

# **London Borough of Hackney Pension Fund**

## **Voting Policy**



# Hackney Pension Fund Voting Policy

## Introduction

The London Borough of Hackney Pension Fund ("the Fund") is a long-term asset owner and aims to be a good steward of capital in respect of the assets it holds for the purpose of paying the long-term pension liabilities owed to its scheme members. It recognises the importance of engagement and voting as part of the Fund's active approach and therefore ensures that its governance structure and resources enable this approach.

This policy should be read in conjunction with the Fund's Responsible Investment Policy and Engagement Policy to fully understand the Fund's approach towards Environmental, Social, Governance (ESG) factors and how these are implemented and reviewed on a regular basis.

The purpose of this policy is to provide a blueprint for Hackney Pension Fund's voting approach. Specifically, this details how the Fund views voting, how voting decisions are made and why, including how we execute our voting process and oversee voting undertaken on our behalf. Such guidelines will provide an explanation as to how voting decisions are assessed and implemented (on the Fund's behalf), with flexibility to adapt to market, company and meeting specifics.

The Fund has further sought the views of scheme members during a survey conducted in early 2025 and this policy looks to incorporate those views as appropriate.

This policy sets out:

1. The Fund's key areas of engagement
2. Acting collaboratively as part of the Local Authority Pension Fund Forum
3. Approach to voting

## The Fund's key areas of engagement focus

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 towards the issues.

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), biodiversity and animal welfare and Corporate Governance**. These areas of focus have been informed by scheme member engagement through a survey, and also the long-standing focuses of the Pensions Committee. The Committee recognises the importance of having some consistency in its themes for engagement to help form long-term approaches and to help drive change.

Our responsible investment policy and engagement policy provide further information on why we are focusing on these areas and how we do so. Not all of our engagement and efforts will



always lead to voting activity, however, it is important that, where possible, we communicate our views to companies and highlight desired engagement outcomes.

## **Local Authority Pension Fund Forum (LAPFF)**

The Fund will proactively exercise responsible stewardship of assets held and act as a responsible voice in the broader investment community through platforms such as the Local Authority Pension Fund Forum (LAPFF). The Fund is a member of LAPFF and promotes the highest standards of corporate governance to protect the long-term value of local authority pension funds. The Fund as active participants of LAPFF will seek to input into areas of engagement and voting across the local authority pension funds on areas of importance to the Fund's key areas of focus.

## **Approach to Voting**

We are committed to exercising actively and intelligently 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. It recognises that these companies' actions impact not only their shareholders but also their employees, customers, other stakeholders, and society as a whole. However, given the direction of LGPS investment pooling the Fund recognises its options to vote separately on mandates is limited and therefore it is ever more important to engage and collaborate with others to influence voting, but also to carry out oversight to ensure voting on its behalf meets expectations of the Fund.

The committee have an ambition to be able to execute voting at the company meetings of the companies we invest in accordance with our stated objective of becoming active stewards of that investment. We recognise the barriers that exist to inhibit us fully doing that in the short term, but will work with other pension funds, the London CIV and others to seek to remove them.

The Fund's Responsible Investment Working Group (RIWG) meets with its external managers on a rotating basis to scrutinise and assess both voting and engagement undertaken by its managers on its behalf and will recommend actions to be undertaken to the Pensions Committee.

### London CIV equity mandates:

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.

The Fund expects as a minimum that:

- All votes should be exercised where feasible
- The Fund will convey the views of scheme members to the London CIV and where appropriate and expects these to be taken into account within the voting policy of the pool and in particular where these accord with wider scheme membership across the London Boroughs
- 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.

#### Passive equity mandates:

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. The Fund is looking to put in place segregated voting on its passively managed assets over the next few months.

#### Non-equity mandates:

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.

**Date Approved by Pensions Committee: 29/07/2025**