions administration service from Equiniti via a delegation of

functions to the LPPA.

- 6.2. The project is progressing well and all parties involved are engaging as required. Specific resources continue to be identified and allocated by all organisations involved to ensure that the work required in order to complete a successful migration of the service is carried out in line with agreed timescales.

“Go-Live” Date

- 6.3. As set out in the previous updates, it has been agreed with all parties that the provision of the pensions administration service would transfer to LPPA during October 2025, ensuring that all migration work and go-live is completed well before the 2025 Christmas and 2026 New Year holiday periods. The actual date of “go-live” with the LPPA will be, as previously reported, 24 October 2025 following a “blackout period” of 10 working days from 10 October.
- 6.4. The first live pensions pay run, however, via LPPA will be in November with pensions being paid on 25th November. The October pensions will be paid via Equiniti on 24th October, mitigating any risk related to that pay run on go-live and thereby allowing for an additional parallel pay run carried out in October

Project Set Up and Governance

- 6.5. As previously reported, the project plans from LPPA, Civica and Equiniti in respect of their roles in the migration of the administration service have been agreed with an effective change control process in place across the project. LPPA's detailed project plan was included as an appendix to the update report to June Committee Meeting. Some areas of the plans have been developed further as the project has progressed, taking account of actual events as they have occurred and allowing for the further development of areas such as member and employer communications.
- 6.6. The weekly project call, chaired by the Hackney Project Lead, continues to be held and attended by representatives from all four organisations involved. This is also attended by representatives from Hymans Robertson, who continue to provide governance support and advice to Hackney and the project as required.
- 6.7. In addition to the weekly project call attended by all parties, a further weekly call continues between Hackney and LPPA in order to discuss issues specific to the two parties entering the shared service arrangement. These meetings have included more detailed discussions on areas such as costs of the migration, future service SLA's, TUPE risk transfer, business readiness preparations and other specific issues as they arise.
- 6.8. Other project meetings are held regularly between relevant parties on the project and include weekly data query meetings between LPPA, Civica and Equiniti to discuss the detailed work and issues arising from the data cuts

from the current Compendia system to the new UPM system that will be used from go-live.

- 6.9. Since the last update at June Committee, various regular workstream meetings are now in place, including those overseeing employer and scheme member communications, operational readiness, people and others as required. These meetings include representation from relevant organisations involved and subject matter experts.
- 6.10. LPPA continue to hold their own project steering working group where they discuss the onboarding from their own perspective and agree on the likes of resource required, workstream leads, outputs from data exercises, payroll parallel runs, etc. These meetings are also used to agree recommendations to be made to Hackney in respect of the resolution of any issues arising, as appropriate. LPPA provides Hackney with a weekly summary of the project from their perspective and are currently rating the project as Green overall.
- 6.11. A combined project risk and issues register has been created and is maintained across the project, the latest version of which is attached at Appendix 1. This is reviewed fortnightly at the Weekly Project call chaired by Hackney.

Data Extracts and Parallel Pension Pay Run Analysis

- 6.12. It was reported at the June Committee meeting that the first data extract had identified a number of areas where the data was not stored in Compendia in a manner that could be mapped to the new pensions administration system, UPM, They were listed as follows:
 - McCloud
 - CARE revaluation
 - Pension input
 - Deferred pension history
 - Spouses pension history
 - Preserved Refund values
- 6.13. The McCloud data is largely held off system in Compendia but has been supplied to Civica/LPPA via spreadsheet that can be mapped to UPM alongside the main data extract. This now includes all data including the results of the benefits rectification exercise completed at the end of August.
- 6.14. Of the remaining areas, it was recommended by LPPA and agreed by Hackney that the CARE and pension input data would need to be recreated prior to go-live in order that the administration system could be utilised effectively going forward. Civica devised a proof of concept for the recreation of this data which was successfully run against a sample of the data extract. The remaining areas are not vital to go-live and will be worked upon post go-live.
- 6.15. In testing the proof of concept, other areas of data have been identified

where mapping from Compendia to UPM is not in line with expectations. Work is currently being undertaken to prioritise the fixes to these areas in order that main items are fixed ahead of go-live. Lower priority areas may need to be fixed post go-live and in these instances, LPPA are currently considering manual workarounds for the initial post go-live period. The prioritisation is taking into account the impact of any manual workaround on resources and the initial service levels provided by LPPA.

- 6.16. Once this prioritisation has been completed by LPPA, it will be shared with Hackney in order that the impact on the initial service provision by LPPA can be discussed and fully understood. This is expected by the end of September and a verbal update on its status will be provided at the Committee meeting.
- 6.17. The second pensioners parallel pay run has now been completed by LPPA and the results exceeded those of the first run which in itself was very encouraging.
- 6.18. The results are set out in the table below:

Hackney Number paid	8,732	
UPM Number paid	8,702	99.66%
Data import issues	20	0.23%
Post datacut changes	10	0.11%
		100.00%
UPM Number paid	8,702	
Percentage of pensions paid	99.66%	
UPM pay agrees	8675	99.69%
Tax code differences	17	0.20%
UPM 1 penny different	6	0.07%
Other queries	4	0.05%
		100.00%

- 6.19. The exceptions set out above have been investigated by LPPA and Equiniti as required and where required, mapping changes made in order to correct the payroll data. This will feed into the final parallel payrun in October based upon the final cut of data for go-live.

In-House Engagement

- 6.20. The Committee is already aware that alongside the outsourced pensions administration function, the Fund has an in-house pensions team covering pensions administration (including contract monitoring), employer and employee engagement, pensions accounting and reconciliation alongside a number of other functions relating to the overall management of the Pension Fund. The team also carry out a number of employer functions on behalf of the Council, although the costs of this are recharged to the Council's budget.

- 6.21. As previously set out to the Committee, the change in the provision of the outsourced administration function will not alter the size of this team but it will have some impact on the functions performed and the way it interacts with the outsourced provider.
- 6.22. The initial work carried out with Hymans to look at the functions of the in-house team is now being used to inform a number of workstreams in the project, mainly the operational workstream where roles and responsibilities are being clarified between supply and client.
- 6.23. Regular fortnightly project update meetings are held with the internal team in order to keep all members of the team abreast of the project status and to address any questions and/or concerns raised.

TUPE Update

- 6.24. As set out in the previous updates to the Committee, Equiniti provided a provisional list of staff who would be subject to TUPE transfer to LPPA containing eleven roles, equating to around nine and half full time equivalents.
- 6.25. A number of the employees included on the provisional list have been successful in obtaining alternative roles within Equiniti and will therefore no longer be subject to TUPE transfer. In order to reduce the overall number of employees subject to transfer, LPPA requested that where people find alternative roles, these positions are not backfilled. In order to facilitate this and to mitigate the impact on the current level of service provided, Hackney and Equiniti met to discuss potential priorities should SLA performance decline over the remaining time ahead of the go-live in October. This was also discussed with LPPA to understand the potential impact of this on work in progress at handover with LPPA. At present, Equiniti are reporting that they are maintaining service and that they are not in a backlog situation.
- 6.26. LPPA and Equiniti held a face to face meeting with staff impacted by TUPE on 3rd July. This was held at Equiniti's offices in Crawley and offered staff the chance to discuss and understand the TUPE process more thoroughly and of course to ask any questions they had.
- 6.27. Formal TUPE consultation letters and meetings will be held with the affected staff during September and a potential visit to LPPA office by those staff is being discussed.
- 6.28. It should be noted that, given that LPPA offices are in Preston, TUPE'd staff will be able to work remotely full time from their homes. LPPA already have a number of staff working such arrangements given their current client base and therefore previous TUPE transfers.

Other Workstreams

- 6.29. The major workstream, outside of the data workstream, is the

operational/business readiness workstream. This meets weekly and includes representation from the Hackney internal admin team and various areas within LPPA, as required.

- 6.30. This workstream is looking in detail at individual processes, ensuring that any changes to the current practices via Equiniti are understood and agreed, along with ensuring that the split between LPPA and the internal team roles and responsibilities is fully agreed. Where required, separate one-off meetings are held between subject matter experts to further explore any issues/detail.
- 6.31. The operational workstream is also considering in detail the logistics of the blackout period that will be in place from 10-23 October, during which Equiniti will not be able to carry out any further system work. This will allow for the final data extract to be taken on 9th October and passed across to Civica/LPPA for migration to the live UPM system ahead of go live on 24 October. Particular attention is being paid to recording work in progress during this period in order that full details can be passed to LPPA at end of the period, allowing them to take forward this work as required.
- 6.32. The workstream is finalising reporting requirements back to the Hackney team to ensure, for example, that we have the relevant data available to complete the Pensions Fund accounts and reports and other statutory returns.
- 6.33. The Communications and Engagement workstream is responsible for agreeing the engagement and communications with both employers in the Fund and all scheme members (active/deferred and pensioners).
- 6.34. The communication with employers has been agreed and distributed on 15th September, focusing on requirements for them to use the employer portal from go-live and providing the specification for their monthly uploads. Training is to be provided on the portal to all employers in order to guide and support them through onboarding and future processing.
- 6.35. The first of three member communications is being sent out to all members week commencing 15 September. This provides some general information regarding the move to LPPA and assurances that this will not affect their benefits in any way. The first comms also provides them access to a landing page on the member portal, ahead of asking them to sign up to this post go live.
- 6.36. The second communication is a reminder that administration will be switching to LPPA and the final will provide full details of portal registration along with future contact details.
- 6.37. A number of ad-hoc meetings in addition to those set out in this report take place as required to discuss issues in more depth and to ensure full coverage of all areas.

Appendices

Appendix 1 - Project Risk Register

Background documents

None

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Comments for the Director of Legal, Democratic and Electoral Services prepared by	Name: Georgia Lazari Title: Assistant Director of Legal and Governance. Email : georgia.lazari@hackney.gov.uk Tel: 0208 356 1369

Risk No.	Risk Description	Impact	Risk Owner Specifically	Residual Risk	Residual Risk	Residual Risk Rating (Likelihood x Impact)	Risk Status	Status Notes	Last Reviewed
R001	The risk that Civica do not sufficiently fulfil their requirements to enable the onboard by Oct 25	The project cannot be delivered successfully or on time	Seb Gordan Ian Cowl	3	4	12	Open	13/08 - no change 04/06 SG: Changed ownership to new PMs	10/9/2025
R002	The risk that Hackneys data quality is poor, increasing the number of manual intervention needed	Additional data cleansing is required before we can administer Hackney members	John Crowhurst	5	4	20	Open	27/08 expected to reduce following parallel run 13/08 - no change 04/06 SG: Overarching risk, given the issue of missing historical calcs from Compendia's DB this needs to go back up to at least 20 until the Options Paper measures mitigate further	10/9/2025
R003	The risk that LPPA is not sufficiently resourced to manage the volume of queries generated by the Hackney onboarding	The required onboarding activities cannot be undertaken	John Crowhurst Seb Gordan	2	4	8	Open	10/09 additional resource unlocked to deal with data migration. 13/08 - no change 09/07 SG: Going up from 8 to 12 for July and August, based on high-priority regulatory work (Valuation, McCloud) and staff on annual leave - to revisit late August 04/06 SG: Added "W/S leads allocated" to column N; noted that LPPA & Civica have resource risks documented (R001 & R003), do we need anything for EQ and Hackney?	10/9/2025
R004	Equiniti do not engage or provide LPPA with the required answers / data to onboard successfully	The project cannot be delivered successfully or on time	Seb Gordan Nicola Greenwood	2	4	8	Open	13/08 - no change 04/06 SG: No significant changes identified to date	10/9/2025
R005	LPPA do not fully identify all anticipated costs for the onboard	Additional costs passed on to a new Client - reputational damage	Abbi Leech	4	3	12	Open	27/08 Risk being mitigated by Ian (Civica/Seb (LPPA)). 13/08 Concern re CIVICA contingency remains along with potential further costs incurred if DC2a approved 23/07: continued concern regarding Civica contingency but no change to rating 09/07: Increasing from 9 to 12 as the risks from data quality and Civica contingency effort have gone up 04/06 SG: Suggested raising from 6 to 9, based on Options Paper and current pressure on Civica contingency	10/9/2025
R006	The onboard negatively impacts BAU performance for LPPA's existing Clients / Members	Existing Clients BAU SLAs are negatively impacted	John Crowhurst	2	4	8	Open	13/08 - no change 09/07 SG: To revisit in two weeks based on Civica's update regarding length of UPM downtime 04/06 SG: No significant changes identified to date	10/9/2025
R007	The EQ staff impacted by the onboard (TUPE) are disengaged, may leave, or may not align to the LPPA values	The staff could leave (pre exit), or be disengaged before even joining LPPA, resulting in limited Hackney knowledge being transferred to LPPA	Abbi Leech Nicky Greenwood Michael Honeysett	3	3	9	Open	13/08 - LPPA/EQ HR teams discussion regularly and 121 consultations with staff affected being arranged for September 09/07 SG: To revisit in 2 weeks based on the fifth's EQ colleague potential decision to retire 08/07 SG: For remaining staff in scope, the on-site session on 3rd July has mitigated further 08/07 SG: 4 staff members within Equinity have secured other roles, this is not seen as causing significant impact on LPPA 04/06 SG: To reassess after HR call scheduled for 06/06	10/9/2025
R008	Employers do not implement MR spec ahead of the onboard	Our data quality would be negatively impacted	Chris Batts Lucy Patchell	2	3	6	Open	13/08 - Comms to employers agreed re LPPA requirements in respect of monthly returns/payroll spec 25/06 SG: reviewed in project meeting - MR onboarding targets for employees have been agreed as part of engagement plan 04/06 SG: Current residual level might be higher, to assess with W/S lead once employer engagement starts ramping up	10/9/2025

Risk No.	Risk Description	Impact	Risk Owner Specifically	Residual	Residual Risk	Residual Risk Rating (Likelihood x Impact)	Risk Status	Status Notes	Last Reviewed
R009	Hackney / EQ do not currently have online self service portals	Low / no member or employer uptake	Chris Batts	2	3	6	Open	13/08 - Comms have now been agreed via comms workstreams providing details of portal and how to register 25/06 SG: reviewed in project meeting - this is eing covered through the engagement/communications plans 04/06 SG: This might need further definition, will pick up in the relevant W/S and take back to this forum later	10/9/2025
R010	LPPA has existing regulatory change obligations	Certain projects within the Portfolio could be at risk of missing deadlines	James Clarke	3	4	12	Closed	04/06 SG: LPPA has allocated PM & W/S leads, suggested in meeting we close and keep R003 as the overall LPPA resource risk - closing	23/7/2025
R011	Flow of services to LPPA (through LPFA)	If this agreement is not in place in good time, it will impact the go live dates	John Crowhurst Michael Honeysett	2	3	6	Open	13/08 - Agreement back with HPF Legal team for final review following receipt of responses fto queries from LPPA and the HPF. Hackney Legal been informed require sign-off for end Aug 23/07: Date for completion pushed back to Mid August following review by Hackney Legal team. 09/07 SG: Confirmation is needed from Hackney on their legal team review start date; Hackney are aiming for this to be completed in July 04/06 SG: Risk no longer on LPFA as they reviewed the draft; tweaked description slightly to reflect risk is of not completing the agreement in time by either or both parties	10/9/2025
R012	The historical calculations (CARE, PIP, etc.) not stored in the Compendia database will not be rebuilt in time for go-live for UPM to work - driven by issue I001	EQ advised in preparation for DC1 that there is certain data (McCloud and CARE) that they do not store within Compendia database. This will result in LPPA having to find a solution to retrospectively rebuild the historical calculations required in the UPM database via a different mechanism	Seb Gordan Ian Cowl	5	4	20	Open	27/08 - aim to reduce over follwing week given POC work 13/08 - overall; project status returned to green following succesaful testing of proof of concept for missing data recreation. uld for full production and evidence of validity now ongoing 04/06 SG: This is now the main driver of the overarching data risk - raising rating to 20 (given issue I002 and in line with R002). Tweaked columns E,F,N to reflect latest detail available. This changed overall project RAG status to Amber. The data rebuild will need to run in parallel within the next test data migration cycle, and might extend its timelines.	10/9/2025
R013	During the data extract and test migration / mapping exercise, exceptions might be identified where there are differences or gaps (linked to R012)	Some data might not be mapped into UPM correctly or may require intervention	Seb Gordan Ian Cowl	5	4	20	Open	27/08 aim to redcue following further PoC work/mapping 13/08 Following proof of concept, noe being built out for full production. Potential additional data cut DC2a being considered to provide additional assurance 04/06 SG: As per R012 (and linked to it)	10/9/2025
R014	As Equiniti's BAU resource on the Hackney account is reducing, there is a risk that this might have a negative impact on Hackney's service levels before migration and on LPPA's service backlog post migration	Reduced service levels for Hackney pre-migration Negative member & employer experience Increased effort for LPPA to clear backlog post-migration	Michael Honeysett Nicola Greenwood	5	4	20	Open	13/08 EQ advise No backlogs currently arising, therefore monthly calls not required at this stage - continue to monitor 23/07: MH confirmed wording and rating. 08/07 SG: Approximate wording added based on 25/06 project meeting - Michael to finalise/approve the wording and suggest risk ratings	10/9/2025
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Risk No.	Risk Description	Impact	Risk Owner Specifically	Residual Risk	Residual Risk	Residual Risk Rating (Likelihood x Impact)	Risk Status	Status Notes	Last Reviewed
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Title of Report	Quarterly Investment, Funding, Strategy Update
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public with Exempt Appendix 4
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources

1. **Introduction**

1.1. This report is an update on quarterly investment performance, responsible investment and investment strategy update across the following key areas since the last quarter:

- Economic Environment, Investment, Manager and Pool Performance
- LAPFF Quarterly Engagement Update
- RIWG September meeting Update
- Update on Fit for the Future Consolidation Update and Progress (Exempt)

2. **Recommendations**

2.1. **The Pensions Committee is recommended to:**

- **Note the Economic Environment, Investment Managers and Pool Investment Performance at 30 June 2025 (Appendix 1)**
- **Note the LAPFF Engagement Report Q1 (Appendix 2)**
- **Note the 3 September 2025 Responsible Investment Working Group (RIWG) Meeting (Appendix 3)**
- **Note the Update on the Fit for the Future (Exempt Appendix 4)**

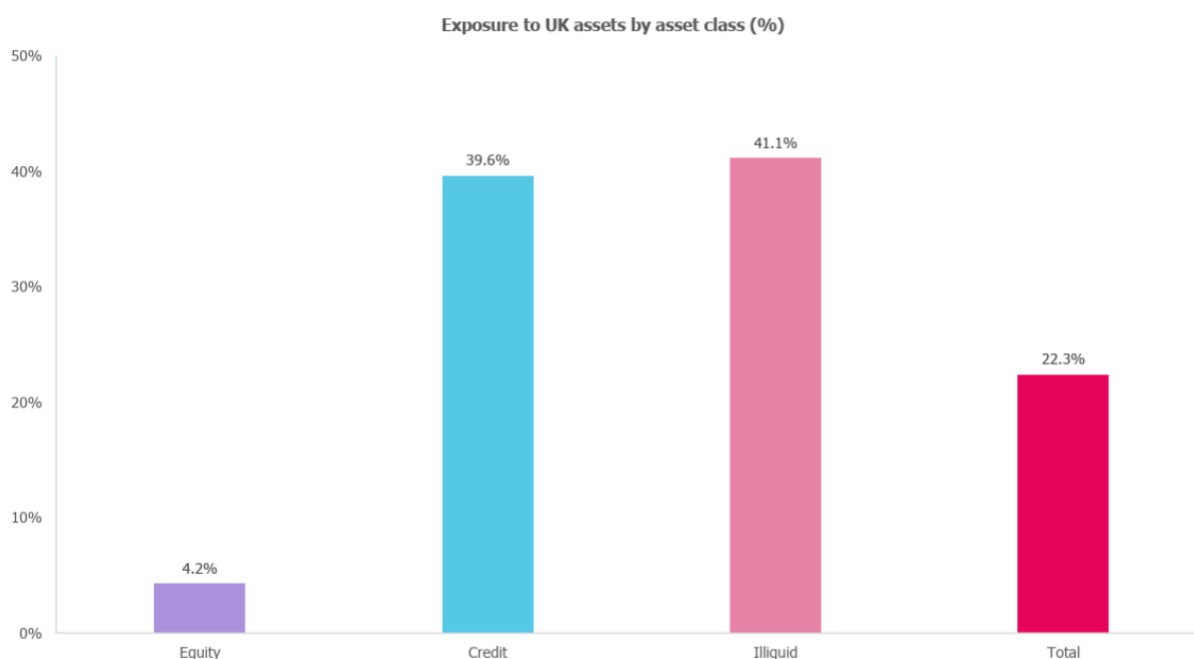
3. **Related Decisions**

3.1. 11 March 2025 Pensions Committee - Quarterly Investment, Funding, Strategy Update

3.2. 11 June 2025 Pensions Committee - Quarterly Investment, Funding, Strategy and TCFD Update.

4. **Exposure to UK Assets**

4.1 As at 30 June 2025, the Fund's exposure to UK assets was 22.3% representing c.£484.7m of the portfolio. Within the core asset classes, as show in the chart below. The Fund's equity investments had 4.2% exposure to UK assets, credit investments had 39.6%, and illiquid investments 41.1% respectively.



Source: Northern Trust's Q2 2025 report and investment managers. Please note that the data used for certain funds in this calculation is quarter-lagged.

5. **Investment and Manager Performance**

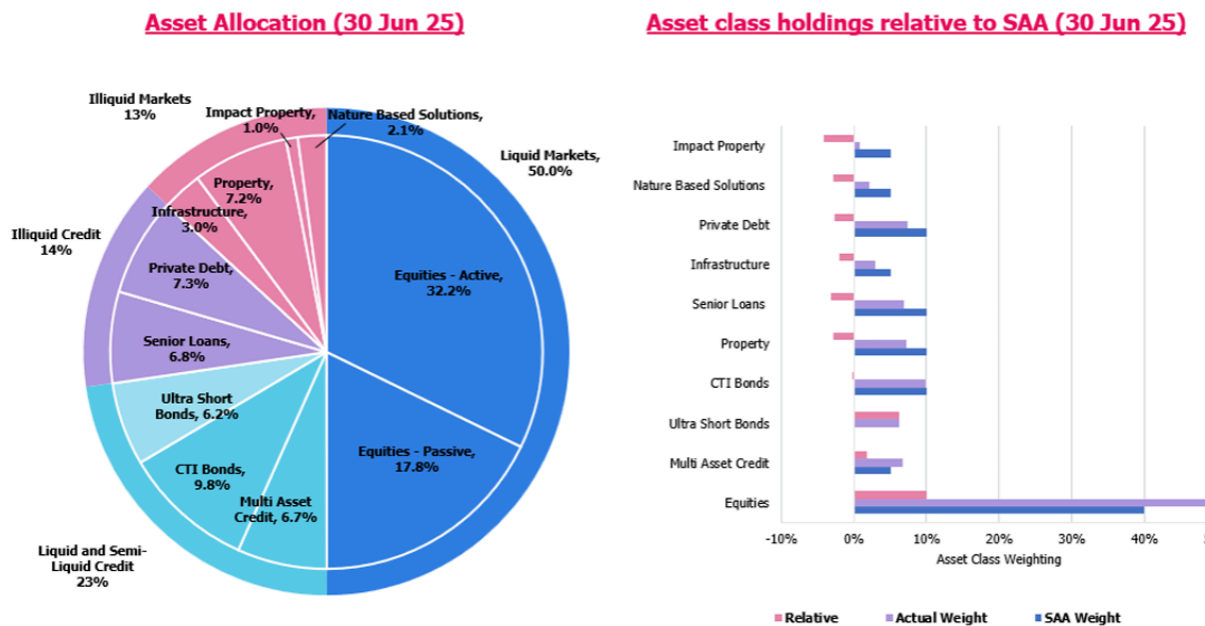
Market Summary

5.1 During the quarter, financial markets were marked by volatility, driven by geopolitical tensions and shifting US trade policy. The quarter began with a sharp sell-off following President Trump's 'Liberation Day' tariff announcements, but markets rebounded, and the US regained some lost ground as the US softened its stance and reached a preliminary deal with China, with the S&P 500 reaching new highs in June. In Europe and the UK, central banks cut rates to counteract trade-driven uncertainty and slowing growth, diverging from the US Federal Reserve's holding stance.

Investment performance update

- 5.2 Appendix 1 to this report provides a manager performance update from the Fund's Investment consultant, Redington, for the quarter to 30 June 2025. The Fund's return of 4.7% outperformed benchmark return by 1.3%, while the year to date performance of 6.8% also outperformed benchmark by 0.3%. On a 3 years to date basis, the fund's performance of 5.9% underperformed against benchmark by -0.9%.

The table below shows the actual asset allocation at 30 June 2025.



- 5.3 At the beginning of the quarter, the London Borough of Hackney Pension Fund had a value of £2,054.6m. The Fund value increased by £114.3m ending at £2,168.9m at 30 June 2025. The fund received capital call requests in respect of LCIV Nature Based Solutions.
- 5.4 LCIV reported net IRR of 3.9% since inception in the LCIV Renewable Infrastructure fund is lower than the investment objective. However LCIV say the fund remains on track to deliver yield post ramp-up period. There were a number of writeoffs in the BlackRock Global Renewable Power III fund.

LCIV Pooling Position

- 5.5 LCIV Pooling Position as of 30 June 2025, pooled assets stood at £35.5 billion, of which £17.8billion are in funds actively managed by Loncon CIV while £19.9bn is the total value of 'pooled' passive assets.

Report from the LCIV Client Relations Team

5.6 On 29 May, HM Treasury (HMT), the Department for Work and Pensions (DWP) and the Ministry of Housing, Communities and Local Government (MHCLG) published their final report on the Pensions Investment Review. The review confirmed the Government's intention to implement most of the consultation's proposals with very limited change. Most pertinently for the London LGPS community, in the short to medium term, the Government outlined the following:

- Minimum standards for asset pooling All LGPS assets be pooled by 31 March 2026, with limited exceptions for operational cash and directly held legacy assets.
- Strategic asset allocation decision-making will remain with Partner Funds, with a requirement for them to take their principal investment advice from their respective pool.
- The implementation of Partner Funds' investment strategy will be fully delegated to the pools.

Local investment

- In the case of London, both Partner Funds and London CIV should continue to work closely with the Mayor of London's Office, the GLA and other relevant parties to ensure collaboration on local growth plans.
- Partner Funds will be required to set out their approach to local investment, including setting a target range for local investment, in their Investment Strategy Statements. It will be the responsibility of the pools to report on the impact of local investments on an annual basis.

Governance Partner

- Funds will need to meet the SAB's good governance recommendations, which are set to be implemented, while Pools will need to meet FCA requirements.

Moving forward together

London CIV was established as a voluntary venture by its Partner Funds, and our commitment remains focused on our Partner Funds, who are also our Shareholders. This is and will remain an unchanging priority for London CIV.

The Government has reiterated its intention for all LGPS assets to be transferred to their respective pools by 31 March 2026. During the upcoming quarter, we will be working with each of our 32 Partner Funds to further build on the initial asset pooling transition plans. The main objective of the transition plans is to minimise disruption and costs. We aim to have these plans agreed upon by the end of September following a second round of transition plan meetings.

6. Responsible Investment Update

LAPFF Quarterly Engagement Report

6.1 The LAPFF Quarterly Engagement report (June 2025) is attached as (Appendix 2) to this report. The report sets out LAPFF's engagement activity over the Quarter in relation to environmental, social and governance issues.

6.2 Key engagement highlights during the quarter were:

- **Collaboration in Asia:** Q2 saw LAPFF participate in the '*Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue*' conference in Taipei. Whilst in Taiwan, LAPFF engaged with Foxconn, Vanguard International Semiconductor (VIS), and latterly Taiwan Semiconductor Manufacturing Co (TSMC) on a range of climate and social issues.
- **Water Stewardship in Mining:** Meetings with Glencore, Antofagasta, Anglo American, and Freeport-McMoRan focused on responsible water management in high-risk regions, TNFD adoption, and community engagement practices.
- **Energy Suppliers & Transition Risks:** LAPFF continued engagement with Drax on biomass sustainability and subsidy dependence, the Forum also continued dialogue with BP and Shell following pivots in strategy.
- **Luxury Goods & Human Rights:** Discussions with LVMH and Moncler on human rights due diligence, CSRD compliance, and supply chain risk management amid changing EU regulation.
- **CAHRAs & Heightened Human Rights Due Diligence:** Engagements with Lockheed Martin, Safran, Leonardo, and major banks on their practices in conflict-affected and high-risk areas.
- **Executive Pay Oversight:** Scrutiny of new remuneration packages at Standard Chartered and Intercontinental Hotels Group (IHG); focused on concerns are CEO pay ratios, alignment with stakeholder expectations, and pay governance.

3 September 2025 RIWG Meeting Update (Appendix 3)

6.3 A meeting of the RI Working Group (RIWG) took place on 3 September to support the Pensions Committee's work on responsible investing. Summary of the papers considered by RIWG during this meeting are presented as appendix 3.

- **Draft stewardship Code Submission:** The RIWG discussed and reviewed the updated Stewardship Code Report which is being finalised for submission for 31st October 2025. Discussion focused on feedback from the 2024 Stewardship Code Report and how the Fund has improved and developed its engagement efforts over the year.

- Draft Task Force on Climate-Related Financial Disclosures (TCFD) Report: RIWG reviewed the Fund's first draft TCFD report which is in the process of being finalised. RIWG discussed the different climate-related risks that the Fund may be exposed to. Additionally, reporting expectations were discussed, similarities and differences with LCIV's TCFD report highlighting the nuances and limitations of using metrics and data to report climate related risks.
- Voting Procurement Update: This details the start of the procurement process to procure a voting provider for the Fund's passive investments with BlackRock. The expected timeline and process was discussed, as well as the questions which providers will provide and be evaluated on.

Fit for the Future Update September 2025

6.4 In July, the Committee considered a detailed report on the Government response to the Fit for the Future Consultation as well as implications for the fund and Committee. The paper also considered the implications of the consultation across investment pooling, local investment and governance. Appendix 4 to this report builds on those discussions and looks to focus specifically on the transition to London CIV i.e. risk of transferring the Fund's legacy asset not under LCIV's management and post transition i.e. the risks of a single investment provider. (Exempt Appendix 4)

6.5 Conference dates

- PLSA Annual Conference 14-16 October 2025
[Register here](#)
- LAPFF Annual Conference 3- 5 December 2025
[Register here](#)

7. Comments of the Group Director Finance & Corporate Resources

7.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct financial 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.

7.2. 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.

8. Comments of the Director of Legal, Democratic and Electoral Services

8.1. 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 quasi 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.

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

Appendices

Appendix 1 - Investment Performance Report
Appendix 2 - LAPFF Quarterly Engagement Report
Appendix 3 - Update from Responsible Investment Working Group
Appendix 4 - Fit for the Future Update and Progress (EXEMPT)

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendix 4 to this report is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background documents

None

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Comments for the 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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Appendix 1



HOW ARE YOUR MANAGERS PERFORMING FOR YOU?

Q2 2025

London Borough of Hackney Pension Fund



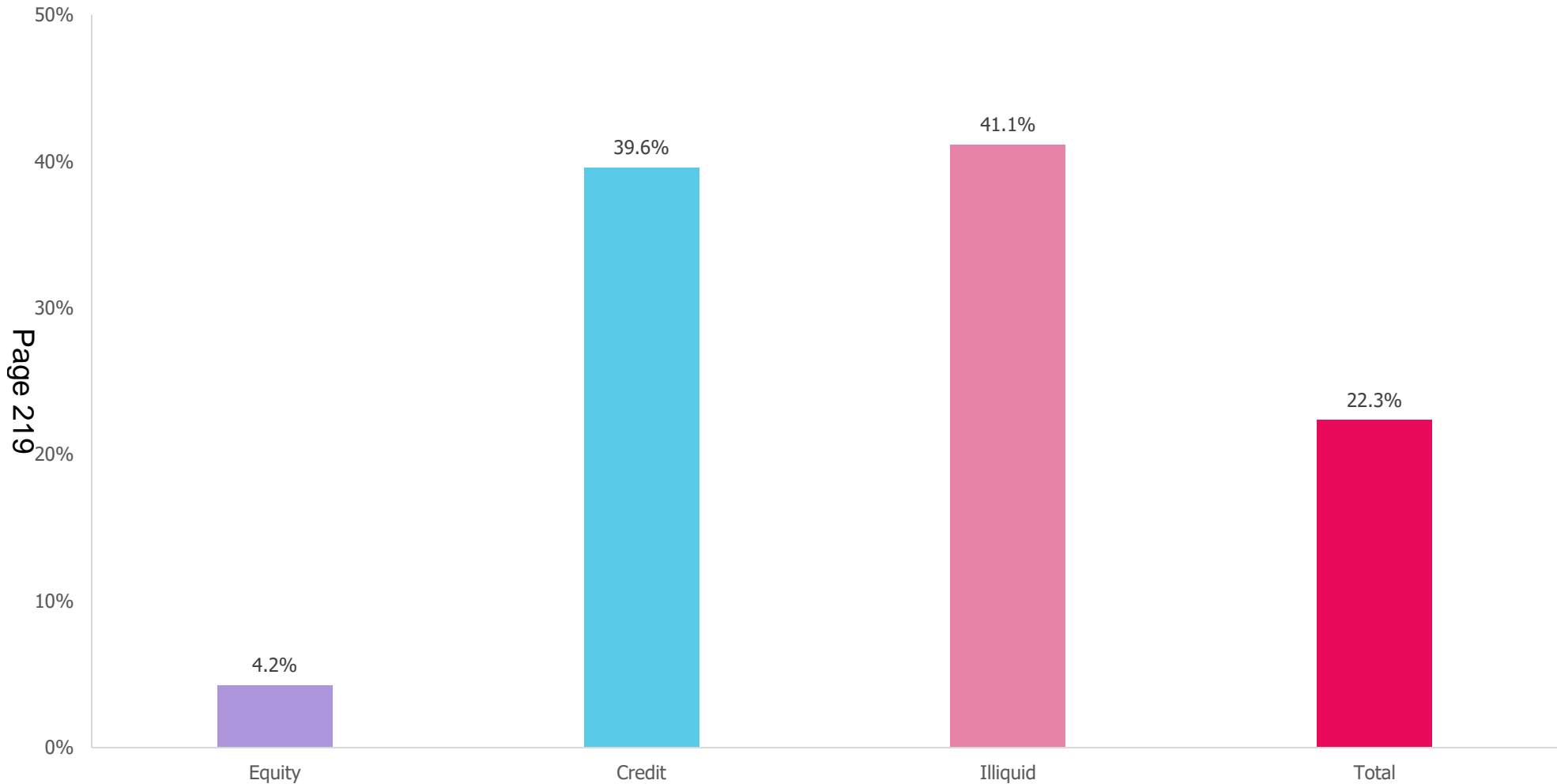
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Exposure to UK assets	3	Portfolio Performance vs Strategic Benchmark	9
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EXPOSURE TO UK ASSETS

As at 30 June 2025, the Fund's exposure to UK assets was 22.3%, representing c.£484.7m of the portfolio. Within the core assets classes, as shown below, the Fund's equity investments had 4.2% exposure to UK assets, credit investments had 39.6%, and illiquid investments 41.1%, respectively.

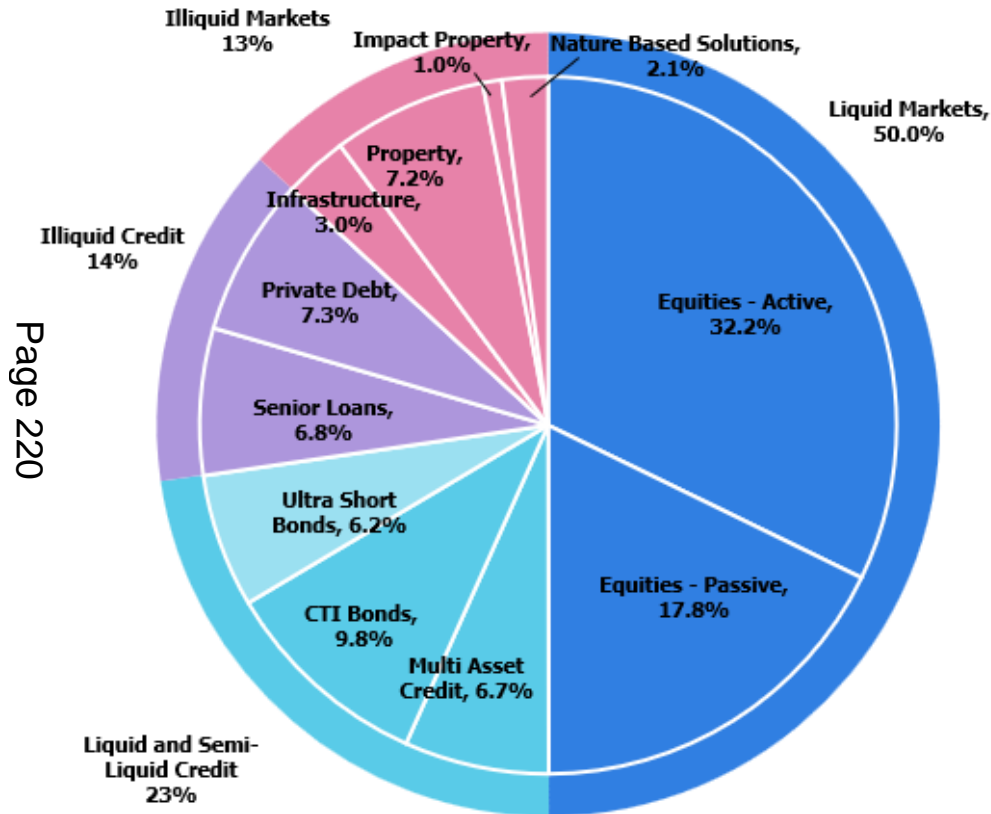
Exposure to UK assets by asset class (%)



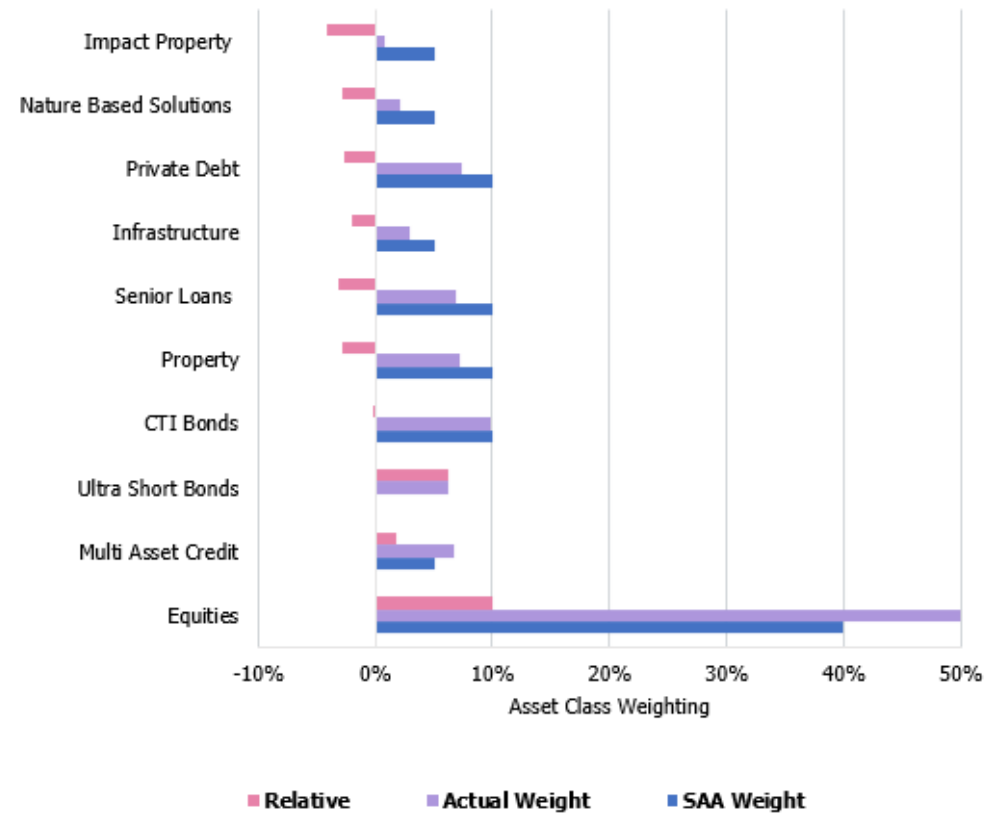
Source: Northern Trust's Q2 2025 report and investment managers. Please note that the data used for certain funds in this calculation is quarter-lagged.

CURRENT PORTFOLIO POSITION

Asset Allocation (30 Jun 25)



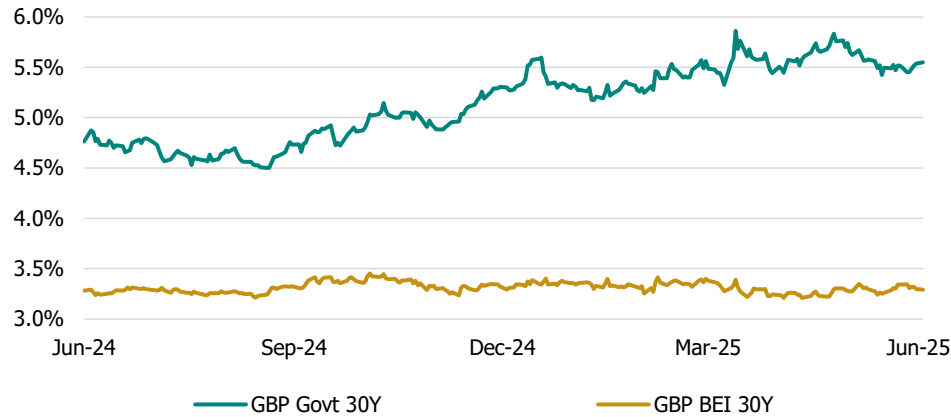
Asset class holdings relative to SAA (30 Jun 25)



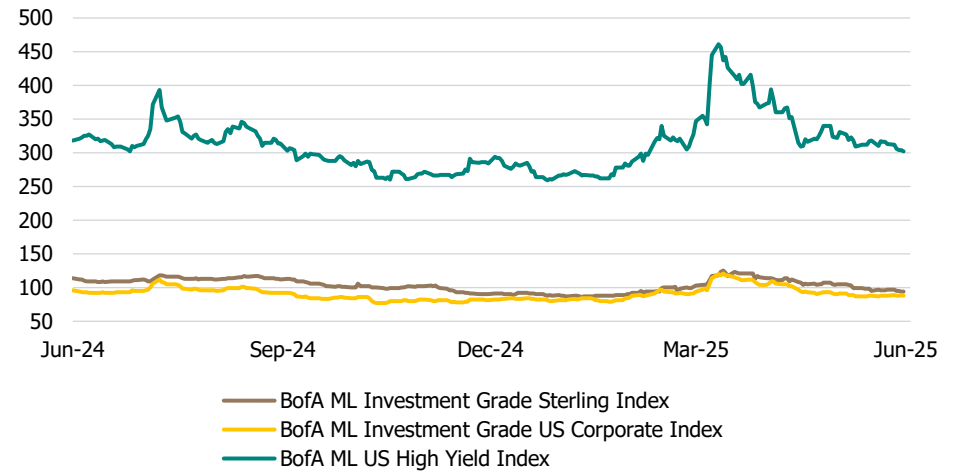
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WHAT HAS HAPPENED IN THE MARKETS?

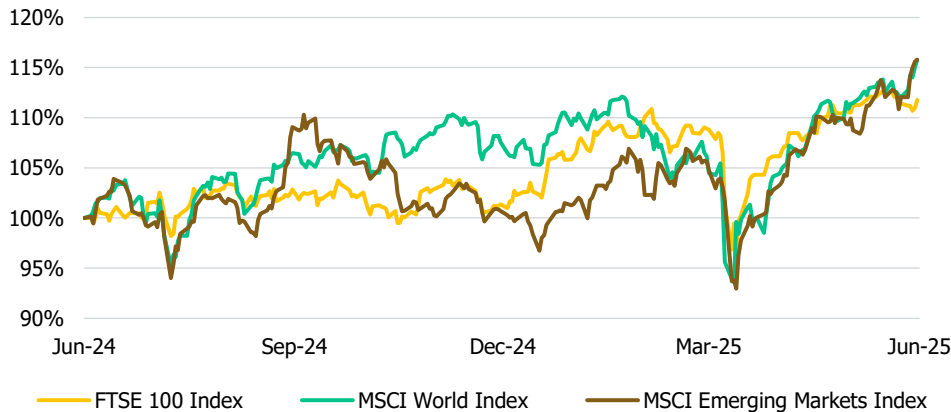
30-Yr Gilt Yield & 30-Yr Breakeven Inflation



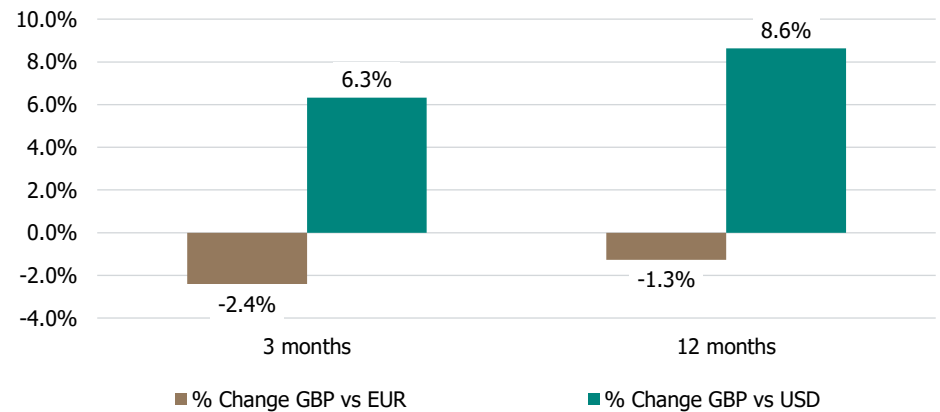
Credit Spreads (basis points)



Global Equity Markets



Currency Markets



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KEY TAKEAWAYS

Here is your Economic Review



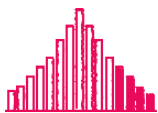
**Pete
Drewienkiewicz
(CIO)**

Financial markets in Q2 2025 were marked by volatility, driven by geopolitical tensions and shifting US trade policy. The quarter began with a sharp sell-off following President Trump's 'Liberation Day' tariff announcements, but markets rebounded, and the US regained some lost ground as the US softened its stance and reached a preliminary deal with China, with the S&P 500 reaching new highs in June. Meanwhile, tensions in the Middle East escalated as Israel and the US launched strikes on Iranian nuclear sites. Though oil briefly spiked above \$81/barrel, prices fell after a ceasefire, reflecting limited supply disruption. In Europe and the UK, central banks cut rates to counteract trade-driven uncertainty and slowing growth, diverging from the US Federal Reserve's holding stance. Separately, the 2025 Pension Schemes Bill was formally released in June, marking one of the biggest pension reform efforts in years.

Sustainable Investment Update

The Financial Reporting Council revised the UK Stewardship Code to emphasise long-term sustainable value, and the Government launched consultations on mandatory transition planning and UK Sustainability Reporting Standards. The EU postponed key sustainability regulations, including the Corporate Sustainability Reporting Directive by two years and the Corporate Sustainability Due Diligence Directive by one year. Additionally, ESG-related shareholder proposals globally dropped 34% amid a shifting political landscape and a rule change from the US Securities and Exchange Commission. Despite increasing investment into clean energy technologies, research indicates that the planet is on track to deplete its 1.5°C carbon budget within three years.

YOUR DEDICATED MANAGER RESEARCH TEAM COMMENTS



Nick Horsfall

Cash and Government Bonds

In Q2, the gilt market saw heightened volatility due to global and domestic pressures. 'Liberation Day' led to an unusual combination of riskier-asset sales (equities) alongside risk-off-asset sales (US Treasuries), fuelling a global market sell-off amid concerns over trade policy and fiscal conditions. Domestically, expectations of rate cuts were priced in, but persistent inflation, weak growth, and limited fiscal headroom pushed gilt yields higher. The UK Consumer Price Index (CPI) rose to 3.5% in April, its highest in 15 months, with forecasts suggesting similar levels of inflation in Q3 before easing towards the Bank of England's (BoE) 2% target. The BoE cut rates by 0.25% to 4.25% in May and held steady in June, signalling uncertainty around the pace of future cuts, though the overall direction remains downward. Despite material daily volatility (the largest one-day move in 30-year nominal gilt yields was a 0.27% increase in April), movement over the quarter was stable, with 30-year nominal yields flat and real yields up around 12bps.



Tristan Chapple

Liquid Markets (Equities)

Despite initial volatility from the US 'Liberation Day' tariff news, developed markets (DMs) posted solid gains. Tariff suspension restored investor confidence. US equities rose on strong Q1 earnings and renewed interest in the 'Magnificent 7' and broader tech. European sentiment improved as the European Central Bank cut rates twice (25bps each), with inflation easing from 2.2% to 1.9%. UK stocks advanced on upbeat earnings and stronger sentiment, and Japan rallied on better trade prospects and regulatory moves to boost shareholder returns. Emerging markets (EMs) also gained: a 90-day tariff pause signalled easing US-China tensions, and Taiwan and South Korea benefited from AI momentum and semiconductor demand. In terms of style performance, in DMs, Growth and Momentum styles led, while Value and Quality lagged. In EMs, Value and Momentum outperformed, while Quality trailed. Tech was the top-performing sector across regions; DMs saw energy as the weakest, while EMs lagged in the consumer sector. EM small caps outperformed large caps; in DMs, performance was similar across sizes.



Simone Tarozzi

Liquid Markets (Multi-Asset)

Risk assets rebounded sharply in Q2 after a volatile start triggered by Trump's 'Liberation Day' tariffs, which briefly sent equities and credit into a tailspin. The S&P 500 fell 12% in just 4 trading sessions while Treasury yields spiked, but sentiment recovered as tariffs were paused and a potential deal with China emerged. Over the quarter, equities rallied, led by mega-cap tech and emerging markets supported by a weaker dollar. Credit spreads, initially wider, tightened to end the quarter positively, with global investment grade credit a key beneficiary. A decline in oil prices – despite brief spikes from Middle East tensions – dragged on commodities, while precious metals offered some support. Meanwhile, government bonds delivered mixed returns as yields rose early before stabilising as volatility eased. Against this backdrop, our multi-asset managers posted positive returns across the board, with defensively positioned strategies lagging those tilted to momentum and quality. Trend-following strategies continued to struggle amid US policy uncertainty – which caused markets to whipsaw – and broken cross-asset correlations. Diversified risk premia performance was relatively subdued over the quarter, with each manager's trend and macro components detracting from the gains made by the equity-market-neutral component. Within the broader hedge fund space, equity-market-neutral and event-driven strategies led performance, while trend-following suffered the most.



Chris Bikos

Liquid & Semi-Liquid Credit

In Q2 2025, fixed income markets were characterised by extreme volatility. The Trump administration's tariffs introduced turbulence, reducing expectations about economic growth and modestly increasing the inflation outlook. In terms of geopolitics, rising conflict has added to global uncertainty. Despite the tragic circumstances, markets are decisively choosing to disregard the turmoil and maintain their forward momentum. Moving to central banks' policies, the US Federal Reserve maintained its policy rate unchanged at 4.50%. The European Central Bank (ECB) and the Bank of England lowered their rates by 0.50% and 0.25%, respectively. In credit, the spread widening on 'Liberation Day' proved short-lived. The postponement of tariffs until 9 July 2025 was enough to calm investors' nerves and push spreads to tighter levels than at the end of Q1. In terms of performance, high yield returns were strong, with the US outperforming Europe. In investment grade, sterling credit outperformed US and European across maturities. In emerging markets, local-currency sovereign debt was the top-performing asset class, followed by hard-currency sovereigns and emerging-market corporate debt. Emerging-market foreign exchange continued its gains as the world's reserve currency (the US dollar) further weakened because of fiscal pressure.



Tricia Ward

Illiquid Credit

Recent senior-secured private credit spreads for upper-mid-market deals remain buoyant at c.475bps. Levels of dry powder (cash-like reserves that are available for deployment when investment opportunities arise) continue to remain elevated at c.\$123bn as of Dec 2024 (source: Preqin), reflecting high deal selectivity within the asset class. Private credit default rates fell marginally over the quarter, from 2.7% in Q4 to 2.4% in Q1 (source: Proskauer), following trends in the broadly syndicated loan markets. During the first half of the year, we have continued to observe an evolution in private credit product offering, with managers increasingly launching evergreen fund structures to provide investors with additional flexibility. Whilst we continue to monitor such developments, we remain conscious of the wide variety of implementation routes available under the 'evergreen' umbrella label and place a high degree of emphasis on understanding the nuances as part of our research process.



Sarah Miller

Illiquid Markets

Infrastructure fundraising surged in the first half of 2025, reaching \$134bn – already surpassing the full-year 2024 total of \$111bn. With five major funds still raising capital, 2025 could exceed the 2021 record of \$194bn (source: Infrastructure Investor). There are other indications of an improving infrastructure market, with the proportion of funds achieving their target raise increasing in the first 6 months of the year to 33%, up from 7% over 2024. Despite the rollback of key clean energy incentives from the Inflation Reduction Act, the outlook for US renewables remains strong. Lazard's June 2025 Levelized Cost of Energy+ report confirms renewables are still the most cost-effective energy source, even without subsidies. Meanwhile, UK commercial real estate continues its steady growth, with rental values up 0.1% and capital values rising 0.2% in June, maintaining the positive trend seen throughout the first six months of the year (source: CBRE).

PORTFOLIO PERFORMANCE VS STRATEGIC BENCHMARK

Returns (%)	3 months	12 months	3 years (annualized)	5 years (annualized)
Total portfolio assets	4.7%	6.8%	5.9%	5.8%
Strategy Benchmark	3.5%	6.5%	6.8%	6.7%
Relative to Strategy Benchmark	1.3%	0.3%	-0.9%	-0.9%



Source: Northern Trust's Q2 2025 report

HOW HAVE YOUR MANAGERS PERFORMED FOR YOU?

Fund	Inception Date	Holdings Current £m	Holdings Previous £m	Since Inception Return (Annualised if >12m)			3 Year Return (Annualised)			12 Month Return			3 Month Return		
				Fund	Bench-mark	Excess	Fund	Bench-mark	Excess	Fund	Bench-mark	Excess	Fund	Bench-mark	Excess
Liquid Markets (Equities)															
BlackRock Low Carbon	Jun 2018	244.0	229.9	11.3%	10.4%	0.9%	14.1%	13.0%	1.1%	7.5%	7.2%	0.3%	6.1%	5.3%	0.9%
LCIV Emerging Market Equity Fund	Sep 2021	80.4	75.7	-1.4%	1.4%	-2.8%	4.3%	5.4%	-1.0%	6.0%	6.4%	-0.4%	6.2%	5.5%	0.8%
LCIV Global Alpha Growth Paris Aligned Fund	Sep 2021	252.3	230.1	0.7%	8.7%	-8.0%	10.6%	13.4%	-2.8%	7.1%	7.6%	-0.5%	9.6%	5.2%	4.4%
LCIV Sustainable Equity Fund	Jun 2018	365.9	343.6	9.0%	10.9%	-1.9%	8.2%	13.5%	-5.4%	5.7%	7.2%	-1.6%	6.5%	5.0%	1.5%
BlackRock World Equity	Jun 2018	141.4	129.2	11.3%	10.6%	0.8%	17.7%	16.4%	1.3%	14.4%	14.0%	0.3%	9.5%	9.3%	0.2%
Liquid & Semi-Liquid Credit															
BlackRock Short Bond	Feb 2019	134.4	141.7	2.4%	2.2%	0.2%	4.6%	4.3%	0.2%	5.0%	4.6%	0.4%	1.2%	1.0%	0.2%
Columbia Threadneedle Bonds	Sep 2003	212.7	208.5	4.0%	3.6%	0.4%	-2.8%	3.6%	-6.4%	0.0%	-0.8%	0.8%	2.0%	1.7%	0.3%
LCIV MAC Fund	Mar 2024	145.6	142.1	8.1%	9.4%	-1.3%	-	-	-	8.7%	9.3%	-0.6%	2.5%	2.2%	0.3%
Illiquid Credit															
Churchill Senior Loans	Dec 2018	56.8	59.5	6.8%	6.5%	0.3%	-	-	-	-	-	-	-	-	-
LCIV Private Debt Fund	Mar 2021	159.1	144.9	8.0%	7.0%	1.0%	-	-	-	-	-	-	-	-	-
Permira Senior Loans	Feb 2019	90.9	90.0	7.8%	7.0%	0.8%	-	-	-	-	-	-	-	-	-
Illiquid Markets															
LCIV Renewable Infrastructure Fund	Mar 2021	64.8	64.8	3.9%	8.5%	-4.6%	-	-	-	-	-	-	-	-	-
Columbia Threadneedle Pension Property (TPEN)	Mar 2004	155.4	153.6	3.7%	3.6%	0.1%	-3.5%	-4.2%	0.7%	6.6%	6.8%	-0.2%	1.2%	1.5%	-0.3%
LCIV Nature Based Solutions	Dec 2024	46.1	21.8	-	-	-	-	-	-	-	-	-	-	-	-
LCIV UK Housing Property Fund	Dec 2024	11.3	11.3	-	-	-	-	-	-	-	-	-	-	-	-
Resonance National Homelessness Property Fund 2	Jan 2025	7.9	7.9	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		2,168.9	2,054.6												

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.

Performance data for Churchill Senior Loans and Permira Senior Loans is sourced from the manager.

Please note that the valuation and since inception returns for Columbia Threadneedle Bonds are sourced from the manager.

Performance data for LCIV Private Debt Fund and LCIV Renewable Infrastructure Fund has been taken from the LCIV Q1 2025 Private Markets Investment Review.

Performance for Churchill Senior Loans, Permira Senior Loans, LCIV Private Debt Fund and LCIV Renewable Infrastructure Fund is reported on a quarter lag.

Due to the recent inception date, no performance is shown for the LCIV Nature Based Solutions Fund, LCIV UK Housing Property Fund and Resonance National Homelessness Property Fund 2.

YOUR FUND DETAILS AND COMMENTS

Fund	Inception Date	Commentary
Liquid Markets (Equities)		
BlackRock Low Carbon	Jun 2018	The fund delivered a return of 6.1% over the quarter, outperforming the benchmark by 0.9%.
LCIV Emerging Market Equity Fund	Sep 2021	The fund delivered a return of 6.2% over Q2 2025, outperforming the benchmark by 0.8%. Through the quarter within emerging markets, growth equities outperformed value stocks, which aided the fund's performance. Both stock selection and sector allocation contributed to performance, with financial services stocks showing particular strength. Despite this, stock selection within industrials detracted from returns, with Techtronic Industries, who are a large exporter to the US, detracting from returns due to concerns around tariffs. The overweight to information technology benefitted the Sub-fund, with TSMC being the largest contributor to performance as the firm capitalises on the surge in AI-driven demand. LCIV have stated they expect an additional manager to manage the fund from Q4 2024.
LCIV Global Alpha Growth Paris Aligned Fund	Sep 2021	The fund delivered a return of 9.6% over Q2 2025, outperforming the benchmark by 4.4%. Holdings in the IT and Communication Services contributed most significantly to the relative outperformance. At an individual stock level, the most significant contributors were Nvidia, Microsoft and Meta. Over the quarter, the manager increased the holding in Nvidia, marking the sixth addition to the portfolio since the initial investment in June 2023. LCIV noted that they are pleased to see strong short-term performance, but that long-term performance numbers remain an issue.
LCIV Sustainable Equity Fund	Jun 2018	The fund delivered a return of 6.5% over Q2 2025, outperforming the benchmark by 1.5%. Investor recognition of the increasing usage of AI tools contributed to returns. The fund's null weights in both Apple and Alphabet also proved beneficial to performance, as both have lagged in their adoption of AI. At the individual stock level, the three holdings which contributed most significantly to relative returns were Netflix, Microsoft and Intuit. LCIV noted that the next in-depth review of the strategy was scheduled for July.
BlackRock World Equity	Jun 2018	The fund delivered a return of 9.5% over Q2 2025, outperforming the benchmark by 0.2%
Liquid & Semi-Liquid Credit		
BlackRock Short Bond	Feb 2019	The fund delivered a return of 1.2% over Q2 2025, outperforming the benchmark by 0.2%. This mandate is being held temporarily to house the private market drawdowns.
Columbia Threadneedle Bonds	Sep 2003	The fund delivered a return of 2.0% over Q2 2025, outperforming the benchmark by 0.3%. Performance was primarily driven by the fund's exposure to relative value and directional interest rate strategies, whilst both sector and security selection in non-government securities also aided performance. Steeper yield curve positions in both the US and eurozone also contributed positively to performance.
LCIV MAC Fund	Mar 2024	The fund delivered a return of 2.5% over Q2 2025, outperforming the SONIA +4.5% p.a. performance comparator by 0.3%. Improved market sentiment by the end of the second quarter was supportive of the fund's high yield holdings – exposure to media, healthcare and technology companies in this space had the largest positive impact on returns. Emerging markets were the second largest contributor to overall performance, while senior secured loans were also additive. It was a mixed period for structured credit with US agency mortgage-backed securities dragging on returns. Portfolio defaults remain significantly below the broader sub-investment grade credit market, with the fund's managers favouring borrowers demonstrating strong fundamentals.

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Fund	Inception Date	Commentary
Illiquid Credit		
Churchill Senior Loans	Dec 2018	<p><i>This comment is written on a quarter lag.</i></p> <p>The since inception net internal rate of return reported by the manager as at Q1 2025 was 6.8%, with the fund having drawn c.96% of its commitments as at 31 March 2025. The fund is expected to wind up (i.e. have returned all capital) by 2029.</p>
LCIV Private Debt Fund	Mar 2021	<p><i>This comment is written on a quarter lag.</i></p> <p>Over Q1 2025, total fund NAV increased from £526.9m to £532.4m. This was driven by an unrealised gain, driven by underlying interest payments being paid and distributed to the fund. Over the quarter, the fund made no capital calls or distributions to investors.</p> <p>The fund's investment period ended in March 2025, and performance is now formally assessed against objectives. The since inception net internal rate of return is 8.0%, as at Q1 2025, which is towards the top end of the 6-8% target set.</p> <p>The fund has currently drawn 67% of its commitments and is now closed to new commitments given the investment period ended on 29th March 2025.</p>
Permira Senior Loans	Feb 2019	<p><i>This comment is written on a quarter lag.</i></p> <p>The since inception net internal rate of return reported by the manager as at Q1 2025 was 7.8%, with the fund having drawn c.87% of its commitments as at 30 June 2025. The fund is expected to wind up (i.e. have returned all capital) in 2027.</p>
Illiquid Markets		
LCIV Renewable Infrastructure Fund	Mar 2021	<p><i>This comment is written on a quarter lag.</i></p> <p>Over Q1 2025, fund NAV increased from £620.1m to £661.1m, driven primarily by capital calls totalling £33.2m across five underlying investments, plus a net unrealised gain of £7.9m. This unrealised gain primarily relates to three investments: Quinbrook Renewables Impact Fund, NextPower V and Copenhagen Infrastructure, with poor performance from Blackrock Global Renewable Power III offsetting this somewhat.</p> <p>With the fund's ramp up period ending during the quarter it is now be formally assessed against its investment objectives. LCIV report a net IRR of 3.9% since inception, lower than the investment objective. This said, the fund remains on track to deliver the expected yield post the ramp-up period, confirmed for Q2 2025 to be in line with the lower end of the objective.</p> <p>The fund is now 55% drawn on commitments.</p>
Columbia Threadneedle Pension Property (TPEN)	Mar 2004	<p>The fund delivered a return of 1.2% over Q2 2025, underperforming the benchmark by 0.3%.</p>

Fund	Inception Date	Commentary
LCIV Nature Based Solutions	Dec 2024	<p><i>This comment is written on a quarter lag.</i></p> <p>The fund has registered a total fund NAV of £59.2m as at Q1 2025. The increase in NAV was primarily driven by the fund's first capital call activity across two underlying investments; Manulife IM's Hancock Timberland and Farmland Fund, and JP Morgan's Campbell Global Forest Fund. The increase in NAV was offset by an unrealised loss of £5.8m, relating to underlying fund expenses and an FX loss.</p> <p>The fund initially set a target allocation of 45% to the JP Morgan Campbell Global Forest and Climate Solutions Fund II, 35% to Manulife Hancock Timberland and Farmland Fund and 20% to Gresham House Forest Fund VI. The fund is now fully committed over the three aforementioned investments, keeping in line with the allocations set.</p> <p>The fund's ramp-up period is expected to end in July 2028, at which time performance will be formally assessed.</p> <p>The fund has currently drawn c.22% of its commitments.</p>
LCIV UK Housing Property Fund	Dec 2024	<p><i>This comment is written on a quarter lag.</i></p> <p>Over Q1 2025, total fund NAV increased from £130.9m to £205.3m, driven primarily by drawdowns received from underlying investors to cover capital calls from Octopus, Savills IM and LGIM, which totalled £74.6m.</p> <p>The fund will invest in a range of different types of social and affordable housing funds. As at the end of Q1 2025, the Fund had committed c.£470m across five primary fund investments; CBRE UK AHF (c.£100m), Octopus AHF (c.£50m), Savills IM SAH (c.£75m), Man RI 3 (c.£100m) and L&G AHF (c.£100m); and a c.£44.8m secondary commitment to CBRE UK AHF.</p> <p>The fund's ramp-up period is expected to end in March 2027, at which time performance will be formally assessed.</p>
Resonance National Homelessness Property Fund 2	Jan 2025	<p>Hackney Pension Fund has committed £20m to this fund. The fund held its final close in February 2025 and raised a total of £174m.</p> <p>As at 30th June, the fund had total ownership of c.448 properties, 407 of which are already tenanted. During the quarter, the fund completed on 10 properties, all of which are now in the 'refurbishment stage'.</p>

APPENDIX

Asset Class Groupings



Cash and Government Bonds

- 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.

These are the benchmarks we compare your investments against

Fund	Benchmark
Liquid Markets (Equities)	
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)
LCIV Sustainable Equity Fund	MSCI World (GBP) (TR Net)
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP
Liquid & Semi-Liquid Credit	
BlackRock Short Bond	3-month SONIA
Columbia Threadneedle Bonds	Bond Composite
LCIV MAC Fund	SONIA + 4.5%
Illiquid Credit	
Churchill Senior Loans	IRR (net of fees) of 6-7%
LCIV Private Debt Fund	IRR (net of fees) of 6-8%
Permira Senior Loans	IRR (net of fees) of 6-8%
Illiquid Markets	
LCIV Renewable Infrastructure Fund	IRR (net of fees) of 7-10%
Columbia Threadneedle Pension Property (TPEN)	N/A
LCIV Nature Based Solutions	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index
LCIV UK Housing Property Fund	N/A
Resonance National Homelessness Property Fund 2	N/A

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Quarterly
Engagement
Report

April-June
2025



Collaboration in Asia • Water Stewardship in the Mining Sector • Energy Suppliers

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Councillor Doug McMurdo meets Taiwan's Deputy Secretary-General to the President

COLLABORATION IN ASIA

LAPFF is a member of Asia Research and Engagement (ARE), an organisation that facilitates investor engagement and research on climate, governance, and sustainability in Asia. As a member of ARE, LAPFF had the opportunity to participate in the 'Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, hosted in Taipei, Taiwan, in April 2025. The conference facilitated engagement with some of LAPFF's most significant investee companies in the region as well as provided insights into Taiwan's sustainability landscape. The trip included direct engagements with several Taiwanese companies and organisations across the energy, semiconductor, and finance sectors.

Taiwan is undergoing a major transition towards a lower-carbon economy.

In 2023, the government passed the Climate Change Response Act, setting a legally binding 2050 net zero target and introducing measures such as a carbon fee and mandatory ESG disclosures for all listed companies by 2025. Ambitious targets have been set to phase out coal and increase renewables to 30% of the energy mix by 2030, supported by significant investment in grid resilience and energy storage. Taiwan now ranks among the global leaders in offshore wind capacity and is expanding solar and battery storage rapidly. However, challenges remain, particularly around grid bottlenecks, energy security, and ensuring sufficient renewable capacity to meet the soaring demand from Taiwan's critical high-tech sectors.

Regulatory momentum on ESG reporting and green finance is also building. The Financial Supervisory Commission has introduced climate risk disclosure guidelines for banks, and a growing sustainable bond market is helping to finance clean energy projects. However,

issues with data quality, Scope 3 emissions reporting, and capacity constraints in auditing ESG data remain common.

LAPFF had the opportunity to engage with Hon Hai Precision (aka Foxconn), and Vanguard International Semiconductor (VIS) while in Taipei.

Foxconn, one of the world's largest electronics manufacturers, is a significant employer and a critical player in global technology supply chains. The company has faced scrutiny over labour issues in its Chinese factories but remains central to Taiwan's economy.

LAPFF delegates met with Foxconn's Chief Human Resources Officer at the company's Taipei headquarters. Discussions focused on Foxconn's transformation into a technology platform provider, with strategic focuses including AI, electric vehicles, and digital health. The company shared its ESG strategy, which is overseen by a board-level committee and underpinned by 32 targets to 2035, alongside a commitment to use 100% renewable electricity and Science Based

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Targets initiative (SBTi) commitments.

Delegates raised questions regarding board independence, labour standards across supply chains, and ESG-linked remuneration. Foxconn outlined ongoing governance reforms, including a rotating CEO system and enhanced board-level engagement on sustainability. Delegates also discussed the company's global production shifts and its efforts to improve supply chain transparency and labour practices.

Vanguard International Semiconductor (VIS) is a major Taiwanese semiconductor foundry, producing power management and energy-efficient technologies for sectors including consumer electronics and electric vehicles.

In the meeting with VIS, delegates questioned how the company is managing climate-related risks and driving sustainability within its operations and value chain. VIS has committed to net zero by 2050, with interim targets of a 45% reduction in GHG emissions by 2030 and full RE100 alignment by 2040.

VIS acknowledged challenges in accessing local renewable energy and managing rising energy costs but reiterated its commitments. On Scope 3 emissions, VIS shared plans to enhance supplier engagement and verification processes, while also addressing water risk through recycling and efficiency investments in response to Taiwan's growing exposure to drought events.

LAPFF's week in Taiwan laid the foundation for a meeting with Taiwan Semiconductor Manufacturing Co (TSMC) after the conclusion of the ARE conference. TSMC is Taiwan's largest listed company and the world's largest producer of semiconductors. It is also one of LAPFF's most widely held companies. Semiconductors are essential to the global economy, powering everything from smartphones and data centres to electric vehicles and renewable energy systems. They underpin modern communications, automation, and medical technologies. As digitalisation and electrification accelerate, semiconductors are increasingly critical for enabling innovation, driving economic growth, and supporting the net zero transition.

In the meeting with TSMC, the company reaffirmed its targets of sourcing 60% of its energy from renewable sources by 2030 and 100% by 2040 for global operations. It remains Taiwan's



Councillor McMurdo speaks about LAPFF's engagement with banks in Europe

largest driver of renewable energy market development and a critical advocate for accelerating national deployment.

TSMC representatives expressed confidence in the government delivering sufficient renewable energy supply but were less forthcoming on how intermittency, grid inertia, and market structure challenges will be addressed.

On Scope 3 emissions, TSMC has raised its supplier target to a 50% reduction by 2030, with 50 key suppliers now committed to RE100 (or RE85 in Taiwan). While progress is evident, LAPFF sees further engagement potential to push for deeper transparency and broader supplier coverage, given TSMC's vast supply chain footprint.

Water risk was also discussed, with TSMC targeting a 60% recycled water replacement rate by 2030 following major investments after the drought and island-wide water shortage Taiwan suffered in early 2023. Governance disclosures and ESG accountability at the board level show progress, but room remains to strengthen board ownership and transparency on ESG linked compensation.

As part of the Forum's engagement with ARE, this quarter LAPFF also joined a meeting with Bank Rakyat Indonesia (BRI). LAPFF focused questions on the bank's climate strategy, particularly its net zero by 2050 commitment. LAPFF sought midterm 2030 targets for finance emissions and requested clarification on

how additional sectoral decarbonisation pathways would be prioritised beyond the existing four (pulp & paper, commercial real estate, power generation, and project finance).

LAPFF also probed the company's oil & gas financing policy, querying whether restrictions on non-conventional oil and gas would extend to full exclusion. Additional questions addressed BRI's approach to coal financing, SME lending emissions and its engagement with high-emitting clients.

LAPFF's collaborative work in Asia has proven successful. The Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, and the accompanying in-person meetings, have given the Forum multiple opportunities to engage key players in a variety of sectors relative to the energy transition in APAC. The finance sector has been a key area where LAPFF has seen improvements, with financial institutions across Asia broadly setting more stringent targets for their financed emissions and building out their climate strategies in more depth. Despite major advances, some companies remain limited by regulatory constraints from either local government, or the governments of the regions in which they are investing. The region represents both a sizeable share of LAPFF holdings and a strategic focus area for deeper continued engagement.

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WATER STEWARDSHIP: MINING SECTOR

Objective: Water scarcity is emerging as one of the most pressing global challenges, with the World Economic Forum’s Global Risks Report 2025 listing “natural resource shortages” (which includes freshwater scarcity) among the most severe risks for the next ten years. Separately, the United Nations warns that the world could face a 40% shortfall in water supply by 2030, driven by population growth, climate change, and unsustainable consumption. In this context, water stewardship has become a critical aspect of responsible business, particularly for sectors, such as mining and agriculture, which operate in water-intensive and water-stressed environments.

Effective water stewardship involves not only reducing consumption and preventing pollution, but also understanding and managing water-related risks, impacts, and dependencies. LAPFF, investor groups and stakeholders alike,

are increasingly calling for companies to demonstrate robust water governance, water transparency, and alignment with global frameworks such as Sustainable Development Goal 6 (Clean Water and Sanitation) and the Valuing Water Finance Initiative (VWFI) principles, of which LAPFF is a signatory.

LAPFF encourages mining companies to integrate comprehensive water stewardship and human rights due diligence into their corporate strategies and risk management frameworks. In Q2, LAPFF engaged with mining companies, Glencore, Antofagasta and Anglo American, companies with which the Forum have a long history of dialogue. Discussions centred on each company’s water stewardship practices, including the energy requirements for sustainable water management, and the prevalence of community water-related issues at mining operations.

Glencore

Achieved: LAPFF continued its engagement with Glencore on the topic of water, which was raised last in a 2023 meeting with the company’s Chair,

Mr Kalidas Madhavpeddi. Since 2023, Glencore has made moderate progress in its water stewardship activities. The company has advanced its understanding and monitoring of water-related risks through the implementation of a Geographic Information System (GIS) that integrates over 50 data layers to more effectively track water quantity and quality. The company has also begun integrating external frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD)’s LEAP Approach (Locate, Evaluate, Assess, Prepare) to conduct site-specific water assessments and identify gaps in nature monitoring and maintenance across its operations. While independent water assessments are still developing, the company has introduced participatory water monitoring involving local communities in several areas. The full scope and impact of these projects is not yet clear. As such, LAPFF will be following the development and progress of these initiatives.

Engagement with Glencore highlighted that the company is improving its understanding of climate and nature-related risks, aided by technologies and tools like Google Earth and permit mapping. Yet,



Sora Molino area, in the vicinity of Porco, Bolivia. This area is deserted by its inhabitants because of the lack of water and the environmental contamination linked to the mining activities. **Page 236** Work in cooperative mining in Cerro de Porco, Potosí, dependent on the company Illapa, the same supervision of the Glencore group

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problems including legacy issues, shifting mine boundaries, and overlapping with sensitive areas continue to pose significant risks. The company highlighted its internal audits and whistleblower mechanisms that help enforce nature policy compliance. They noted the company is also making long-term investments, such as a joint desalination project with Anglo American, to ensure water availability in stressed regions. It is important to note, however, that these initiatives are still in early stages.

In Progress: Despite many advances, several key aspects of the company's water stewardship approach remain under development. LAPFF notes that group-level water targets and consistent historical data are still lacking. Both are essential for consistent benchmarking and accountability across its global operations. While Glencore's decentralised approach allows for context-specific water strategies, the lack of a global standard across jurisdictions may hinder consistent implementation, particularly in aligning with global frameworks such as Sustainable Development Goal (SDG) 6 - Clean Water and Sanitation, and the Valuing Water Finance Initiative (VWFI) principles and expectations. and the Valuing Water Finance Initiative principles.

While the adoption of the TNFD LEAP framework and participatory community monitoring represent positive steps, comprehensive and independent water assessments at mine sites are still evolving and not yet implemented universally. Through the engagement, the company acknowledged an increase in fines related to water issues in 2024, although it attributes this increase primarily to historic problems and incidents which have since been rectified.

LAPFF will continue to engage with Glencore on these issues and welcomes the scheduled meeting with Chair, Kalidas Madhavpeddi in London in October to further discuss governance and sustainability oversight.

Antofagasta

Achieved: LAPFF met with Iván Arriagada, CEO of Chilean mining company Antofagasta, who outlined the steps the group has taken to

incorporate water sustainability into its operations. The discussion highlighted the critical role of copper (Antofagasta's primary mined raw material) in the global energy transition, as well as the group's awareness of the environmental challenges associated with operating in Chile's desert regions, some of the driest areas on Earth.

A key development has been the increased use of seawater (as opposed to freshwater) in its mining processes, the result of increased desalination capacity. Some of Antofagasta's operations now report using up to 90% seawater, reducing reliance on freshwater sources. At its Zaldívar mine, Antofagasta has stated its intention to fully transition to seawater or recycled water by 2028. The company is also investing in infrastructure to support this shift, including the expansion of a desalination plant at its Los Pelambres mine. This is expected to meet 90% of the site's water requirements.

Given the energy intensity of desalination processes associated with seawater use, LAPFF questioned the impact of increasing desalination on the company's decarbonisation strategy. Antofagasta detailed that while Chile's national grid is approximately 67% powered by renewable energy, the company's own operations run on 99% renewable energy. This higher percentage is the result of Antofagasta's energy procurement strategy, which involves securing long-term power purchase agreements specifically tied to renewable energy sources. These contracts effectively ensure that the electricity supplied to its operations comes predominantly from renewable generation, even though the overall grid mix includes non-renewable sources. Mr Arriagada highlighted that Chile's strong renewables market puts Antofagasta in an advantageous position to secure cheap clean power and avoid fossil fuel risks.

Antofagasta has also adopted the use of thickened tailings (meaning tailings that are made up of up to 65% solids) which supports water recovery efforts and helps to reduce evaporation.

In Progress: While Antofagasta has made certain advancements in its water stewardship practices, LAPFF identified areas where further development and clarity would be beneficial. In the meeting, the company referred to a dedicated water stewardship unit which

oversees group-wide water efficiency and recirculation efforts. However, there is limited publicly available information detailing this unit's structure, scope of responsibilities, or reported outcomes. LAPFF would like to see greater transparency in this area as a means of supporting a more complete assessment of governance and accountability practices. In relation to water impact assessments, Antofagasta has not yet provided detailed disclosures outlining the methodology of its evaluations. LAPFF will continue to engage with Antofagasta as it continues to develop its water management approach and move towards its targets.

Anglo American

Achieved: LAPFF has engaged extensively with Anglo American since 2019, particularly concerning human rights and the company's environmental performance. Anglo American has made tangible progress in managing its freshwater use, notably through the development of desalination infrastructure at its Los Bronces mine in Chile. Engagement with the company highlighted this initiative as central to the company's target to reduce freshwater extraction by 50% by 2030, using a 2015 baseline. LAPFF notes the company has currently achieved a 27% reduction.

In response to LAPFF's concerns about the absence of short-term targets, Anglo American confirmed that interim water-related goals are embedded within executive remuneration structures and disclosed through remuneration reporting, reflecting a degree of internal accountability. LAPFF also raised questions regarding regulatory findings at Los Bronces, where seepage from the Donoso waste-rock dump and the Las Tórtolas tailings facility triggered contamination concerns. Anglo American acknowledged this as a common issue in mining operations. It was explained that although the company had agreed to implement dilution wells to mitigate the impact of seepage, it missed key milestones in the system's rollout. This resulted in a notification of non-compliance by the regulatory body in Chile. The company must now file a revised remediation plan or face fines of up to CLP 17 billion (about US \$17 million/£13 million). It notes that at another tailing dam, the El Torito

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tailings dam in Chile, it is already using hydrogeological modelling and a seepage interception system. It also has additional measures to dilute residual sulphate to keep downstream concentrations within limits.

Anglo American highlighted its commitment to nature and its goal to achieve a net-positive impact on nature by 2030. However, the company acknowledged and spoke at length about the challenges in measuring nature-related impacts and noted that its reporting in this area remains largely narrative rather than quantitative to capture the full extent of the work being done. Similar to peers such as Glencore and Antofagasta, Anglo American is adopting the TNFD LEAP framework and was one of the pilot companies for the framework through its Kumba Iron Ore subsidiary.

In Progress: LAPFF continues to urge Anglo American to provide clearer disclosure of its water-risk mapping and assessment methods. The Forum will watch closely as the company revises and implements the Los Bronces seepage-remediation plan, with the key aim of preventing further pollution and avoiding the potential £13 million fine. LAPFF will also be reviewing the future freshwater-reduction milestones within remuneration reports to assess progress toward the 50% target. It will also monitor the rollout of qualitative and quantitative nature-related metrics.

Freeport-McMoRan

Achieved: In its meeting with Freeport-McMoRan (FCX), LAPFF raised concerns around target-setting, environmental practices, and executive governance.

While the Forum welcomed FCX's detailed reporting, it questioned the lack of clear, global metrics, particularly on water stewardship, environmental impact, and human rights. LAPFF stressed the need for consistent, measurable targets at the corporate level to enable accountability and alignment with long-term investor expectations. FCX acknowledged the importance of such metrics but highlighted challenges in setting global targets due to the diversity of operational contexts, emphasising instead the use of site-specific objectives. The company noted it is actively exploring how to develop meaningful and

achievable global targets.

The meeting also focused on environmental concerns surrounding tailings management at the Grasberg mine in Papua, Indonesia. This mine is operated by PT Freeport Indonesia (PTFI), which is a joint venture between FCX and the Indonesian government. At this mine, the company uses riverine tailings disposal, discharging waste minerals directly into the Ajkwa River system. This is an internationally controversial tailing management practice which dumps as much as 200,000 tonnes of mine waste in the river daily, impacting downstream ecosystems and raising serious concerns from environmental groups, local communities, and human rights observers. The Forum raised questions about the environmental and human rights implications of this method. FCX responded that site-specific factors such as heavy rainfall, seismic risk, and terrain make conventional storage unsafe, and outlined ongoing community engagement, daily stakeholder interaction, and restoration efforts including mangrove replanting. The company also noted it has conducted a Human Rights Saliency Assessment and follows the Voluntary Principles.

On governance, LAPFF welcomed the formal separation of the CEO and Chair roles in 2024, with Kathleen Quirk appointed CEO and Richard Adkerson transitioning to a non-executive role. The Forum questioned the independence of a board member with 19 years of service, but FCX defended its approach, citing sector norms and the value of institutional knowledge and continuity.

The Forum also explored FCX's approach to water efficiency innovation, where the company is investing in metal leaching from existing stockpiles. This process significantly reduces water use compared to traditional mining and allows for the recovery of metals from already-extracted material, presenting a more sustainable operational model.

In Progress: The Forum encouraged FCX to consider how setting global targets that are adaptable to local contexts, could strengthen stakeholder confidence and enhance the credibility of its sustainability commitments. While FCX reiterated its preference for site-specific objectives, it acknowledged that the development of meaningful global targets remains under active consideration.

On environmental concerns, LAPFF and FCX have initiated dialogue on the use of riverine tailings disposal at its Grasberg mine in Indonesia. FCX explained that site-specific constraints make conventional tailings storage methods unsafe and unfeasible. LAPFF urged the company to continue exploring alternative disposal methods that better protect water systems and affected communities. FCX highlighted its ongoing local community engagement, regular environmental monitoring, and reforestation initiatives, including mangrove restoration.

The Forum also discussed FCX's investment in water-efficient innovation, particularly its use of metal leaching from existing stockpiles. This process allows for the recovery of metals from previously mined material while significantly reducing water usage compared to traditional mining. LAPFF recognised the potential of this operational model and will continue monitoring the company's progress across these key focus areas.

The Forum values continued transparency and meaningful action and will maintain ongoing engagement with FCX on the issues discussed.

ENERGY SUPPLIERS

Drax Group plc

Objective: Drax's Selby power station, in North Yorkshire is the UK's largest single emitter of carbon dioxide emissions. The plant generates electricity by burning wood pellets, called "biomass", sourced mainly from forests in North America.

LAPFF has monitored Drax for several years. Drawing on its own research and public reporting, the Forum believes the company's business model faces significant challenges. The main challenges among these are the company's reliance on renewable-energy subsidies worth over £500 million a year (more than the group's total pre-tax profit) which are due to expire in 2027. Government policy on any replacement support beyond 2027 has yet to be finalised, leaving a material uncertainty over future revenues.

The UK government's current position, which was set out during the 2 June 2025

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Ruhr Oel petroleum refineries in Gelsenkirchen, Scholven, NRW, Germany

committee debate that approved new subsidy regulations, centres on an agreement under which Drax would generate only when the grid, and therefore consumers, genuinely need it. When renewable power is abundant, Drax will not generate, and consumers will benefit from cheaper wind and solar instead. That means that Drax will only be supported to operate less than half as often as it currently does.

The new deal would cut Drax's subsidy payments by half, trimming almost £6 from the average household bill and saving consumers about £170 million a year versus securing the same capacity from gas fired plants. It also imposes stricter sustainability requirements and establishes an independent adviser to keep biomass standards aligned with emerging science.

However, the government recognises the remaining concerns about the use of unabated biomass. The current proposed solution is not a long-term solution. The next time these decisions are made, in four years' time, there is the impression that the government does not want to be

left to face the same challenging circumstances. They therefore plan to carry out the necessary work to build strong and credible low-carbon alternatives, so that the government has improved options.

The question of "unabated" biomass remains critical. The government has not approved Drax's proposal to add bio-energy carbon capture and storage (BECCS), which would entail a fresh, 25-year subsidy and significant extra cost. Also, beyond carbon, other environmental concerns persist, notably the security of imported wood pellet supply and potential biodiversity impacts of pellet use.

Achieved: Since meeting with the Drax Senior Non-Executive Director in December 2024, LAPFF attended the Annual General Meeting on 1 May. The following question was asked by the LAPFF vice-chair Cllr Chapman:

"I note that the expenditure on carbon capture and storage has been halted. Also, Drax's role as a base load operator will change to dispatchable supply. My question is whether CCS can work on a dispatchable power plant, given the CCS

process will lag demand. i.e. CCS would need to still run when the plant is off."

The Chair answered that the agreement with the government for the subsidy extension to 2031 does not cover CCS. If CCS comes to fruition, it will be a different deal, and he stressed the need for capital discipline. The meeting was halted shortly afterwards due to internal demonstrators.

In Progress: Further to the AGM, LAPFF has been offered a follow-up meeting with the company. The issues concerning the post-2027 subsidy arrangements (which have been passed as secondary legislation) include transparency in sourcing and will be raised in the forthcoming meeting with the company

BP & Shell

Objective: Both BP and Shell have retreated from transition towards renewables. During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of

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decarbonisation based on existing business models, to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will be reduced in aggregate terms; and that demand will be met by the lowest cost producers.

Renewable power generation (especially solar) can operate on a decentralised and localised basis. Scale is not a necessity. Oil and gas production and distribution in contrast is highly centralised, and scale has been a necessity.

With there being no shortage of investment in renewables into, and then from, the power generation sector then there is arguably no need for capital gathering and investment to be intermediated by the large-scale oil and gas sector.

Renewable power is now a disruptive technology (capable of being delivered without subsidy). Russia's invasion of Ukraine has further sharpened the focus of governments and energy dependent businesses on renewables, reducing reliance on fossil fuels based on energy security and price volatility concerns. Decarbonisation incentives align with the established power generation sector, which is expanding renewable capacity and promoting electrification, through heat pumps, EVs and similar technologies, to lift electricity demand. These moves position renewables to compete even more effectively against fossil fuel power. The same cannot be said for the oil and gas sector, where investment in renewables means competing with itself - the fossil fuel business.

There now seems to be inevitable shrinkage and consolidation in the oil and gas sector, not matched by growth from elsewhere. That supports the argument for rigorous Paris Aligned capital discipline and more cash returns - not buybacks - to shareholders instead. LAPFF has previously questioned the benefit of holding a larger proportion (the effect of buybacks) in an ex-growth sector that is in long-term retreat.

The "reset" of strategy by BP was more marked than that of Shell which didn't have a clear Paris aligned approach in its strategy to start with. The BP reset has not improved the share price of BP. Indeed, the relative performance of BP to Shell has got worse since the departure of the former CEO, Bernard Looney, and then again after the "reset".

There is now speculation in the

financial press that BP may be a takeover target for Shell.

Achieved Shell: LAPFF engaged with the Australasian Centre for Corporate Responsibility (ACCR) which tabled a shareholder resolution for the 2025 Shell AGM in conjunction with Brunel Pension Partnership, Greater Manchester Pension Fund and Merseyside Pension Fund. The resolution focused on the expansion of LNG as the implied demand/supply exceeds International Energy Authority (IEA) projections.

LAPFF issued an alert recommending support for the shareholder resolution. The resolution achieved more than 20% votes in support, which is significant for a shareholder led resolution.

Given that Shells response to the shareholder resolution referred to Liquid Natural Gas (which is methane, the most basic hydrocarbon), the LAPFF Chair attended the company's 2025 AGM to ask, "[if] each member of the board concur with the statement in the Notice of Annual Meeting that LNG, methane is a low-carbon fuel?" The answer given was not convincing, and LAPFF will explore this low-carbon claim with the company further.

In Progress Shell: LAPFF continues to challenge whether Carbon Capture and Storage (CCS) can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible.

A closer look at aviation-fuel initiatives is warranted, particularly as Shell's preferred synthetic route captures CO₂ from an external industrial source and, using a highly energy-intensive process, combines it with hydrogen to make a new hydrocarbon. Because carbon originates from fossil combustion and the process demands considerable energy, this pathway does little to advance a genuine net zero goal. That is merely using the same emission twice, whilst still resulting in an emission.

CCS has been given prominence for, among other things, gas (methane) for power, hydrogen for home heating, hydrogen for ammonia production and hydrogen for steel making. All of these have non-fossil hydrogen alternatives. It should be noted that CCS for coal was heavily promoted as a way of maintaining coal demand but never materialised with the phase out of coal on economic as well

as emissions grounds. There is the same risk with gas.

Achieved BP: BP had been regarded as at the better end of the sector in recognising climate change as an issue but faces the same competitive and structural pressures set out above.

However, in February 2025 BP announced a "reset" which meant that it was abandoning key parts of its strategy of being an integrated energy company. BP announced it will be increasing production in oil and gas to between 2.3 million and 2.5 million barrels of oil equivalent a day by 2030 and raise spending to \$10 billion a year, about 20 per cent higher than previous levels.

LAPFF's policy of managed decline is all the more relevant given that engagement to date has not achieved positive outcomes. The issues with BP are now governance matters. LAPFF issued an alert which recommended a vote against the Chair, Helge Lund. As with Shell, the LAPFF alert was in line with a significant number of shareholders, and the result of the AGM was 24% of votes cast against the re-appointment of the Chair.

In Progress BP: The board's position now warrants scrutiny, given the significant departure from its previously adopted strategy. A request, in line with the Governance Code, has been made for a meeting with the BP Senior Non-Executive Director.

In progress both BP and Shell: LAPFF's policy has not been that all oil and gas companies should necessarily transition towards renewables, but that the sector needs to be in managed decline from fossil fuels. The managed decline is all the more relevant now as that is the only route to Paris Alignment.

Some investor approaches have been based on the assumption of a transition to renewables. It is becoming harder to see how that will be achieved at BP and Shell. LAPFF has offered that consolidation may be inevitable and that issue is now relevant in the case of BP and Shell. Some demand issues are also covered later in this report through the commentary on ArcelorMittal and steelmaking. Attention is also being given to executive remuneration, as both BP and Shell have been poor performers when financials are reviewed on a 20-year basis.

ENGAGEMENT



Italian fashion retailer Moncler

LUXURY GOODS

Moncler & LVMH Moët Hennessy Louis Vuitton

Objective: In 2024, LAPFF raised concerns that the luxury goods sector receives less scrutiny on human rights and supply chain management than high street apparel. A common misconception persists that higher prices guarantee better conditions and pay for workers, and therefore limited exposure to human rights risks for investors. Following initial engagements in 2024, LAPFF has pursued further dialogue to promote stronger risk management and proactive action. Prior to the European Commission's proposed Omnibus Package (announced 26 February 2025), LAPFF wrote to companies to underline the importance of maintaining high standards. The Forum remains committed to ensuring that regulatory changes do not weaken oversight of human rights in the luxury

sector. It continues to engage with brands as they adapt to an uncertain regulatory environment, pressing them to maintain robust human rights and supply chain standards and practices.

Achieved: During Q2 LAPFF met with LVMH Moët Hennessy Louis Vuitton (LVMH) and Moncler to discuss human rights risks in the respective supply chains.

LVMH has made notable improvements in both its practices and disclosures since LAPFF last met with the company in March 2024. This year marks the first time that LVMH has produced a Corporate Sustainability Reporting Directive (CSRD) compliant report, which it appeared keen to promote despite the current uncertainties surrounding the regulation amidst the EU's Omnibus Directive. The company significantly increased the number of audits it conducted over the past year. This appeared to follow the group's Dior subsidiary being placed under court administration in June 2024 following the uncovering of illegal working conditions at suppliers, including staff lacking contracts and

proper accommodation.

Moncler had also made notable progress in its disclosures since LAPFF met the company in 2024. It too has published its first CSRD-aligned report alongside a first iteration of its key raw materials risk report, providing valuable insight into how Moncler is assessing risks for certain materials.

Both companies outlined the challenges associated with the CSRD. However, a key message from both engagements was that in undertaking the process, sustainability teams had gained wider benefits from working more closely with colleagues in different parts of the business, which had been necessary to complete the reports.

In Progress: LAPFF is continuing to monitor regulatory developments globally as uncertainty unfolds around specific pieces of legislation like the CSRD, and Corporate Sustainability Due Diligence Directive (CSDDD).

LAPFF was invited to provide feedback and insight into pieces of LVMH and Moncler's reporting, providing some

ENGAGEMENT

key information that the Forum would like to see in LVMH's standalone human rights policy. LAPFF recommended that LVMH's human rights policy include clear governance responsibilities signed by senior leadership, explicit commitments to international human rights frameworks including the UN Guiding Principles on Business and Human Rights (UNGPs) and International Labour Organisation (ILO) standards, and robust implementation processes, covering detail on risk identification, access to remedy, and meaningful engagement with affected stakeholders. LAPFF also emphasised transparency, urging the company to report openly on audit outcomes and how breaches in more detail than it currently does.

CAHRAS

Banks, Lockheed Martin, Safran and Leonardo, and the Oil & Gas Sector

Objective: LAPFF aims to drive improved corporate practices in conflict-affected and high-risk areas (CAHRAs), recognising these contexts pose acute human rights, legal, and reputational risks for companies and investors alike. Against a backdrop of rising global conflict, LAPFF seeks to engage companies to encourage heightened human rights due diligence (hHRDD), informed by the UN Guiding Principles on Business and Human Rights, and additional OECD guidance related to CAHRAs. The Forum also seeks greater transparency on how companies make decisions about operating in these areas, how they provide or contribute to remedy when harm occurs, and whether the company is undertaking a conflict analysis or not.

Achieved: The finance industry has particular exposure to CAHRAs but can also play a positive role. By providing capital, insurance, and financial services, the sector can help mitigate human rights abuse and the financing of conflict, directly or otherwise. LAPFF looked for a selection of financial institutions this quarter with the Forum's expectations for investee companies to conduct hHRDD to identify and manage risks linked to clients operating in CAHRAs.

LAPFF wrote to six banks ANZ (Australia & New Zealand Bank), Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of American Corporation, and BNP Paribas LAPFF sought to engage on how they were embedding conflict-sensitivity and hHRDD across their operations.

During the quarter, LAPFF met with Phoenix Group following letters sent to the FTSE100. The meeting stemmed from a letter that went to the FTSE100 in December 2024, requesting information on how companies were addressing risks associated with CAHRAs. Phoenix provided a detailed written response shortly after this and suggested that LAPFF meet with the company following the publication of its Sustainability and Stewardship reports. During the meeting with Phoenix, representatives laid out the Group's approach to human rights and stewardship, touching on how it was assessing conflict-related risks in its portfolio. Company representatives provided an overview of how new risks were assessed and gave details on the governance structures in place around these processes. Representatives also spoke about how the Group engages with its asset managers. LAPFF emphasised that given its position as a fellow asset owner, the Forum was looking for Phoenix to formally recognise CAHRAs as part of its stewardship strategy, policy direction, and in conversation with its asset managers.

Lockheed Martin

During the quarter LAPFF met with Lockheed Martin. The company faced shareholder resolutions regarding the alignment of political activities with its Human Rights Policy. The resolutions specifically focused on the impact of such activities on CAHRAs. During the engagement, the company discussed its relationship with the US government and other foreign governments, how sales are vetted and the company's position on lobbying. Representatives shared that the company had also undertaken a double materiality assessment over the past year, which LAPFF encouraged the company to publish in future reporting.

Safran & Leonardo

An investigation undertaken by FRANCE 24's Observers team in May 2025 raised concerns about a number of European defense companies' links to weapons transfers. These transfers came via the Emirati state-backed International Golden Group (ICG) with the potential for weapons to be re-exported in breach of arms embargoes. Among the five companies cited in the article are Safran and Leonardo, which are both widely held by LAPFF. LAPFF wrote to these companies seeking engagement to discuss the allegations, and the companies' due diligence processes, particularly around third-party end-users.

Written responses were received from Leonardo and Safran with both companies outlining their approaches to compliance with international trade laws, human rights standards, and national export controls. They emphasised the role of internal compliance programmes, risk assessments, and audit processes in mitigating these risks.

OIL & GAS SECTOR

The oil & gas sector faces significant human rights risks in CAHRAs including land rights violations, community displacement, complicity in violence, and potential indirect funding of armed militia groups amongst a host of other issues. Recognising these issues, LAPFF wrote to TotalEnergies, Eni, and Chevron. LAPFF has engaged TotalEnergies in the past on its presence in Myanmar and its exit from the country in 2022, where the military junta remain in power and civil unrest continues. TotalEnergies faces issues on current plans for an LNG project in Mozambique, which has been on hold since 2021 due to unrest and waves of violence, although has announced plans to restart the project in summer 2025. Chevron has exposure in the Niger Delta whilst Eni has business activities in Libya. LAPFF hopes to secure meetings with these companies in Q3. Tech Voting Alerts – Amazon, Alphabet & Meta

LAPFF has issued voting alerts on US technology companies since 2018, highlighting concerns across governance, climate, human rights, and broader ESG practices. These companies face a wide array of shareholder resolutions

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each year, spanning one-share one-vote rights, content governance, public health impacts, and increasingly, artificial intelligence and data ethics. LAPFF issued alerts for three key tech companies, recommending support for the vast majority of shareholder proposals, and shared these alerts with the companies, which did not provide substantive responses. Looking ahead, LAPFF will continue to issue voting alerts and seek further engagement.

STEELMAKING

ArcelorMittal

Objective: ArcelorMittal is a Luxembourg headquartered steelmaker and is the second largest globally. Conventional steel production is a significant emitter of carbon dioxide. Steel (iron) requires removing oxygen (reduction) from the ore, iron oxide. Blast furnaces use coke (a coal-derived fuel) as the reducing agent, which causes CO₂ emissions.

There is no commercial-scale model for capturing CO₂ emissions from a steel blast furnace. But there is an alternative reducing agent, hydrogen, which releases the oxygen of the oxide as water. The issue regarding net zero and steelmaking is the source of hydrogen. Hydrogen is often classified by “colour” to indicate its carbon footprint. “Grey” is hydrogen from methane without capture of CO₂ emissions. “Blue” is hydrogen from methane with capture of CO₂ emissions. “Green” is hydrogen from the electrolysis of water, using electricity from renewable sources.

Steel can also be made by recycling scrap, such as rail lines, ships, pipes and demolished buildings, using electric-arc furnaces (EAFs). In this route, the main variable is the carbon intensity of electricity that powers the furnaces. There is also variance in the quality of the steel that is produced.

LAPFF’s approach to decarbonisation has been to deal with other disadvantages with fossil fuels, such as price volatility and geopolitical risk.

Achieved: LAPFF has engaged with ArcelorMittal for several years and most recently met with the Arcelor in June 2025. The Forum noted a significant

change in approach. There is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways.

LAPFF heard that there is pressure for fast progress on short-term 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. What is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity.

In Progress: ArcelorMittal outlined its decarbonisation pathway, but critical timing gaps remain. CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an EAF role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with EAFs. LAPFF will continue to press for clear timelines, fuller disclosure of community-engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

Executive Pay

Objective: In response to recent disclosures of significant increases in CEO and top executive pay among widely held LAPFF companies, the Forum initiated a series of engagements to scrutinise the basis for high levels of executive compensation. These dialogues were aimed at better understanding how the revised executive pay structures of these companies align with long-term corporate performance goals and the treatment of the broader workforce, particularly in light of the ongoing cost of living crisis.

LAPFF also sought clarity on how companies are addressing shareholder concerns surrounding pay fairness, value

creation, and transparency. Consistent with its approach to promoting long-term shareholder value and predictable cost structures, LAPFF advocates for executive remuneration models that emphasise fair and appropriate base salaries, restrict variable pay to instances of exceptional performance, and phase out complex long-term incentive plans in favour of simplified, profit-linked bonus pools.

Standard Chartered

Achieved: LAPFF met with Standard Chartered to discuss the proposed boost to its chief executive’s pay. The proposed package could reward the CEO £13.1m. The company is seeking to overhaul its compensation plan following the UK regulator scrapping a long-standing cap on bonuses. Since 2014, an EU bonus cap for bankers has been in place which had limited bonus pay to twice fixed salary, this was in response to the 2008 global financial crisis.

Standard Chartered defended the increase in executive payouts by citing the broader peer group, a limited pool of leaders with appropriate expertise, and a deliberate shift towards performance-linked remuneration. While acknowledging the lack of a perfect benchmark, the bank stated it had consulted over half of its shareholder register, including proxy advisers, and received broad support. Company representatives pointed to two scorecard (short- and long-term) used to govern awards and emphasised that full payouts are rare. They also noted that the compensation package included malus and clawback provisions, substantial shareholding requirements, and target related to Scope 1-3 emissions and sustainable finance.

LAPFF expressed its reservations and raised concerns over quantum of award, an over-reliance on relative LTIP metrics, and the widening of the CEO-to-employee pay ratio. The Forum also cautioned that Standard Chartered’s incentive package might set a new benchmark and push executive pay higher across the sector.

In Progress: LAPFF continues to express reservations and will continue to engage a monitor Standard Chartered’s approach to executive conversation.

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Intercontinental Hotels Group (IHG)

Achieved: InterContinental Hotels Group (IHG) proposed a new pay plan that could almost triple its CEO's total remuneration to £20.6 million in 2025. Company representatives told LAPFF, the Remuneration Committee's proposal won unanimous board approval after months of shareholder consultation and now reflects roughly 85% of the original proposal. The revised scheme significantly increases both fixed and variable pay for the CEO.

IHG explained that these increases are designed to bring executive pay in line with global competitors, noting that while IHG ranks among the top three hotel groups globally in terms of scale, it sits around eighth when benchmarked on executive compensation. The company framed this shift as a "catch-up" measure rather than a forward leap, positioning itself closer to the mid-market in terms of branding but acknowledging the need to compete globally for senior talent.

Although the pay review in question centred on the CEO and CFO, IHG explained that broader considerations, such as succession planning and executive pipeline development are also part of the long-term vision. Internally, the company has implemented mechanisms such as "Voice of the Employee" meetings to discuss sensitive topics, including pay, and has stated its commitment to paying the Real Living Wage at properties it manages directly.

In Progress: LAPFF expressed its scepticism about the effectiveness of variable pay and shareholding requirements as tools for retention in isolation. This particularly the case in the US market, which IHG positions itself within, where buy-out offers are common and can undermine retention incentives. Although IHG claims a long-term approach is built into the plan through vesting and holding periods, the timing and magnitude of the changes may be perceived by some stakeholders as abrupt. The company has acknowledged the difficulty of retaining high-performing executives in a global market, but whether this justifies the scale of proposed compensation is subject to debate. Regarding the consultation with employees and shareholders, it is unclear

how much influence these channels have on top-level pay decisions. While IHG points to broader rewards including pensions, bonuses and wellbeing programmes, the relevance of these to the growing disparity in executive pay remains uncertain.

LAPFF will continue to scrutinise and question whether abruptly revamped pay package, such as IHGs and Standard Chartered, truly matches long-term company strategy or stakeholder expectations.

HOUSEBUILDERS

Taylor Wimpey

Objective: This quarter, LAPFF furthered its engagement with the UK's largest housebuilders on climate-transition planning. The Forum's dialogue with housebuilders aims to encourage the adoption of Paris-aligned targets, the publication of credible roadmaps to net zero homes, collaboration with suppliers to reduce embodied carbon, and the advancement of low-carbon innovation.

LAPFF has maintained regular dialogue with housebuilders in recent years and notes growing frustration across the sector over the lack of clarity surrounding the forthcoming Future Homes Standard, which is still expected to be released later this year. Following the Q1 meeting with Persimmon, Barratt Developments, and Vistry. In Q2, the Forum met with Taylor Wimpey.

Achieved: LAPFF met with Robert Noel, Chair of Taylor Wimpey who outlined the company's decarbonisation and just transition developments. The company has cut its absolute emissions by 47% since 2019 and is the only UK housebuilder to reach the Carbon Trust's "Route to Net Zero – Advancing Level" in 2024.

The company has introduced new water protocols, developed low-carbon construction methods, particularly in foundations, it has eliminated diesel use in operations and is supporting supply chain partners, particularly SMEs, to adopt sustainable practices. The company reaffirmed its commitment to reaching net zero operational emissions by 2035.

Taylor Wimpey has embedded this decarbonisation strategy across its governance structures, with full board alignment and engagement via employee forums. The company's just transition plan is outlined in its annual report, with an emphasis on supplier support and upskilling, particularly among SMEs. The company also demonstrated a willingness to reflect on stakeholder input, including a cautious approach to bringing its sustainability plan to a shareholder vote, due to the evolving political and investor landscape.

"At Taylor Wimpey it is our priority to run a business that is sustainable over the long-term. To remain sustainable, we need to operate in the interests of all of our stakeholders including Customers, Shareholders, Suppliers, Employees, and the Communities in which we operate." – Robert Noel, Chair of Taylor Wimpey.

In Progress: Despite this progress, key challenges remain. Taylor Wimpey, along with other housebuilders LAPFF engages with, continue to express frustration with the lack of clarity surrounding the forthcoming Future Homes Standard. It cites the lack of clarity is hampering the pace of target-setting and long-term planning.

Additionally, while Taylor Wimpey has made internal advances, including technology trials and community consultation, the company acknowledged that it is still testing solutions and has not yet identified a definitive pathway to zero-carbon homes. The company highlighted various factors including the energy grid that housebuilders are reliant on and noted that the industry is still learning. The offsetting strategy required for its 2035 net zero target also remains under development. Further scrutiny is needed on how performance indicators are tracked and disclosed, and how the strategy is communicated to investors.

LAPFF will also continue to monitor and follow how Taylor Wimpey advances its decarbonisation and just transition plans in practice, including homes and technology testing, contractor training, supply chain resilience, and equitable workforce adaptation, especially in the face of broader sectoral pressures such as skills shortages and energy-grid limitations.

ENGAGEMENT

COLLABORATIVE ENGAGEMENTS

COLLABORATIVE INVESTOR MEETINGS

Nature Action 100 – AbbVie & Pfizer

LAPFF continues to support Nature Action 100 (NA100), a global investor initiative that drives corporate action on nature-related risks and biodiversity loss. LAPFF has engaged multiple companies through the initiative since its inception in 2023.

During the quarter, LAPFF attended AbbVie’s virtual AGM to ask the company to commit to assessing and disclosing its impacts and dependencies on nature. The business of the AGM was concluded in 13 minutes, with a further six minutes being

allocated for questions, in which time the one that LAPFF posed was not answered. AbbVie have followed up subsequently detailing briefly information found in its most recent ESG Action Report. LAPFF is currently undertaking an assessment of the company’s latest report and will be following up to seek further engagement.

Pfizer is a company that has not yet been engaged through the initiative other than the initial letter that was sent by NA100 in 2023 laying out ambitions. LAPFF coordinated a letter, co-signed by other investors, that went to Pfizer. The letter sought a meeting to engage on the company’s strategy around nature and biodiversity.

PRI Advance – Vale

In Q2, LAPFF led a quarterly investor call as part of the PRI Advance initiative to discuss ongoing engagement with mining company Vale. The call focused on clarifying responsibilities within the group and planning the next phase of engagement, including a letter to Vale to request a meeting on how the

company is collecting, managing and integrating employee and community feedback on its operations. Specifically, the group seeks further disclosure on the findings of Vale’s latest Community Perception Survey (the second iteration of this community survey), disclosures on employee feedback channels and findings, and more information on how this feedback data is shaping board level insight and long-term stakeholder engagement strategies.

According to Vale’s website, the 2024 Community Perception Survey engaged 1,500 more respondents than its first iteration and covered a broader range of communities. Public disclosures state that a total of 6,683 respondents across five Brazilian states participated, representing 221 communities; 168 classified as local and 53 as traditional (including quilombolas, coconut breakers, artisanal fishers, and geraizeiras). The PRI Advance group is particularly interested in further details on these findings and how the insights are being integrated into Vale’s broader social strategy.

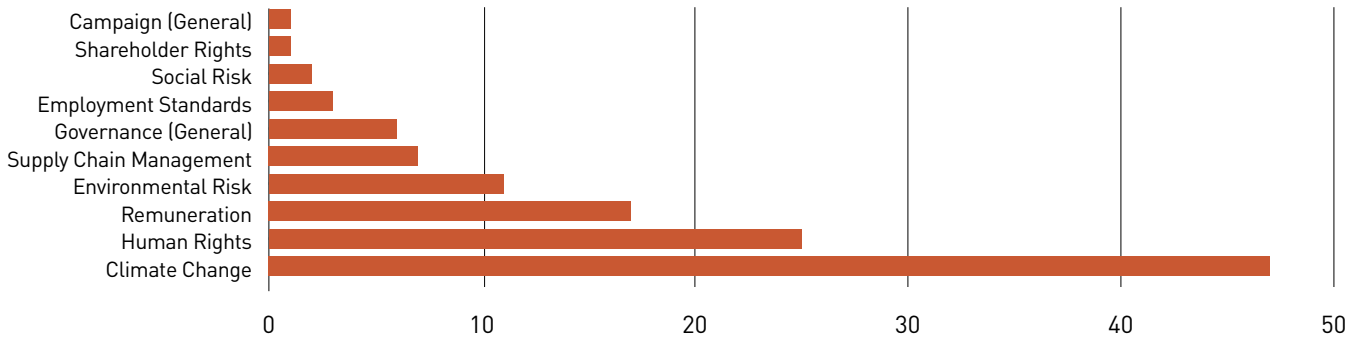
COMPANY PROGRESS REPORT

This dataset represents data taken from ‘Meetings’, ‘AGMs’ and ‘Received Correspondence’ only.

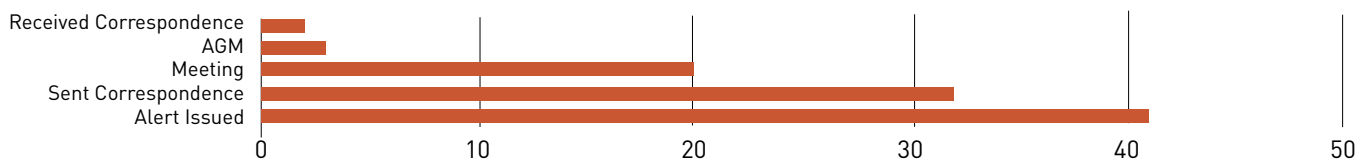
Company/Index	Activity	Topic	Outcome
ABBVIE INC	AGM	Environmental Risk	No Improvement
ANGLO AMERICAN PLC	Meeting	Climate Change	Dialogue
ANTOFAGASTA PLC	Meeting	Climate Change	Moderate Improvement
ARCELORMITTAL SA	Meeting	Climate Change	Moderate Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Received Correspondence	Human Rights	Small Improvement
DANONE	Meeting	Social Risk	Small Improvement
DRAX GROUP PLC	AGM	Climate Change	Dialogue
FREEMPORT-MCMORAN INC.	Meeting	Environmental Risk	Dialogue
GLENCORE PLC	Meeting	Climate Change	Moderate Improvement
HON HAI PRECISION INDUSTRY CO LTD	Meeting	Climate Change	Change in Process
INFINEON TECHNOLOGIES AG	Meeting	Remuneration	Awaiting Response
INTERCONTINENTAL HOTELS GROUP PLC	Meeting	Remuneration	Dialogue
LOCKHEED MARTIN CORPORATION	Meeting	Human Rights	Change in Process
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Moderate Improvement
MARKS & SPENCER GROUP PLC	Meeting	Employment Standards	No Improvement
MONCLER SPA	Meeting	Human Rights	Moderate Improvement
PHOENIX GROUP HOLDINGS	Meeting	Human Rights	Small Improvement
PT BANK RAKYAT INDONESIA	Meeting	Climate Change	Change in Process
SHELL PLC	AGM	Climate Change	No Improvement
SHELL PLC	Meeting	Climate Change	Dialogue
STANDARD CHARTERED PLC	Meeting	Remuneration	Dialogue
TAIWAN SEMICONDUCTOR MFG CO	Meeting	Climate Change	Change in Process
TAYLOR WIMPEY PLC	Meeting	Climate Change	Moderate Improvement
VANGUARD INTL SEMICONDUCTOR	Meeting	Climate Change	Small Improvement
WESTPAC BANKING	Received Correspondence	Human Rights	Small Improvement

ENGAGEMENT DATA

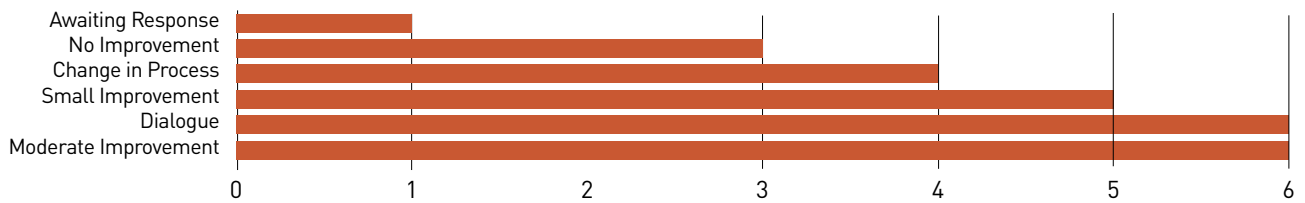
ENGAGEMENT TOPICS



ACTIVITY



MEETING ENGAGEMENT OUTCOMES*

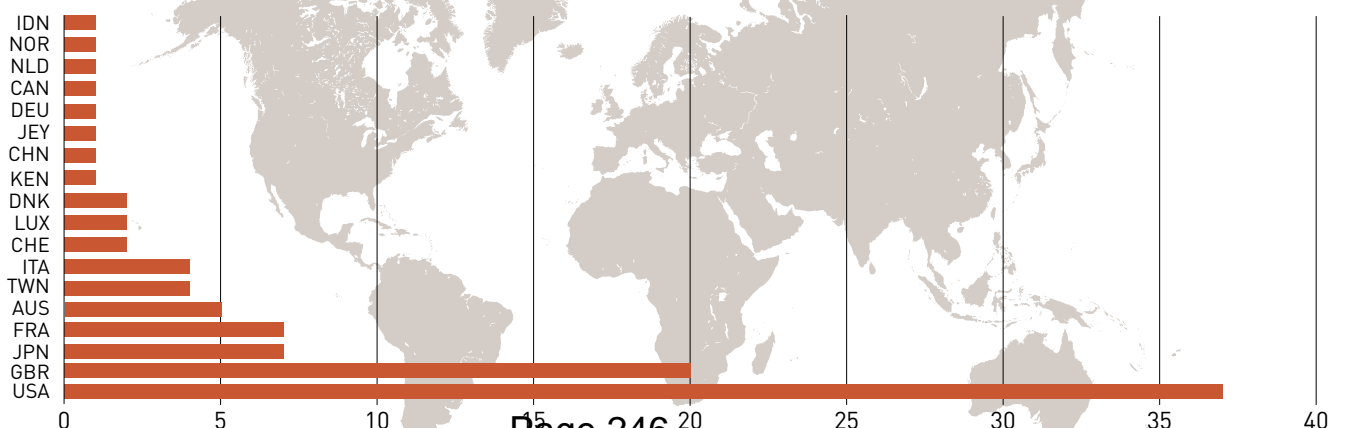


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

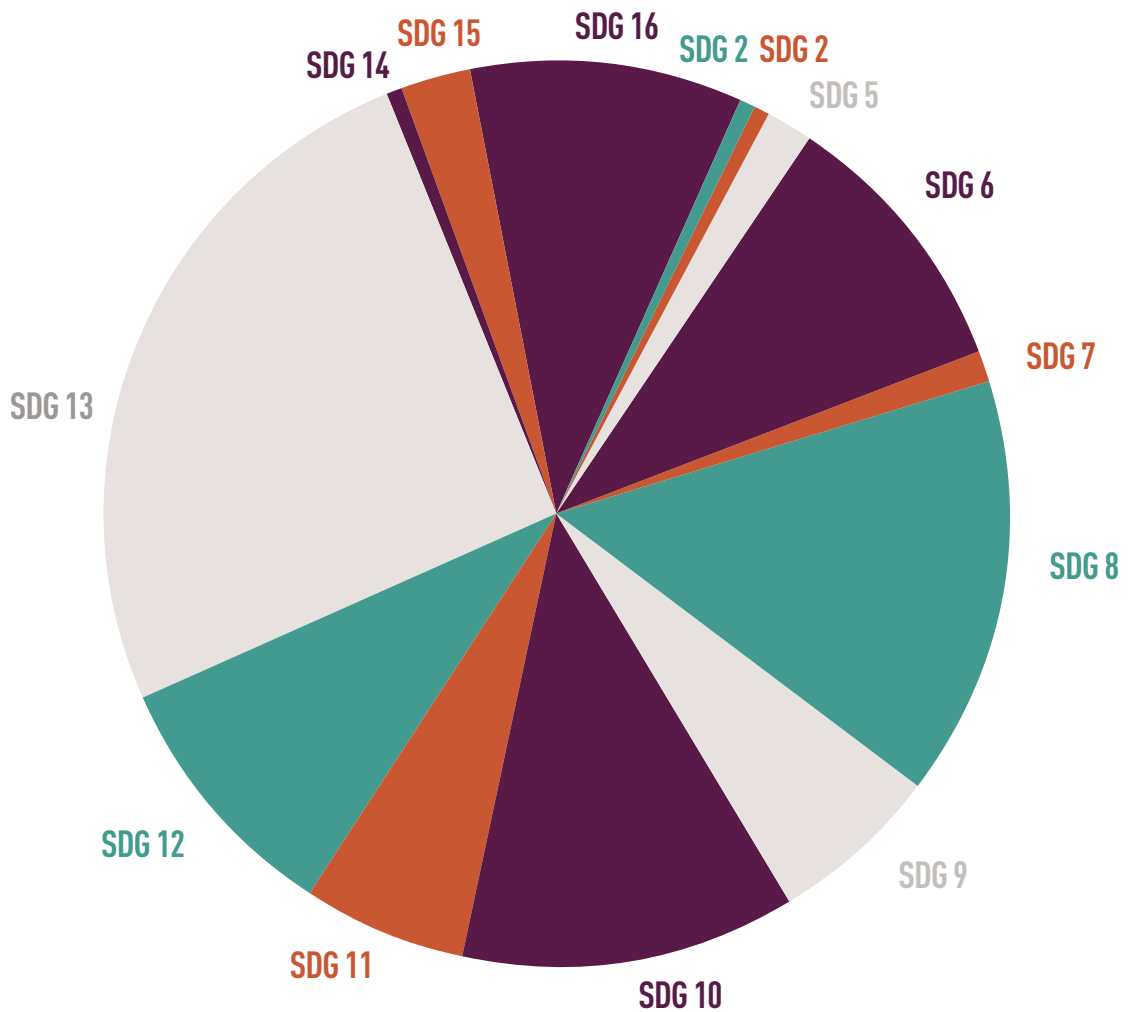
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	0
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	16
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	25
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	20
SDG 11: Sustainable Cities and Communities	10
SDG 12: Responsible Production and Consumption	15
SDG 13: Climate Action	43
SDG 14: Life Below Water	1
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	16
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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



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REDINGTON
A Gallagher Company



RESPONSIBLE INVESTMENT WORKING GROUP UPDATE

23 September 2025

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Certified



EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Key Discussions – RIWG 03/09/2025:

- **Draft Stewardship Code Update:** The RIWG discussed and reviewed the updated Stewardship Code Report which is being finalised for submission for 31st October 2025. Discussion focused on feedback from the 2024 Stewardship Code Report and how the Fund has improved and developed its engagement efforts over the year.
- **Draft Task Force on Climate-Related Financial Disclosures (TCFD) Report:** RIWG reviewed the Fund's first draft TCFD report which is in the process of being finalised. RIWG discussed the different climate-related risks that the Fund may be exposed to. Additionally, reporting expectations were discussed, similarities and differences with LCIV's TCFD report highlighting the nuances and limitations of using metrics and data to report climate related risks.
- **Voting Procurement Update:** This details the start of the procurement process to procure a voting provider for the Fund's passive investments with BlackRock. The expected timeline and process was discussed, as well as the questions which providers will provide and be evaluated on.

Background:

Hackney Pension Fund continues its ongoing work on its broader approach to Environmental, Social and Governance (ESG) factors and how to integrate good stewardship and engagement into the management of its assets, whilst maintaining its fiduciary responsibility to pay pensions.

RIWG is a focused group to consider in-depth any matters pertaining to Environmental, Social, Governance factors and to make recommendations to the Pensions Committee in relation to the Fund's approach to a range of responsible investment issues.

The focus is ongoing stewardship and engagement, including policy development, climate, nature and biodiversity.

DRAFT STEWARDSHIP CODE UPDATE

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HACKNEY'S 2024-25 STEWARDSHIP ACTIVITIES

In the 2024-25 reporting year, Hackney has continued to make strides in its responsible investment and stewardship activities. Such activities are reflected in this year's Stewardship Code submission.

Scheme member engagement

In January 2025, the Fund issued a survey to its scheme members to better understand their views on a range of responsible investment and stewardship issues. This supported the Fund in reflecting member views into the Fund's policies:

- Review and refresh of the responsible investment policy
- Review of the engagement framework and creation of engagement policy
- Currently reviewing and refreshing the voting policy

Additionally, we have sought feedback from the Fund's external managers to ensure alignment between policies and objectives.

Active engagement with managers

In the RIWG meetings, Hackney has invited a series of its investment managers to attend. This has allowed the Fund to engage with its managers on its responsible investment and stewardship activities to ensure robust alignment with the Fund's views and objectives.

- September 2024 – Oversight of LAPFF's engagement and stewardship activities
- November 2024 – Oversight of LCIV's engagement and stewardship activities
- January 2025 – Oversight of BlackRock's engagement and stewardship activities
- May 2025 – Oversight of CTI's engagement and stewardship activities

Investment updates

The Fund continues to ensure that robust responsible investment and stewardship activities are reflected in the Fund's investment strategy and activities:

- Implementation of Impact Property and Nature Based Solution investments
- Climate and ESG risks reflected in the risk register
- Undertaking of TCFD reporting with training to support the Committee
- Discussion surrounding the Fund's voting approach

DRAFT TCFD REPORT

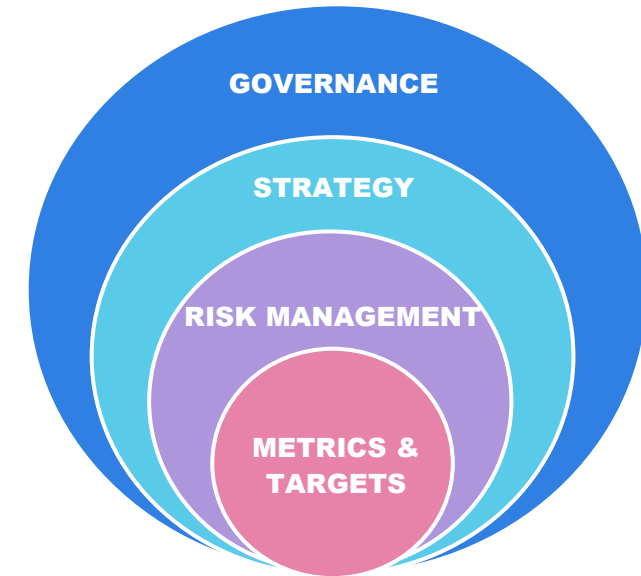
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THE TCFD FRAMEWORK

Background

- Hackney Committee have been receiving quarterly training on the various elements of Task Force on Climate-related Financial Disclosures (TCFD), namely Governance; Strategy; Risk Management; and metrics and targets along with initial commentary for inclusion in the TCFD report when finalised for approval for Committee.
- Hackney are conducting TCFD reporting as a standalone report and doing so even though there is no regulatory requirement for LGPS to report. Given the work that Hackney has done to recognise the risks and opportunities around climate change, they were keen to showcase in line with best practice how they meet the requirements for reporting and commit to doing so on an annual basis to monitor progress.
- RIWG discussed the draft report, noting that the metrics and targets section was still being finalised with the aim of incorporating in the report going to Committee.
- RIWG noted commentary covering data accuracy recognising that data, scenario modelling and Scope 3 emissions were particularly difficult to place too much reliance on.
- Further discussion took place on the differences between the Fund's reporting which is based on all the Fund's assets compared to the LCIV TCFD report. It is recognised that there are differences not only in methodology (LCIV use a different provider) but also in terms of timing with LCIV having a December year end for reporting vs LB Hackney with a March year-end.
- Discussion took place around the challenges of meeting net zero and it was agreed to have a further update at the next RIWG on latest thinking in this area.

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The TCFD framework

- Recognising the risks that a changing climate poses to pension schemes' investment portfolios, councillors should look to assess and manage climate change as a financially material risk and opportunity for pension schemes and their members' savings.
- The TCFD framework is based on four elements: **Governance**, **Strategy**, **Risk Management** and **Metrics & Targets**. This report provides a detailed assessment of the fund's practices across each of these areas



VOTING PROCUREMENT UPDATE

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PROCUREMENT OF PROVIDERS

July 2025 – Pensions Committee approves Voting Policy and procurement

September 2025 – Launch procurement

November 2025 – Appointment approved by Pensions Committee

January 2025 Onwards – Quarterly monitoring of voting decisions and outcomes

August 2025 – Background work on procurement

October 2025 – Procurement Evaluation and Interviews - RIWG

December 2025 – Commencement of contract

Evaluation of Responses – Weightings applied to Criteria

The overall weighting for each criterion is shown in the table below:

Criteria	Weighting
Quality	60%
Social Value, Climate Change and Carbon	20%
Cost	20%
Total	100%

Proposed Quality – 60%

The weighting applied to each of the quality sub criteria is shown in the table below:

Quality Subject Area	60%
Market coverage	15%
Working with the Hackney Pension Fund	20%
Working with managers	5%
Team	10%
Reporting	10%

Social Value, Climate Change and Carbon – 20%

The weighting applied to each of the quality sub criteria is shown in the table below:

Social, Climate and Carbon Subject Area	20%
Climate change	5%
Human rights and modern slavery	5%
Health and wellbeing	5%
Diversity, equality and inclusion	5%

Key Activities to date:

- Obtaining information from National LGPS Frameworks covering Stewardship Information
- Liaison with LB Hackney Legal Department to get formal sign off for accessing the Framework
- Liaison with LB Hackney Procurement Department to support with the procurement
- Initial drafting of the ITT
- Indicative Timeline shown above.

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Title of Report	Business Plan and Governance Update
For Consideration By	Pensions Committee
Meeting Date	23 September 2025
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Resources

1. **Introduction**

- 1.1. This report summarises the main governance issues currently affecting the Hackney Pension Fund since the last meeting. The report looks at the Pensions Board Annual Report to Committee, Minutes of the pensions Board meetings held 31 July and 11 September, Updates to the Risk Register and Updates to the Conflict of Interest.
- 1.2. The provision of this information to the Committee is important in ensuring the Committee in complying with its Governance responsibilities under the Public Service Pensions Act 2013.
- 1.3. It provides the Committee with information on the position of the Fund between April and June 2025.

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to note the report.**
- 2.2. **Note the Pensions Board Annual Report to Committee and revised Terms of Reference**
- 2.3. **Note the minutes of the Pensions Board meetings held 31 July and 11 September**
- 2.4. **Note the changes to the Risk Register**

3. **Related Decisions**

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

4. **Background**

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

Pensions Board Annual Report to Committee

4.2. The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the scheme. The purpose of the Board is to assist the Administering Authority in its role as a Scheme Manager. Such assistance is to:

- Secure compliance with the regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- To ensure the effective and efficient administration of the Scheme.

4.3. Guidance issued by the Local Government Pension Scheme Advisory Board (SAB) requires that the Pension Board should prepare an annual report to the administering authority setting out the work it has completed during the year under review.

4.4. The report (Appendix 1) covers the activities of the Board during the last year 2024/25

Minutes of the Pensions Board meetings held 31 July and 11 September (Appendix 2)

4.5. Appendix 2 of this report includes the minutes of Pension Board meetings held on 31 July and 11 September.

Pensions Board Revised Terms of Reference

4.6. The Board considered a revised Terms of Reference at the meeting of 11 September. As a matter of good practice and effective governance, the board is required to review their Terms of Reference ensuring they remain effective and reflective of the works and focus of the board.

4.7. The Terms of Reference have been updated as follows:

- Role of the Pension Board updated with a 3rd role - Assisting in the effective and efficient management of risks;
- Key duties and functions of included;
- Definitions of types of Board Members added
- Protocol for reporting exceptional circumstances that the Board considers;

- Composition of the Appointment Panel amended to allow for substitutes to avoid disruptions mid appointments;
- Update to include entitlement to an allowance in line with the Council's Constitution as set out in Part 7C under the Members Allowance Scheme;
- New sections added include:
 - eligibility, selection criteria
 - term of office included
 - standard of conduct and conflict of interest
 - knowledge and skills
 - explanation of who may attend board meetings

Updates to the Risk Register (Appendices 4A to 4C)

- 4.8. The Administration and Communications Risk Register (Appendix 4A) has been updated to include a separate section to focus on the administration service migration from Equiniti to LPPA. Risk 10 to 21,
- 4.9. Governance Risk Register (Appendix 4B) has been updated to reflect the standard concerns over conflict of interest as the Pool takes over all assets, strategic asset allocation advice to the Fund, manager selection and manager monitoring and other governance related services being offered.
- 4.10. Funding and Investment Risk Register updates
- Risk 2 - Funding experience - current employer contributions are insufficient to meet the cost of benefits. The Committee considered on a separate agenda the funding Strategy Statement, contribution review policy, cessation policy and small employers policy as part of the 2025 triennial valuation.
 - Risk 5 - Employer Covenant/Affordability risks and Risk 8 - Funding experience large surpluses emerge due to combination of fund experience and employer contributions were reviewed in light of the ongoing 2025 triennial valuation, FSS and policies.
- 4.11. Governance Risk Register Update
- Risk 11 - Material breaches requiring reporting to the Pensions Regulator updated to reflect recent Annual Benefit Statement breaches and heightened internal controls

Knowledge and Skills Policy Implementation

- 4.12. The following training took place since the last report:
- The triennial Actuarial Valuation training and TCFD Strategy training were held in June and July.
 - Links to MSCI benchmarking and indices recordings was shared in July

and members were encouraged to view these training sessions..

Updates to Conflict of Interest

- 4.13. Each year, members of the Pensions Committee, officers and board members are required to complete the Conflict of interest declaration. As at the time of writing this report, there are 2 forms yet to be received.
- 4.14. Upcoming training and conference opportunities include:
- PLSA Annual Conference, 14-16 October 2025

Any committee members wishing to attend these future training/conferences should contact Miriam Adams, AD Pensions Investments and Administration to confirm arrangements.

5. Comments of the Group Director Finance & Corporate Resources

- 5.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct financial impacts arising 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.
- 5.2. 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.

6. Comments of the Director of Legal, Democratic and Electoral Services

- 6.1. The Pension Committee has responsibility for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions, including the administration of the Fund.
- 6.2. The Committee has a duty to ensure that the Fund is delivering an efficient and effective administration service to the Fund's members, ensuring that pension benefits are correctly calculated and paid to its pensioners.
- 6.3. As such, the Pension Committee needs to consider options relating to the delivery of the service and to consider which procurement method would deliver the service most effectively.
- 6.4. There are no immediate legal implications arising from this report.

Appendices

Appendix 1 - Pensions Board Annual Report to Committee

Appendix 2 - Minutes of the Pensions Board meetings held 31 July and 11 September

Appendix 3 - Pensions Board Revised Terms of Reference

Appendix 4A - 4C) - Risk Register

Background documents

None

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London Borough of Hackney Pension Fund

Pensions Board Annual Report 2024/25

Introduction and Role

The Pensions Board for the London Borough of Hackney Pension Fund was established in 2015, as a requirement of the Public Service Pensions Act 2013. The role of the Board is to assist the Administering Authority (in this case, the London Borough of Hackney Council):

- To secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the Scheme, and any requirements imposed in relation to the LGPS by the Pensions Regulator
- To ensure the effective and efficient governance and administration of the London Borough of Hackney Pension Fund.

The Board therefore has an oversight role, predominantly in administration and governance matters, and is not a decision-making body (that role is undertaken by the Pensions Committee).

Membership

The membership of the Board during 2024/25 along with meeting attendance can be seen in the table below. The Board consists of equal numbers of scheme member and employer representatives and an optional independent chair.

All members were new to the Board in April 2024, due to the retirement or resignation (for personal reasons) of all previous Board members.

Two meetings were held during the 2024/25 municipal year (which runs from April to March), and a third meeting was held in early April 2025 due to the March 2025 meeting having to be postponed. This April 2025 meeting is being treated as a meeting of the 2024/25 municipal year for the purposes of this report.

Meetings are held in a hybrid format with members having the option to attend in person or online. Members of the public are also able to attend meetings in person or by watching the live stream.

		15 April 2024	10 September 2024	15 April 2025
Catherine Pearce	Independent Chair	Present (in person)	Present (in person)	Present (in person)
Pradeep Waddon	Employer Representative (Hackney Council)	Present (in person)	Present (in person)	Present (in person)

		15 April 2024	10 September 2024	15 April 2025
Rebecca Datta*	Employer Representative (Other Employers)	Present (in person)	Present (in person)	N/A
Chris Ellmore	Scheme Member Representative	Present (in person)	Not present	Present (online)
Natasha Persue-King	Scheme Member Representative	Present (in person)	Present (online)	Present (online)

*Rebecca Datta stepped down from her role on the Board in January 2025 due to leaving her employment and therefore no longer meeting the criteria to be an employer representative. Work is underway to fill the employer representative vacancy.

Meetings were also attended by Fund officers, and the April and September 2024 meetings were attended by the Fund's governance consultants, Hymans Robertson.

A decision was taken at the April 2025 meeting to move to 4 meetings in each municipal year to fit better with the pattern of Pensions Committee meetings.

Training

It is a legal requirement for Pensions Board members to have an appropriate level of knowledge and skills to carry out their roles, and the Fund's Knowledge and Skills policy sets out the Fund's expectations and training plans in more detail.

The table below shows the training events attended by each Board member during 2024/25.

	Catherine Pearce	Pradeep Waddon	Rebecca Datta	Chris Ellmore	Natasha Persue-King
Roles and Responsibilities 15 April 2024	Attended	Attended	Attended	Attended	Attended
LGPS Benefits and Administration 10 September 2024	Attended	Attended	Attended		Attended
CIPFA Local Pension Board Training Event 21 November 2024	Attended				

No training took place at the April 2025 meeting due to the length of the agenda.

A survey will be issued shortly to all Board members to identify the key areas of focus for training during 2025/26.

Activities during 2024/25

All meeting papers and meeting minutes of the Pensions Board (except exempt items) are published on the Hackney Council website.

All meetings include a review of the Pensions Committee meetings that have taken place since the last Board meeting, and the Board then examines some of these areas in more detail.

There are a number of Pensions Committee papers that were considered at all Board meetings, and these are set out below:

- High level monitoring reports which include the Fund's risk register, breaches log, progress against the business plan, and the Fund's performance against its strategic objectives in the areas of administration and communications.
- Quarterly update reports which include the Fund's investment performance, the performance of the third-party administrator Equiniti, and various other updates and national developments relevant to the running of the Fund.
- Reports from the Responsible Investments Working Group
- Updates relating to the McCloud project
- Updates relating to the progress of the project to review options for administration delivery following the expiry of the existing contract with Equiniti at the end of 2025.
- Reports relating to the performance of particular investments.

In addition, the Board considered the following at the 15 April 2024 meeting:

- As all members of the Board were new to the role, a training session was delivered by the Fund's governance consultants, Hymans Robertson, on the roles and responsibilities of those involved with the running of the Fund, including Board members, and how the governance of the scheme is structured both nationally and at individual Fund level. Board members were very engaged with this session and asked plenty of questions to clarify their understanding.
- Board members discussed their preferred approach to training, and were informed about various national training events and conferences.
- The Board agreed its workplan for 2024/25. This included various standard items to be considered at each meeting, along with a number of national initiatives to be brought to the Board at the appropriate time.
- The Board discussed how frequently it should meet. Previously the Board had met twice each municipal year, but due to the increasing amount of work having to be undertaken by the Fund it was agreed to increase the number of meetings each year to three and that this would be reviewed at the start of the next municipal year.

- The Board reviewed the papers and decisions from the meetings of the Pensions Committee on 7 February 2024 and 26 March 2024. Specific items considered (in addition to those listed above) included:
 - The review of the investment consultant's performance
 - The review and updating of the Under and Overpayment Policy

In addition, the Board considered the following at the 10 September 2024 meeting:

- The Board received a training session from Hymans Robertson on the benefits that scheme members receive from the LGPS, and when these can be brought into payment. Board members found this training very useful background to the discussions about the Fund's administration provision.
- The Board reviewed the papers and decisions from the meetings of the Pensions Committee on 8 May 2024, 9 July 2024 and 30 July 2024. Specific items discussed (in addition to those listed above) included:
 - The Fund's exit credit policy for employers leaving the Fund
 - The Fund's small employers' admission policy for employers wishing to participate in the Fund
 - Updates on the Fund's investment strategy and various specific investments and their performance
- The Board received a further report with updates about specific projects including dashboards, business planning, the Fund's application for the Stewardship Code, The Pension Regulator's General Code of Practice, and a recruitment update. The Board was pleased to learn that a new Head of Pensions would be starting soon and that the Interim Head of Pensions would be remaining with the Fund for a handover period and to ensure the completion of the administration transition project.

In addition, the Board considered the following at the 15 April 2025 meeting (which had been postponed from 27 March 2025):

- The Board reviewed the papers and decisions from the meetings of the Pensions Committee on 30 September 2024, 13 November 2024, 22 January 2025, 20 February 2025 and 11 March 2025. Specific items considered (in addition to those listed above) included:
 - The Fund's response to the 'Fit for the Future' consultation
 - The review of the investment consultant's performance and the setting of their objectives for 2025
 - The plans for the triennial valuation of the Fund as at 31 March 2025
 - The Fund's annual report and accounts
- The Board received a report on the outcome of the Scheme Member Responsible Investment Survey results and how the Fund plans to take account of members' views.
- The Board reviewed the proposed updates to the Responsible Investment policy and the Investment Engagement policy (which had been updated

following the scheme member survey) and provided comments which will be taken into account by the Pensions Committee when approving the policies.

- The Board received a report about the Fund's application to become a signatory to the Stewardship Code, which had been successful.
- The Board considered the proposed workplan for 2025/26 and agreed to increase the number of Board meetings each year to four.

Plans for 2025/26

The agreed workplan for 2025/26 includes the following items, although in some cases timescales will depend on progress at a national level:

- Regular updates of the transition of the administration service to a new provider
- Regular updates on ongoing projects such as McCloud and National Pensions Dashboards
- Consideration of the Fund's compliance against The Pension Regulator's General Code of Practice and how any areas of non-compliance will be managed
- Cyber security and business continuity
- Updates on the Fund's Stewardship Code application for the forthcoming year
- Consideration of the Fund's Annual Report and Accounts and Audit Plan
- The Fund's Data Improvement Plan
- The review of various Fund policies and strategies including the Governance and Compliance Statement, Conflicts of Interest policy, Funding Strategy Statement, Under and Overpayments Policy, Pensions Administration Strategy and Communications Strategy
- Consideration of the review of the Fund's AVC provision

The Board will also regularly review the Fund's risk register, breaches log and progress against the business plan.

The Board looks forward to another successful year. The Board would also like to thank the Fund officers and other advisors that have supported the Board and provided information at meetings during 2024/25.

Catherine Pearce

Independent Chair

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MINUTES OF A MEETING OF THE PENSIONS BOARD

THURSDAY 31 JULY 2025

Board Members Present: Catherine Pearce in the Chair
Pradeep Waddon and Natasha Persue-King (Virtual)

Apologies: Chris Ellmore

Officers in Attendance: Deirdre Worrell - Director of Finance
Miriam Adams - Assistant Director of Pension Fund
Investments and Administration
Rabiya Khatun - Governance Officer

1 Appointment of the Chair of the Pensions Board for the Municipal Year 2025/26

1.1 A board member nominated and it was seconded that Catherine Pearce be appointed to the position of Chair for the Municipal Year 2025/26

RESOLVED

That Catherine Pearce be appointed to the position of Chair of the Pensions Board for the Municipal Year 2025/2026.

2 To note the Terms of Reference of the Pensions Board for the Municipal Year 2025/26

2.1 Board Members noted the Terms of Reference.

RESOLVED:

To note the Terms of Reference of the Pensions Board for the Municipal Year 2025/26

3 Apologies for Absence

3.1 Apologies for absence were received from Chris Ellmore.

4 Declarations of Interest - Members to declare as appropriate

4.1 There were no declarations of interest.

5 Notice of Intention to Conduct Business in Private and Representation

5.1 There were no representations from members of the public.

6 Minutes of the Previous Meeting- 15 April 2025

- 6.1 Members considered the unrestricted minutes of the previous meeting held on 15 April 2025.

RESOLVED:

That the unrestricted minutes of the previous meeting held on 15 April 2025 be agreed as a true and accurate record of proceedings.

Matters Arising

- Cyber update at Pensions Committee

It was reported that the Cyber update was on the Pensions Committee's work plan but had been deferred due to the Committee's heavy agenda associated with the wider LGPS changes taking place and triennial valuation etc. It was on the work plan for the Board along with a few other reviews and policies.

- Business Plan

It was reported that officers were currently working on the Business Plan however there were challenges with the budget and cash flow.

7 Training –Triennial Actuarial Valuation - To be delivered by Hymans Robertson - Attached

- 7.1 Steven Scott, Hymans Robertson delivered the training on the Triennial LBH Pension Fund Actuarial Valuation as at 31 March 2025 and a summary is provided below:

Valuation basics – refresher

- Why does Fund carry out a Valuation
- How the Fund works
- How do we get the sides to balance - Contributions/Benefits
- Valuation outputs – liabilities/assets
- How the valuation is carried out
- The role of the Local Pension Board

2025 Valuation timescales

- The valuation process

2025 Valuation assumptions

- Key questions for the LPB
- Recommendations summary
- Changes in economic environment since 2022
- Impact illustration: prudence level
- Key questions for the LPB
- Decision framework
- Whole fund net cashflow (proposed contribution pattern)
- Contribution rates (for 3 years from 1 April 2026)

- 7.2 In response to questions from Board members relating to the Committee papers, Hymans Robertson's representative responded as follows:

- The Employer Covenant was a technical term used to describe the willingness and the ability of an employer to pay contributions to the fund. An employer with a strong covenant would find it relatively easy to pay contributions or when legally obliged to and an employer with a weak covenant may find it difficult to pay contributions to the pension fund.
- Although local authorities were facing significant financial challenges and under pressure to reduce contribution rates, it was emphasised that most local authority pension funds understood the importance of contribution rates needing to be stable to guarantee future members benefits and were taking decisions in line with the Fund Actuary's recommendations
- It was emphasised that the LBH Pensions Committee had accepted the Fund Actuary's recommended contribution rates.
- Employers were monitored monthly and how many employees were active members. For those employers on the new council contract agreements, a pass-through agreement was in place so the risk remained with the Council. When one employee remained then employer cessations would be considered. Contracts were also monitored to identify those ending soon.

RESOLVED:

Noted the Triennial Actuarial Valuation Training delivered by Hymans Robertson.

8 Review of Pensions Committee Papers – Public papers - Attached

8.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report outlining the work undertaken by the Pensions Committee at its meetings on 11 June 2025 and 29 July 2025 and summarised the main themes and outcomes at those meetings including:

- 2024-25 Pension Fund Accounts & Audit Plan
- 2025 Triennial Valuation
- Quarterly Administration Report
- Annual Benefit Statements
- Regular updating of the website and publishing updated policies and Frequently Asked Questions (FAQs) of Scheme Member Survey
- Feedback on the Employer Forum
- McCloud update
- Dashboard update - the deadline would be missed due to the transfer from Equiniti to LPPA shared service and this has been reported to The Pensions Regulator
- Admission and cessation employer update.
- Update on investments and funding strategy
- Training on Introduction to TCFD and risk management
- Allocations to UK Housing and Resonance Fund
- Updated policies including Responsible Investment Policy, Engagement Policy and Conflict of Interest Policy to reflect changes to pooling
- Quarterly Business plan & Audit Report
- The Fund had been issued with the highest level of assurance in the Internal Audit Report on Pension Fund Investments
- Governance compliance policy and compliance statement. The appointment of an independent adviser would now be undertaken annually to ensure compliance.

- The Pensions Committee members had received links to MSCI introductory level videos prior to the training on the Introduction to Benchmarking and Indices in September 2025.
- The Pensions Committee had completed the four training sessions on the Task Force on Climate-related Financial Disclosures (TCFD) and a draft report would be presented at its next meeting in September.
- The Fund's carbon footprint had reduced by 11.6% between 2023 to March 2025. There could be many reasons for companies which had been flagged as high emitters and officers would be engaging with those Fund Managers including London CIV and discussing carbon emission plans.
- The Voting Policy had been approved including the recommendation for one appointed voting partner.
- In the New World, London CIV would continue their work on the classes and officers would be procuring for a passive voting partner.
- LAPFF to provide specific conflict area dedicated engagement report to inform scheme members periodically of its engagement on behalf of the 86 LGPS funds they represent.
- The Committee had received investment strategy training to start the process and provide a strategy to London CIV which they could incorporate into the fund and their work plan.
- The Committee had received an update on the London CIV B Shares Subscription which required all London Boroughs including City of London to purchase additional shares in order to maintain the required Share Capital required to support the increase in Asset Under the management of London CIV and comply with the Financial Conduct Authority (FCA) requirements.

8.2 In response to questions from Board members relating to the Committee papers, the Assistant Director of Pension Fund Investments and Administration responded as follows:

- Employers uploaded data monthly and any submitted corrections in the records were now on the system. The data review plan of employers had been undertaken
- The government had outlined that the pool would be responsible for primary advice on asset allocation as well as also being involved in the manager selection and manager monitoring, which could lead to a potential conflict of interest. London CIV was also in the process of appointing a strategic advisor to build its strategic advice however this could lead to a potential conflict if an adviser to the Pension Fund were appointed.

8.3 The Chair congratulated officers and members for their work on achieving the highest audit recommendation.

8.4 A request was made for the links to the MSCI introductory level videos to be emailed to Board members.

ACTION: The Assistant Director to email Pension Board members the links to MSCI videos on the introductory level of benchmarking and indices.

RESOLVED:

To note the report.

9 LGPS Fit for the Future Update

9.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration provided an update on LGPS Fit for the Future consultation at agenda item 8 above and highlighted the following:

- The LBH Pension Fund and other LGPS funds had responded to the government's Fit for Future consultation and the government had responded on 29 May and the pensions bill was going through the process with substantial work taking place in the background on guidance and consultation before becoming law by 31 March 2026.
- It was expected to be a gradual process and no forced selling.
- London would have a wrap around Investment Management Agreement (IMA) and the LBH Pension Fund would also be taking legal advice from the Council's Legal team and Redington Consultants from an investment perspective. This would be taken back to the Committee.
- The consultation covered three areas: Investment pooling, local investment, and governance of the fund and pool. In the New World and the template issued for strategic asset allocation there had been issues due to there being no sub-headings. There were fewer asset allocations choices to select.
- Discussions were ongoing on local investment and governance
- The Scheme Advisory Board had been asked to look into setting minimum standards
- The government had reduced the pools from eight to six and pools must now be Financial Conduct Authority regulated with minimum standards.
- The pool must provide primary advice.
- Pension Funds would not be able to directly approach and invest in another pool but could request their own pool to invest on their behalf.

9.2 In response to questions from Board members relating to the Committee papers, the Assistant Director of Pension Fund Investments and Administration responded as follows:

- It was clarified that the London CIV's 33 existing Pension Funds' asset allocations could not be changed but the London CIV was in the process of developing products to represent the 33 funds in the future and by the deadline.
- In the new world all Pension Funds would be required to transfer their assets into an appointed fund. There were exceptions including property.
- It was confirmed that diversification sat with London CIV and liability risks with LBH Pension Fund.
- There was now a division of responsibilities between the pool and Pension Funds.
- The London CIV were working on a suitable governance process for those unhappy with the service or underperformance as well as a process for starting an asset allocation.
- Going forward a quarterly report would be submitted detailing the progress on the areas.

- It was stated that 'local' had not been defined. London CIV's Local Investment Policy could expand the definition of 'local' beyond Hackney or London.

9.3 The Chair stated that a consultation from MHCLG was expected in the Autumn with specific LGPS regulations that related to all things in the future consultation and requested subject matter should be a standing item on future agendas due to the changes especially in pooling and governance.

RESOLVED:

Noted the verbal update

10 Project/Work Updates (where not already covered in Committee papers)

10.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administrations provided an update on the projects and works undertaken.

- Internal Audit Report - Pension Fund Investments - Update provided at section 8.1.
- Pensions Board Annual Report – This report would be presented at the Pensions Committee in September 2025.
- Dashboards - Update provided at section 8.1.
- Future Training - Wider Pensions and Industry related Legislation
- LGPS (England & Wales) - A paper on The Access and Fairness Consultation would be brought to the next Pensions Board and Committee meeting.
- Stewardship Code - The draft code would be presented at the Pensions Committee in September 2025 and will reflect the changes of the Responsible Investment Scheme Member survey. There were 27 areas of amber and red and the focus would be on amber areas.
- Annual Benefit Statements - The statements were being prepared but the McCloud element would not be included this year due to the software not being in place as result of the transfer from Equiniti to the shared service with LPPA. The new software was not considered value for money as Equiniti's contract was ending soon. McCloud element would be included in the 2025/26 statements. The communications were being prepared to be sent out with the statements separately to the employees and employers. There were discussions about making the statements available via the portal.
- Update on Board Vacancy - There had been no responses received to the board vacancy and officers would be approaching more senior officers within the scheme's employers to encourage more employees to apply and training would be provided.

10.2 The Chair noted her disappointment and stated that the terms of reference did not explicitly state that the other employer representative had to be from one of the other employers and consideration could be given to have another Council employer representative.

RESOLVED:

1. **Agreed to review the contents of the draft annual report (Appendix 1) and provide any comments.**

2. To agree to the presentation of the report at the next Pensions Committee.

11 Training Update (Verbal)- Discussion Item only

- 11.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administrations advised that the next training would focus on wider pensions legislation. There would also be training in the new world and LGA and CIPFA sessions.

12 Any Other Unrestricted Business

- 12.1 There was no other unrestricted business

13 Exclusion of the Public and Press

RESOLVED:

That the press and public be excluded from the proceedings of the Pensions Board meeting during consideration of Exempt items 14-17 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.

14 Restricted Minutes of the Previous Meeting- 15 April 2025 - Attached

- 14.1 Board members considered the exempt minutes of the meeting held on 15 April 2025.

RESOLVED:

That the restricted minutes of the previous meeting held on 15 April 2025 be a true and accurate record of the proceeding.

15 Review of Pensions Committee Papers – Private papers

- 15.1 The discussion relating to this item is restricted.

RESOLVED:

To note the report.

16 Any Other Restricted Business

- 16.1 There was no other restricted business.

17 Date of next meeting: 11 September 2025

- 17.1 The next meeting will be held on 11 September 2025.

Duration of the meeting: 10.00 – 12.15 hours

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MINUTES OF A MEETING OF THE PENSIONS BOARD

THURSDAY 11 SEPTEMBER 2025

**Councillors Present
Virtually:**

Catherine Pearce in the Chair

Chris Ellmore and Natasha Persue-King

Apologies:

Pradeep Waddon

Officers in Attendance:

**Miriam Adams - Assistant Director of Pension Fund
Investments and Administration
Rabiya Khatun - Governance Officer
Deirdre Worrell - Director of Finance**

Also in Attendance:

Alan Johnson, Hymans Robertson

1 Apologies for Absence

1.1 Apologies for absence were received from Pradeep Waddon.

2 Declarations of Interest - Members to declare as appropriate

2.1 There were no declarations of interest.

3 Notice of Intention to Conduct Business in Private and Representation

3.1 There were no representations from members of the public.

4 Minutes of the Previous Meeting - 31 July 2025

4.1 Members considered the unrestricted minutes of the previous meeting held on 31 July 2025.

RESOLVED:

That the unrestricted minutes of the previous meeting held 31 July 2025 be agreed as a true and accurate record of proceedings.

Matters Arising

Pensions Board Vacancy Update

The Assistant Director of Pension Fund Investments and Administration provided an update on the Board vacancy and reported that no interest had been expressed, but efforts would continue to fill the vacancy with a plan for alternative methods if no candidate were found by January 2026.

Cyber Update

It was noted that cyber security work was still pending, and officers would need to find a third party to undertake it.

5 Training – Wider Pensions and Industry Related Legislation - TRAINING TO BE DELIVERED BY HYMANS ROBERTSON

5.1 The Chair introduced Alan Johnson, Hymans Robertson, who delivered the training on Wider Pensions and Industry Related Legislation. A summary of the presentation is below:

Pension Acts 2004 (PA 2004)

- PA 1995 (49(8)) – Contribution payment
- PA 1995 (50(1)) – Internal Dispute Resolution Process (IDRP)
- PA 2004 (64) – Scheme Return
- PA 2004 (249B) – Internal controls
- PA 2004 (70) – Report Breaches of Law
-

Data Protection Legislation

- UK General Data Protection Regs
- GDPR Implications for Board Oversight
- Freedom of Information Act 2000

Tax Legislation

- Finance Act 2004 – Annual allowance tax charges

Other legislation

- OPPS 2013 (16) – Benefit Information Statements
- Pension Schemes Act 1993 S95(2) – Transfers
- Equality Legislation

5.2 In response to a question from the Chair, the Assistant Director of Pension Fund Investments and Administration confirmed that a draft monitoring report was being produced including a breaches log and contribution reconciliation and this would be presented at the next meeting. The timelines for reports were included in the administration strategy, however this had been last reviewed in 2022/23 and going forward this would be regularly updated.

6 Draft Pensions Board Terms of Reference

6.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report for the Pensions Board to consider and approve the revised Terms of Reference for this Committee.

6.2 The Chair noted that work had been done to update the terms and that the Pension Board annual review had been included. There were no comments from members.

RESOLVED:

1. To consider, comment and approve the revised Terms of Reference as set out in Appendix 1

7 Project/work updates (where not already covered in Committee papers)

7.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration provided a verbal update on the projects and work undertaken:

a) External Audit Progress

External Audit for the Pension Fund had begun and the auditors were aware of the administration service transition to LPPA on 24 October 2025 and had raised no concerns so far.

b) Stewardship Code

The Stewardship Code was being reviewed for the 2024/25 submission and the aim was to have more "green" passes and optimism was expressed about the fund's continued membership.

c) Annual Benefit Statements

The Annual Benefit Statements would be issued late and the reasons for lateness were being investigated. It was noted that only 100 had been sent out and concern was expressed about the recurring lateness of the statements despite the reasons provided by Equiniti and this also be added to the breach register.

RESOLVED:

The verbal update was noted.

8 Training update - DISCUSSION ITEM ONLY - NO PAPER

8.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration reported that the Board members would be kept informed of suitable training as it was identified and mentioned the possibility of future sessions on breaches. Board members were also offered one-to-one sessions for those seeking clarity on regulatory or practice-related matters.

8.2 The Chair encouraged Board members to suggest any specific areas where they would like training, emphasising that such suggestions could be submitted at any time.

8.3 The Chair advised that the Scheme Advisory Board Annual Assembly would be held in October 2025 and this event was for Pensions Committee and Board chairs. The Chair would be attending the event and would report back at the next meeting or by email.

9 Urgent Unrestricted Business

9.1 There was no other urgent business.

10 Exclusion of the Public and Press

RESOLVED:

That the press and public be excluded from the proceedings of the Pensions Board meeting during consideration of Exempt items 10-13 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.

11 Restricted Minutes of the previous meeting held on 31 July 2025

11.1 Members considered the restricted minutes of the previous meeting held on 31 July 2025.

RESOLVED:

That the restricted minutes of the previous meeting held 31 July 2025 be agreed as a true and accurate record of proceedings.

12 Urgent Restricted Business

12.1 The minutes relating to this item are restricted.

13 Date of next meeting - 28 January 2025

13.1 The next meeting will be held on 28 January 2026.

Duration of the meeting: 10.00 - 11.12 am

Catherine Pearce
Chair of the Pensions Board.

Appendix 3 - Terms of Reference of Council Committees etc Pensions Board

Functions

The Pensions Board is established by Hackney Council under the powers of the Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 (“the Regulations”). The [Council](#) as administering authority may determine the procedures applicable to the Pensions Board in accordance with the Regulations including as to the establishment of Sub-Committees, formation of joint Committees and payment of expenses. The Constitution applies to the Pensions Board unless specifically excluded by the [Terms of Reference](#).

Powers of the Pensions Board

The Pensions Board will exercise all its powers and duties in accordance with legislation and the Terms of Reference. The Pensions Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of its functions.

Role of the Pensions Board

Under the Public Service Pensions Act 2013 by sections 5 (1) and (2) the role of the Pensions Board is to assist Hackney Council as Scheme Manager of the London Borough of Hackney Pension Fund:

1. To secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the Scheme, and any requirements imposed in relation to the LGPS by the Pensions Regulator.
2. To ensure the effective and efficient governance and administration of the London Borough of Hackney Pension Fund.
3. Assisting in the effective and efficient management of risks

Duties and Functions

1. Review policy documents
2. Monitor performance and compliance of the fund administration
3. Review audit reports and risk registers
4. Promote best practice

The Pensions Board provides oversight of these matters and, accordingly, is not a decision-making body in relation to the management of the Pension Fund. The Pension Fund's management powers and responsibilities which have been, and may be, delegated by the Council to [Committees](#), [Sub-Committees](#) and [Officers](#) of the Council, remain solely the responsibility of those Committees, Sub-Committees and officers including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and fund managers.

The Pensions Board will ensure that in performing their role it is:

- (a) Undertaken effectively and efficiently;
- (b) Complies with relevant legislation; and
- (c) Undertaken by having due regard to and in the spirit of the Code of Practice issued by the Pensions Regulator and any other relevant statutory or non statutory guidance.

The Board must provide minutes of each meeting to the following Pensions Committee, copied to the Assistant Director Pension Fund Investments & Administration, and may make reports and recommendations to the Pensions Committee insofar as they relate to the role of the Pensions Board. Any such reports or recommendations must be provided at least 15 working days in advance of the next Pensions Committee.

In addition, an annual report of the Pensions Board (as prepared by the [Chair](#) of the Pensions Board), must be provided to the [Cabinet Councillor](#) for Finance; the Director of Finance and Corporate Resources; the Director, Financial Management; Director of Legal, Democratic and Electoral Services; the Pension Fund Committee and Council as well as being published in the Fund's Annual Report and Accounts.

In the exceptional circumstances that the Board considers that a matter brought to the attention of the Pensions Committee and Group Director, Finance and Corporate Resources has not been acted upon or resolved to their satisfaction by the Pensions Committee and/or Group Director, Finance and Corporate Resources within a reasonable period, the Pensions Board will provide a report to the Council.

Composition of the Pensions Board

A Pensions Board Appointments Panel oversees appointments to the Pensions Board and is responsible for the making of appointments to the Pensions Board. Members of the Panel are able to nominate a substitute Panel Member. The Pensions Board Appointments Panel comprises:

- (a) Cabinet Councillor for Finance
- (b) Group Director, Finance and Corporate Resources
- (c) Director of Financial Management
- (d) Director of Legal, Democratic and Electoral Services.

Membership

Representatives

The Pensions Board shall consist of 4 or 5 members and be constituted as follows:

- (a) Two Employer Representatives;
- (b) Two Scheme Member Representatives;
- (c) One Independent Member (optional).

The Independent Member, if appointed, may have an alternate who will carry out Pensions Board business if the Independent Member is not available to do so.

The Employer Representative represents the interests of participating employers in the Fund helping to provide input on issues affecting employers, ensuring their perspective is considered in the fund's management.

A Scheme Member Representative represents the interests of scheme members.

Board members may be entitled to an allowance in line with the Council's Constitution as set out in Part 7C under the Members Allowances Scheme.

Eligibility and selection criteria

Two Employer Representatives who have the capacity to represent Pension Fund employers. At least one of the employer representatives must be an employee or an elected Councillor of Hackney Council.

Two Scheme Member Representatives who have the capacity to represent Pension Fund members. Scheme Member representatives must be members of the London Borough of Hackney Pension Fund and membership may be one of the following categories: active, deferred or pensioner.

The Pensions Board Appointments Panel will jointly define and keep under review any further eligibility and/or selection criteria that will apply to Pensions Board members having due regard to the LGPS Regulations and other relevant Code of Practice and guidance (statutory or otherwise).

In accordance with the LGPS Regulations, no officer or elected Member of Hackney

Council who is responsible for the discharge of any function of the Administering Authority under the LGPS Regulations may be a member of the Hackney Pensions Board.

Term of office

The Employer and Scheme Member Representatives are appointed for a period of four years from the date of appointment. This period may be extended if agreed by the Pensions Board Appointments Panel. An appointment will cease if:

- An employer representative is no longer in the employment of that employer, or becomes responsible for the discharge of any function of the Administering Authority under the LGPS Regulations in relation to the Pension Fund
- A scheme member representative is no longer able to demonstrate that they represent the interests of the scheme members
- A Pensions Board member can no longer demonstrate their capacity to attend and prepare for meetings or to participate in the required training
- A Pensions Board member has a conflict of interest which cannot be managed in accordance with these Terms of Reference
- A Pensions Board member for any other reason does not meet the criteria required to be a Pensions Board member.

Any Independent Member's term of office will be determined by separate contract terms agreed by the Pensions Board Appointments Panel but will be no longer than a period of 10 years and will be subject to ongoing review as defined in those terms.

Any Pensions Board member may be re-appointed for further terms following an appointment process.

Chairing arrangements

The Pensions Board Appointments Panel will appoint a Chair and a [Vice Chair](#) from the membership of the Pensions Board.

Where the Pensions Board Appointments Panel do not consider that any of the members of the Board have the requisite knowledge and skills for the role of Chair at the point in time they are to appoint the Chair, they will appoint an Independent Member to the Pensions Board who will also undertake the role of Chair to the Pensions Board. The Independent Member may have an Alternate who can undertake the role of Chair in his absence.

The appointments to Chair and Vice Chair will be reviewed at such times as considered appropriate by the Appointments Panel, unless the Chair is an Independent Member, in which case the position will be linked to the term of

appointment for the Independent Member.

Quorum and Voting Arrangements

A meeting of the Pensions Board will only be [quorate](#) when two of the four Employer and Scheme Member Representatives are present, and where the Board has an Independent Member they must also be present.

A meeting that is (or becomes at any point) not quorate will cease after a 20 minutes wait.

Scheme Member and Employer Representatives will have individual voting rights. Any other person attending a meeting will not have a right to vote. Where the Chair is a Scheme Member or Employer Representative, they will have the deciding vote in cases where an equality of votes exists.

Any decision being reported to Council must receive agreement from a majority of voting members. It is expected that the Pensions Board will as far as possible reach a consensus in all voting matters. The results of any voting outcomes will be reported in the Board minutes.

Substitutes

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

Standard of conduct

The Code of Conduct for Councillors and Co-optees in Hackney Council's Constitution shall apply and Pensions Board members shall be treated as being co-opted members of the Council for this purpose unless excluded elsewhere within these Terms of Reference.

Conflicts of Interest

Though members of the Pensions Board include representatives of specific categories of stakeholder (i.e. scheme members and employers), each member is required to have due regard to the role of the Pensions Board as outlined in these Terms of Reference. Accordingly, all members are expected to work jointly in the best interests of the Pension Fund, putting aside any individual views of any stakeholders. This should not prevent members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

Each member of the Pensions Board (as well as other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interest which may lead to conflicts of interest in the subject area or specific agenda

of that Pensions Board.

The Chair of the Pensions Board must be satisfied that the Board is acting within:

- The conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- In the spirit of any national guidance or Code of Practice in relation to the conflicts of interest at the Pensions Board, and
- In accordance with any London Borough of Hackney Pension Fund Conflicts of Interest Policy or Procedures that apply to the Pensions Board.

Part 2 of Hackney Council's Code of Conduct for Members and Co-optees shall apply in relation to the management of conflicts of interest on the Pensions Board with the exception of the registration of pecuniary interests and how interests are to be disclosed which are detailed below.

Each member of the Pensions Board, or a person proposed to be appointed to the Board (as well as attendees participating in the meeting) must provide the Director of Finance & Corporate Resources and the Director of Legal, Democratic and Electoral Services with such information as they reasonably require for the purposes of demonstrating that there is no conflict of interest.

The Director of Finance & Corporate Resources and Director of Legal, Democratic and Electoral Services will jointly be responsible for ensuring that the Chair and Vice Chair of the Pensions Board do not have a conflict of interest which would preclude the fulfilment of the roles and for ensuring that the Chair is carrying out their responsibilities under this part appropriately.

A conflict of interest is defined in the Public Service Pensions Act as:

'in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).

Knowledge and Skills

All training will be provided so there is no expectation for Board members to have this knowledge before joining the Board.

Under the requirements of the Public Service Pensions Act, a member of the Pensions Board must be conversant with:

- a) the legislation and associated guidance of the Local Government Pension Scheme (LGPS), and

- b) any document recording policy about the administration of the LGPS which is adopted by the London Borough of Hackney Pension Fund

In addition, a member of the Pensions Board must have knowledge and understanding of –

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

It is for individual Pensions Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pensions Board.

In line with this requirement Pensions Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pensions Board members are therefore required to:

- participate in training events (a written record of relevant training and development will be maintained)
- undertake a personal training needs analysis or other method to identify gaps in skills, competencies and knowledge.
- comply with the Pension Fund's Training Policy insofar as it relates to Pensions Board members.

Order of Business

- (a) Receive apologies;
- (b) Receive any declarations of interest from elected members;
- (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) Receive questions from, and provide answers to Councillor questions on matters covered on the agenda;
- (f) Consider reports as set out in the [agenda](#).
- (g) Consider any items of urgent business

Who may attend?

Meetings of the Board will normally be open to the public, unless [confidential](#) or

[exempt](#) information is to be discussed.

The following will be entitled to attend Pensions Board meetings in an observer capacity:

- Members of the London Borough of Hackney Pension Fund Committee
- Group Director, Finance and Corporate Resources, Monitoring Officer, Director of Financial Management, Director of Legal, Democratic and Electoral Services, and the Lead Member for Finance
- Other officers or advisers of Hackney Council or other employers involved with the management of the Pension Fund subject to approval in advance by the Chair, or on request by the Chair
- Any other person requested to attend by the Chair
- Any other person subject to approval in advance by the Chair. Any such attendees will be permitted to speak on request to the Chair.

Location

This Board meets at the Council's main offices or any other suitable location, and meetings will be held during the normal working day except in exceptional circumstances and by prior agreement with all Board members. Meetings can also be held with remote attendance by members or as hybrid (a combination of being physically present and remote attendance).

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.

Frequency of meetings

The Board will meet a minimum of four times each calendar year. The Board meets on dates set out in the Council's meetings calendar.

Urgent business of the Pensions Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Pensions Board including telephone conferencing and emails.

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 the Board. Updates to the terms of reference will be agreed annually at the Board's first meeting of the municipal year.

Last reviewed: May 2025

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Administration & Communications risks **SEPT 2025**

Risk	Risk Overview (this will)	Risk Description (if this happens)	Strategic	Current	Current	Internal controls in place	Target Impact	Target	Date Not Met	Expected	Further Action and Owner	Risk Manager	Next review	Last Update
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	Almost certain	<ul style="list-style-type: none"> 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	1/12/2018	Mar-24	<ul style="list-style-type: none"> 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) 3 - Onboarding of new administration service provider 	Lucy Patchell	30/9/2025	3/6/2025
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	<ul style="list-style-type: none"> 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 6 - Regular monitoring of payroll interface to assist with data accuracy 	Moderate	Possible	1/12/2018	Mar-24	<ul style="list-style-type: none"> 1 - Roll out employer portal to all employers - on hold awaiting software system developments (LP) 2 - Develop and roll out data improvement plan (LP/MH) 3 - Speak to Equiniti to understand monitoring carried out (see internal controls) (MH) 	Lucy Patchell / Miriam Adams	1/6/2024	14/3/2024
3	Poor Employer Engagement	Financial and reputational risks. Incorrect or late data (see above) and/or member dissatisfaction.	A2, A3, A4	Moderate	Likely	<ul style="list-style-type: none"> 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	1/12/2018	Mar-24	<ul style="list-style-type: none"> 1 - Roll out employer portal - on hold awaiting software system developments(LP) 2 - Carry out employer satisfaction surveys (LP) 3 - Continue with roll out of employer section of website (LP) 4 - Develop Data Improvement Plan after onboarding 	Lucy Patchell / Miriam Adams	31/3/2025	27/5/2025
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	<ul style="list-style-type: none"> 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			<ul style="list-style-type: none"> 1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP) 3 - Report on opt out rates (LP) 4 - Member Self Service is on hold pending system developments 	Lucy Patchell	1/6/2024	14/3/2024
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	<ul style="list-style-type: none"> 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 3 - Administration review of third party administrators processes and benefit calculations 	Minor	Rare				Lucy Patchell / Morgan Williams	31/1/2026	31/3/2025
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	<ul style="list-style-type: none"> 1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups 	Moderate	Possible			<ul style="list-style-type: none"> 1. Continue to keep abreast of proposed changes and their implications (LP) 2. Conduct TPR Code of Practice Review 3. Governance review every 3 years 	Lucy Patchell /Miriam Adams	31/3/2026	4/6/2025
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	Possible	<ul style="list-style-type: none"> 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	1/3/2021	Mar-24	<ul style="list-style-type: none"> 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	1/6/2024	14/3/2024

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	Moderate	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	Moderate	Unlikely	1/11/2022	Mar-24	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	1/6/2024	14/3/2024
9	Service interruption due to the change in administrator from Equiniti to LPPA	Poor administration and/or service/delivery to members. Risk of delays in service provision initially. Risk of inaccurate calculations, processes and communications	A1, A2, A4	Major	Almost certain	1- Provisions in contract to manage transfer and onboarding processes 2- Project team within LPPA to manage the deliverables including implementation timeframes 3- there will be a period of time where both administration systems are run concurrently, to minimise any disruption to members	Major	Possible	TBC	Mar-24	1- Ensure a project team is in place to effectively manage the transition (LP/MA)	Lucy Patchell / Miriam Adams	30/9/2025	30/5/2025
Administration Migration Risks														
10	The risk that Civica do not sufficiently fulfil their requirements to enable the onboard by Oct 25	The project cannot be delivered successfully or on time		Major	Possible	As a minimum, LPPA and Civica meet weekly to discuss project progress. Hackney have clear escalation points on both sides should activity become off track				27/1/2025	1. Quarterly update report to Pensions Committee 2. Monitoring group made up of senior officers and Pensions Committee Chair meet each week to consider project progress	Michael Honeysett		
11	The risk that Hackneys data quality is poor, increasing the number of manual intervention needed	Additional data cleansing is required before LPPA can administer Hackney members		Major	Possible	There are 11 months from project initiation to manage the migration following the receipt of data cut 1, which should be enough time to cater for and manage unforeseen issues. There are a number of data cuts and parallel pay runs to identify and iron out any data quality issues to an acceptable standard LPPA enlisted the services of Intellica to review and advise on the data quality / gaps / areas of focus which Hackney are considering				27/1/2025		Michael Honeysett		
12	The risk that LPPA is not sufficiently resourced to manage the volume of queries generated by the Hackney onboarding	The required onboarding activities cannot be undertaken		Moderate	Likely	Approved project on our Change Portfolio, with dedicated PM in place, Steering Committee, and Sponsor. LPPA will ensure the project is resourced as required				27/1/2025		James Clarke Seb Gordan		
13	Equiniti do not engage or provide LPPA with the required answers / data to onboard successfully	The project cannot be delivered successfully or on time		Minor	Possible	As a minimum, LPPA and EQ have weekly meetings to discuss progress and have been working well together since Oct 24.				27/1/2025		James Clarke Nicola Greenwood		
14	LPPA do not fully identify all anticipated costs for the onboard	Additional costs passed on to a new Client - reputational damage		Moderate	Possible	Services will be provided through a shared service agreement priced on a cost recovery basis. Finance will support the project team in producing a detailed project budget for onboarding with contingency. There could be some additional non BAU work (e.g. data cleansing) that might be identified during the project, any of these costs will be agreed with Hackney in advance				27/1/2025		Abbi Leech		
15	The onboard negatively impacts BAU performance for our existing Clients / Members	Existing Clients BAU SLAs are negatively impacted		Moderate	Likely	LPPA notes the desire of the LBH to migrate pensions administration by October 2025. We believe this to be a realistic timeframe, however, the actual timetable will be driven by detailed project planning to ensure that the project is delivered professionally and robustly and to ensure there is no detriment to the service levels for existing clients.				27/1/2025		John Crowhurst		
16	The EQ staff impacted by the onboard (TUPE) are disengaged, may leave, or may not align to the LPPA values	The staff could leave (pre exit), or be disengaged before even joining LPPA, resulting in limited Hackney knowledge being transferred to LPPA		Major	Likely	An additional liabilities side letter is in place due to the additional staff being transferred to LPPA to cover the additional costs incurred. HR > HR meetings to take place between April to transfer date to ensure organisations aligned and agreed on plans / actions / next steps EQ & Hackney to agree to work together on the EQ staff / TUPE / etc				27/1/2025		Abbi Leech Nicky Greenwood Michael Honeysett		
17	Employers do not implement MR spec ahead of the onboard	Our data quality would be negatively impacted		Moderate	Likely	LPPA and Hackney will work together on this engaging with employers and their payroll providers wef May 25				28/1/2025		Chris Dawson Lucy Patchell		
18	Hackney / EQ do not currently have online self service portals	Low / no member or employer uptake		Minor	Likely					29/1/2026		Chris Dawson		
19	LPPA has existing regulatory change obligations	Certain projects within the Portfolio could be at risk of missing deadlines		catastrophic	Likely	LPPA have resourced its teams appropriately to deliver the agreed Change Portfolio and service our existing and new Clients				24/10/2025		James Clarke		
20	Flow of services to LPPA through one of our shareholders (LPFA)	If this discharge agreement is not in place in good time, it will impact the go live dates		Major	Likely	LPPA continue to work with LPFA and Hackney on ensuring the required discharge agreement is in place as appropriate				3/4/2025		John Crowhurst Michael Honeysett		
21	During the data extract and test migration / mapping exercise, exceptions might be identified where there are differences or gaps	Some data might not be mapped into UPM correctly or may require intervention		Moderate	Possible	Civica have produced an options paper outlining mitigating action that can be taken should any admin tables be missing from the mapping activity				24/10/2025		LPPA/Civica/ Michael Honeysett		

Funding & Investment Risks

SEPT 2025

Risk	Risk Overview (this)	Risk Description (if this happens)	Strategic	Current	Current	Internal controls in place	Target	Target	Date Not Met	Expected	Further Action and Owner	Risk Manager	Next review	Last Update
1	Strategy risk - failure to meet objectives through poor asset performance	Asset risks include the following: Concentration - over allocation to a single asset class or manager Illiquidity - insufficient liquid assets Currency risk – underperformance of asset currency Manager Underperformance	I1-14, 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 (MA) 2. Committee agreed in September to invest in 2 new asset classes thereby reducing over concentration to any one asset class. (MA) 3. On going monitoring of SAA	Miriam Adams	31/3/2026	3/6/2025
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	Minor	Unlikely	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 (MA)	Miriam Adams	31/6/2029	16/9/2025
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	I1-14, 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 R1 risk	Major	Unlikely	1/12/2018	1/3/2024	1 - Transition planning for upcoming transitions (MA) 2 - Management of relationship with Northern Trust as transition phase moves to Business As Usual (MA) 3 - Maintain relationships with senior LCIV staff (JM/MA) 4 - Ensure LCIV aware of Hackney investment priorities and objectives to understand timing requirements (JM/MA) 5 - Meeting held with NT to resolve Outstanding transition issues. AUM differences between NT reported and manager report and benchmark differences resolved bar 1 manager Permira with difference in NT reported AUM. This is being looked at by NT. Solution identified for benchmark issue with Index provider to send agreement (No fees). 6 - Ongoing monitoring will take place.	Miriam Adams	30/9/2026	30/5/2025
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	1/12/2018	1/3/2024	1 - Ensure business plan kept up to date	Lucy Patchell/ Miriam Adams	31/3/2026	16/9/2025
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 3 - Employer review is planned as part of the triennial valuation	Morgan Williams/ Miriam Adams	31/3/2026	16/9/2025
6	Cashflow	Employer contributions are	F1, F3	Moderate	Possible	1 - Ensure sufficient liquid assets are available if needed	Moderate	Unlikely	1/9/2022	1/3/2024	1 - Ongoing monitoring (MA)	Morgan	28/11/2025	31/3/2025

7	Increase in inflation	Prolonged high inflation erodes asset value causing cashflow issues and affects employer affordability.	F1, I1, I5	Major	Likely	<ul style="list-style-type: none"> 1 - planning within funding assumptions 2 - ensuring high level of inflation-sensitive assets held 3 - inflation hedging 4 - robust treasury management policy 	Moderate	Possible	1/9/2022	1/3/2024	<ul style="list-style-type: none"> 1. Implementation of 5% allocation Multi-Asset Credit has been agreed by Committee (MA) 2. Reduce equity overweight in favour of income producing assets (MA) 3. Committee has also agreed to procure other inflation-linked asset classes - UK Housing and Natural Capital in September 2024 (MA) 		1/9/2025	1/11/2024
8	Funding experience - large surpluses emerge due to combination of fund experience and employer contributions	Change in economic environment has led to the emergence of large surpluses at the 2025 valuation. If situation persists, and surpluses grow, lead to pressure to significantly cut contribution rates at future valuations (which will exacerbate cashflow risks and increase the likelihood of future rate increases)	F1 - F5	Moderate	Possible	<ul style="list-style-type: none"> 1 - Review of prudence in actuarial assumptions each triennial valuation 2 - Reductions to contribution rates applied at the 2025 valuation to reflect existence of surpluses 3 - Actuary sets evidence-based assumptions using analysis of experience 4 - Application of a higher funding target at the 2025 valuation to ensure steady distribution of current surplus to employers 	Moderate	Possible			<ul style="list-style-type: none"> 1 - Ongoing monitoring (MA) 2 - Review cessations Policy 3. Pass through policy s 	Morgan Williams/ Miriam Adams	31/3/2026	16/9/2025
9	Climate change and Environmental Risks	Climate change and environmental risks have the potential to have significant impacts on both the Fund's assets and liabilities. This is likely to result in both transitional and physical risks to the Fund, where assets are diminished in value making it more difficult to meet future liabilities		Major	Likely	<ul style="list-style-type: none"> 1 - Understand, measure and monitor potential risks to the portfolio 2 - Understand, measure and monitor potential impact on liabilities 3 - Consider climate and environmental investment opportunities for the Fund 4 - Tilt portfolio to assets that are better able to support climate transition and less exposed to physical risks 	Moderate	Possible			<ul style="list-style-type: none"> 1. Annual TCFD reporting to monitor the Fund's exposure to climate change 2. Consideration of climate issues in Strategic Asset Allocation review 3. Liaise with London CIV over their climate strategy 	Miriam Adams	1/9/2025	1/11/2024
10	Failure to carry out Engagement and Stewardship activities	The Fund is now a signatory of the Stewardship Code and places high importance on being a good steward of its assets. Being able to maintain stewardship and engagement activities is important to deliver the Fund's broader objectives on key themes such as human rights, climate change, etc. Reputational risks from failing to engage and seeking to drive change		Major	Possible	<ul style="list-style-type: none"> 1 - RIWG quarterly meetings to consider stewardship and engagement issues and to undertake oversight of external providers 2 - Regular reporting on stewardship activities including the annual submission to the Financial Reporting Council for the Stewardship Code 3 - Reviewing and liaison with the Fund's investment pool London CIV to monitor and assess their stewardship activities and feed into their priorities 4 - Regular review of voting and engagement reporting 5 - Regular review of RI related policies 6. Regular monitoring of scheme member survey themes 	Moderate	Possible			<ul style="list-style-type: none"> 1. Annual Stewardship Report 2. Actions arising from FRC review of 2024 Stewardship Code submission 3. Actions arising from the scheme member survey 	Miriam Adams	3/2/2026	27/5/2025

Governance Risks **SEPT 2025**

Risk	Risk Overview (this will)	Risk Description (if this happens)	Strategic	Current	Current
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
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
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	Likely

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
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

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), NT (custodian), LloydsLink, and Compendia could result in a) failure to take appropriate action in the event of system failure and	G8	Major	Possible
7	Business continuity failure	Fund or third parties unable to carry out business as usual	G6, G8	Moderate	Unlikely
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
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

10	Cybercrime attack	The Fund's assets or data become compromised	G8	Major	Likely
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

Internal controls in place	Target	Target	Date Not Met	Expected
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	1/12/2018	1/3/2024
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	1/12/2018	1/3/2024
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	16/7/2020	1/3/2024

<ul style="list-style-type: none"> 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	1/6/2024	14/3/2024
<ul style="list-style-type: none"> 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 <p>Contracts with third party suppliers acting as joint data processors must ensure that:</p> <ul style="list-style-type: none"> 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	1/12/2018	1/3/2024

<p>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</p>	Major	Unlikely	1/12/2018	1/3/2024
<p>1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures</p>	Minor	Unlikely	16/7/2020	1/3/2024
<p>1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups</p>	Moderate	Possible	14/3/2024	1/6/2024
<p>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</p>	Moderate	Rare	1/6/2024	14/3/2024

<p>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</p>	Major	Possible	1/10/2022	1/3/2024
<p>1 - Breaches reporting in place and taken to each Committee and Board meeting 2 - Breaches training as part of Committee and Board member induction</p>	Major	Possible	1/6/2024	14/3/2024

Further Action and Owner	Risk	Next review	Last Update
1 - Develop succession planning approach (MA) 2 - Further development of training programme - increase focus on mid level staff (MA/LP/MW) 3 - ensure all vacancies are filled as soon as possible (MA)	Lucy Patchell/Miriam Adams	31/3/2026	5/6/2025
1 - Review training programme and requirements (JM/MA) 2 - Ensure timely induction training elections for new Committee members (MA) 3 - Training needs analysis to be carried out in 2026 (MA) 4 - Update with Fit for Future governance requirements	Miriam Adams	31/3/2026	11/9/2025
1 - Further training for committee and board members (MA) 2 - Broaden register of conflicts (MA) 3 - Consider management of advisor conflicts (MA) 4 - Update Conflicts of Interest Policy and review conflicts around the London CIV	Miriam Adams	31/3/2026	11/9/2025

<p>1. Reconciliations reviewed and signed off 2. Identification of reconciliations which cover all areas of work</p>	<p>Morgan Williams/Miriam Adams</p>	<p>27/2/2026</p>	<p>31/3/2025</p>
<p>1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated (MA) 2 - Roll out employer portal to ensure more user friendly secure data transmission (LP) 3 - Obtain regular third party reassurance on GDPR measures (MA/LP) 4 - Ensure other cyber strategy elements are delivered (MA) - Update privacy statements for the Fund and employers in line with</p> <p>5</p>	<p>Lucy Patchell / Miriam Adams</p>	<p>1/9/2026</p>	<p>11/9/2025</p>

<p>1 - Understand Council's approach to cybercrime prevention (MA) 2 - Receive written assurances from all suppliers re: management of cybercrime (MA/LP) 3 - Implement pension fund cybercrime strategy requirements (MA) 4 - Update business continuity report 5 - Review of LPPA systems and controls</p>	<p>Lucy Patchell /Morgan Williams/ Miriam Adams</p>	<p>12/1/2026</p>	<p>31/1/2025</p>
<p>1 -Regular Review of business continuity procedures</p>	<p>Miriam Adams</p>	<p>30/1/2026</p>	<p>31/1/2025</p>
<p>1. Implement Fit for Future consultation response 2. Review Conflict of Interest Policy</p>	<p>Morgan Williams/Lucy Patchell / Miriam Adams</p>	<p>30/9/2026</p>	<p>11/09/2025</p>
<p>1. Ensure proper scrutiny of procurement responses and appointment of adviser 2. Appointments panel for appointment of advisers to include experienced and diverse officers and Members - Ensure contracts are all up to date and signed</p>	<p>Miriam Adams</p>	<p>30/9/2026</p>	<p>14/3/2025</p>

<p>1. Continual training and monitoring against internal controls (MA)</p>	<p>Miriam Adams</p>	<p>1/6/2026</p>	<p>14/3/2024</p>
<p>1. Maintain breaches register 2. Consider breaches register with administrator monthly 3 - Present Breaches Register at Pensions Board</p>	<p>Miriam Adams</p>	<p>30/6/2026</p>	<p>11/9/2025</p>

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