



# **SURVEY FAQs**

**MARCH 2025**

Private and Confidential

# FREQUENTLY ASKED QUESTIONS – GENERAL QUESTIONS

Introductory questions	
Question	Answer
What is Hackney Pension Fund?	The Hackney Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) a national scheme but administered locally by the London Borough of Hackney to pay pensions to local government employees, former employees and associated bodies. Both employees and employers contribute to the pension scheme. Scheme member benefits are guaranteed by the LGPS regulations, if the Fund needs additional money to meet retirement benefits, employers have to pick up the costs through increased contributions.
What does Hackney Pension Fund do?	The Hackney Pension Fund collects money from scheme members and their employers and invests this money to help it grow and meet the costs of paying scheme member benefits in retirement.
What does Hackney Pension Fund invest in?	Hackney Pension Fund invests in lots of different types of assets with the aim to grow the pot of money over time to meet benefit payments. Here are some of the main types of investments: <ul style="list-style-type: none"> <li>• Stocks – these are shares in companies and the Fund invests in both UK and global companies</li> <li>• Bonds – these are like loans to governments or companies</li> <li>• Property – this includes things like office buildings or shopping centres and residential property.</li> <li>• Other investments – this can include investments like infrastructure projects (e.g. roads and bridges)</li> </ul>
What does it mean to be a scheme member?	You are a scheme member of Hackney Pension Fund because you work for (or worked for) Hackney Council or an organisation or company that uses Hackney Pension Fund. By being a member, you contribute(d) a part of your salary to the fund and your employer does (or did) the same. Over time you build up a guaranteed pension which will be paid when you reach retirement or in some cases fall ill and are no longer able to work.
Who Manages the Pension Fund	The Pension Fund is administered by the London Borough of Hackney who delegate the management of the Fund to the Pension Committee, which is a Committee of the Council. A group of nominated Councillors are responsible for taking all decisions in respect of the Fund and know as quasi-trustees (they have the same responsibilities as if they were trustees). Their job is to make sure that the Fund is run properly and that the money is invested across a diverse range of assets to get financial returns.
What is fiduciary duty?	Hackney Pensions Committee has a fiduciary duty which is like a promise to take good care of the money in the pension fund. The people managing the Fund have to make decisions that are in the best financial interests of the members, employers and other stakeholders (including Council taxpayers) which means they need to invest the money wisely and responsibly. This ensures that there will be enough money to pay everyone's pensions when they retire whilst not putting additional pressure on employers to pay in more.
What is the London CIV and what do they do?	The London Collective Investment Vehicle helps to manage the money for Local Government Pension Schemes in London (e.g. Hackney Pension Fund). The London CIV group together the money from the different pension funds to invest it more efficiently. By working together, the London CIV provides resilience, save on costs, and should enable the money to grow more effectively.

# FREQUENTLY ASKED QUESTIONS – RESPONSIBLE INVESTMENT SURVEY (1/2)

## Survey specific questions

Question	Answer
What was the purpose of the survey?	The main purpose of the survey was to seek the views of scheme members on a range of responsible investment issues. These views will be used in the Fund's policies and investments.
What survey platform did you use for the pensions survey?	We used the Council's online public consultation platform, Citizenspace to carry out the pensions survey. To ensure the process was inclusive, respondents without internet access returned paper forms which were inputted onto the platform.
Why did this survey take place?	The Fund was keen to understand scheme members views especially on responsible investment to help feed scheme member views into the Fund's policies and investments.
Why was I contacted about this survey?	Since you are a scheme member, the Fund wants to hear your thoughts and opinions. The Fund wants to make sure that it is investing in ways that match your values and what is important to you. Your feedback helps the Fund understand how you feel about responsible investment and engagement so that it can make better decisions for everyone involved. However, the Pensions Committee is ultimately responsible for making decisions in line with its fiduciary responsibility.
When did the survey take place?	The survey was issued on 06 January 2025 and closed on 02 February 2025.
How many people took the survey?	20,623 scheme members were contacted and 1,025 responded to the survey (5% of those sent the survey). The response rate was not out of line with surveys conducted by other LGPS funds who have carried out surveys.
What was the split of types of pensioners that took the survey?	<ul style="list-style-type: none"> <li>• 41.1% of survey respondents were active contributing members. This means that they are an employee paying pension contributions to Hackney Pension Fund.</li> <li>• 15.4% of survey respondents were deferred members. This means that they are former employees who are entitled to pension benefits in the future.</li> <li>• 43.5% of survey respondents were pensioners which means that they are currently receiving a pension from the Hackney Pension Fund</li> </ul>
What were the key findings from the survey?	The majority of scheme members support investing responsibly and taking account of environmental, social and governance factors.
Where can I find more information on the Survey	The Pension Committee considered the survey in detail at its meeting on 11 March 2025 and a link to the <a href="#">Survey Summary</a> and Committee actions arising and the <a href="#">Consultation Report</a> can be found in the Committee papers.

# FREQUENTLY ASKED QUESTIONS - RESPONSIBLE INVESTMENT SURVEY (2/2)

Survey specific questions	
Question	Answer
Will you be running similar surveys again?	The intention is to run a Responsible Investment survey every three years to feed into the Fund's investment strategy review and responsible investment policy reviews.
What was important to survey respondents?	Survey respondents were relatively evenly split in what they thought was important: <ul style="list-style-type: none"> <li>• 35.5% want their pension to be invested in a way that does no harm.</li> <li>• 30.3% want their pension to be invested to contribute to improving climate and society.</li> <li>• 34.2% want their pension to be invested in a way that makes the most money for the fund.</li> </ul>
How will the Fund respond to the survey findings?	The Pension Committee will review the survey outcomes and update the Fund's policies to reflect the views of scheme members and updated themes for responsible investment and engagement activities. The Committee will also reflect on scheme member views as it goes through its investment strategy review during 2025/26 to take a proactive approach to investment in the way the Fund has strived to do historically by considering things like climate change very early on and looking to invest in renewable infrastructure and nature-based solutions, whilst at the same time looking to ensure it still receives good returns on those investments.
What were the key themes that respondents preferred?	Survey respondents were asked to rank a range of six key themes: climate change, human rights, animal welfare, the natural environment, technology and artificial intelligence and governance related issues such as executive pay and board management. Respondents ranked human rights as the top priority (with just under 45% placing it 1 <sup>st</sup> ), this was followed by climate change, then animal welfare and endangered species.
What were the key messages on engagement?	<ul style="list-style-type: none"> <li>• 61.8% of respondents felt that the Fund should engage with companies that it invests in or managers which it invests through</li> <li>• 25% of respondents believe that the Fund should engage depending on the situation</li> <li>• 13.2% of respondents felt there is no need to take engagement action if the investment is making money</li> </ul>
What was the breakdown of themes in survey respondent comments	<ul style="list-style-type: none"> <li>• 22.5% commented on investing in ethical and socially responsible companies</li> <li>• 16.3% commented on climate change and environmental sustainability</li> <li>• 20.5% commented on human rights</li> <li>• 9.5% commented on local and community impact</li> <li>• 8.2% commented on corporate governance and ethical conduct</li> <li>• 10.1% commented on avoiding harmful industries</li> <li>• 5.9% commented on transparency and accountability</li> <li>• 7.1% commented on economic stability and returns</li> </ul>

# FREQUENTLY ASKED QUESTIONS – HOW WILL THE COMMITTEE RESPOND TO THE SURVEY ? (1/2)

Responsible investment and engagement specific questions	
Question	Answer
What is responsible investment?	Responsible investment means putting money into things that not only aim to make a profit but also consider the impact on people and the planet. This includes looking at how companies treat their employees, how they affect the environment, and how they are managed. The goal is to support businesses that do good for society and the environment while still making money.
How will the Fund incorporate the survey information?	The Fund will take forward the survey feedback to strengthen its responsible investment and engagement activities.
How will the survey impact the Fund's Responsible Investment Policy?	The Committee having sought scheme member feedback to its responsible investment approach has updated its responsible investment policy to reflect member views by capturing the key themes that were important to scheme members and will be reflecting in future on how best to incorporate in the Fund's investment strategy.
What is engagement?	Engagement is about having conversations with the companies or with the external managers where the money is invested. It's like checking in with them to make sure they are doing the right things, such as treating their employees well, being environmentally friendly, and running their business responsibly. If the companies aren't doing these things, then investors look to engage to help drive changes.
How will the survey impact the Fund's Engagement Policy?	The key themes identified from the survey, whilst many were already key engagement themes for the Fund, the survey has helped the Fund to define in more detail the areas that it will engage on and how it intends to take these engagements forwards.
If the Fund doesn't agree with something, why doesn't it just disinvest or exclude future investments?	<p>The Fund has to focus ultimately on its prime objective to secure the long-term payment of pensions and has to be mindful of a range of different interest groups trying to influence Fund decisions which could be to the long-term financial detriment of the Fund, which could impact its ability to perform its fiduciary duties. The Committee therefore has to take into account the financial impact of its decisions and if an exclusion or divestment decision results in additional costs for example as a result this might impact the longer-term ability of the Fund to meet its financial obligations. Whilst this would not impact on scheme beneficiaries due to the nature of the guarantees around the scheme, it could impact employers and other stakeholders by the need to increase contributions into the Fund.</p> <p>The Fund also through the use of external managers and in particular with additional government requirements to pool all its investments through an LGPS pool, in the case of the Fund, this is London CIV, it has less ability to direct investments than it may have done previously and therefore effective engagement becomes an increasingly important lever.</p>



# FREQUENTLY ASKED QUESTIONS – HOW WILL THE COMMITTEE RESPOND TO THE SURVEY ? (2/2)

Responsible investment and engagement specific questions	
Question	Answer
What is climate change and why is it important to Hackney Pension Fund?	<p>Climate change is when the usual weather patterns we experience over a long time start to change. These changes are mostly caused by human activities, like burning fossil fuels (coal, oil, and gas), which release gases into the air that trap heat. This makes the Earth's surface warmer, leading to various changes in our climate.</p> <p>Climate change was identified as a key area of concern for scheme members with some identifying it as the primary focus. It has been a key focus for Hackney Pension fund for over 10 years. To help manage the risks around climate change, the Fund has looked to position the portfolio to better meet these challenges as well as seeking opportunities for investment. This includes:</p> <ul style="list-style-type: none"><li>• Setting net zero targets and interim target</li><li>• Monitoring the Fund's exposure to fossil fuels</li><li>• Reporting on the Fund's position</li><li>• Investing in renewable infrastructure</li><li>• Investing in nature-based solutions</li></ul>
What are human rights and why is it important to Hackney Pension Fund?	<p>Human rights are basic rights and freedoms that belong to every person in the world, just because they are human. These rights include things like the right to live safely, the right to be treated equally, the right to go to school, and the right to express your opinions. They are meant to protect everyone's dignity and ensure that people can live freely and fairly.</p> <p>Human rights has long been a key theme for the Fund to undertake engagements in and was also identified by scheme members as the number one theme to focus on. Whilst there has been a lot of focus on current global conflicts in recent months, it is recognised that this is a much wider theme to engage on including modern slavery, child labour and diversity and inclusion.</p>

# CURRENT CONFLICTS - FAQS

# CURRENT CONFLICT ZONES (1/2)

Current Conflict Zones	
Question	Answer
The Fund has received a lot of pressure to divest from companies involved in the Israel/Gaza conflict – what is it doing about it?	<p>The Fund has come under considerable pressure to disinvest from any holdings associated with the current Israel/Gaza conflict in the middle east and has spent considerable time at both Pensions Committee, Responsible Investment Working Group and also more broadly day to day in trying to consider and respond to these issues.</p> <p>The Committee has to act in line with its fiduciary responsibilities which essentially means they have to act in the best interests of scheme members to ensure the Fund is able to meet its long-term obligations to pay scheme member benefits (i.e. pensions) as they fall due. The Committee also has to take into account the duties it owes to scheme employers to keep contributions affordable and sustainable.</p> <p>Decisions to exclude or divest are not to be taken lightly and the Committee recognises there are enormous complexities to be considered before any decision is made. The Fund has to consider:</p> <ul style="list-style-type: none"> <li>• On what basis would such a decision be made; the Committee are not able to make decisions for purely political or ethical reasons</li> <li>• The Fund's investments are managed by external providers in co-mingled pooled funds over which the Fund has limited or no discretion to make decision on single underlying investments</li> <li>• The Fund's assets are increasingly being managed through the London CIV in line with regulatory requirements and guidance, going forwards the Fund will have even less discretion over these investments</li> <li>• The Fund has to consider the financial implications of its investment decisions; if a decision leads to additional costs for the Fund, this could represent a financial detriment to the Fund</li> <li>• The Fund could face ongoing challenges from a broad range of pressure groups to divest from other areas of the market, potentially further limiting its opportunity to diversify and manage risk</li> <li>• The Fund loses the ability to engage with the investment if it no longer holds the company and therefore loses any power to influence for the better</li> </ul>
How much does the Fund have invested in companies exposed to Israel?	<p>The Fund has been presented with lists of varying kinds which cover a variety of stocks and shares, and therefore it is difficult to say with any certainty which list those seeking divestment are referring to. However, the Fund's overall exposure as at 31 December 2024 was:</p> <ul style="list-style-type: none"> <li>• Companies incorporated in Israel £2m</li> <li>• Companies covered by the UN OHCHR List £2.6m</li> <li>• Aerospace and Defence companies £16.9m (note this does include UK based companies)</li> </ul> <p>It should be noted that the above lists are not mutually exclusive, and some companies may appear in more than one list.</p>



# CURRENT CONFLICT ZONES (2/2)

Current Conflict Zones															
Question	Answer														
Why does the Fund continue to invest in aerospace and defence companies when it supports human rights as a responsible investment theme?	<p>The Fund invests in a diversified portfolio and delegates the management of its fund to external managers who operate through pooled funds, meaning the Fund is not able to take individual decisions on underlying investments.</p> <p>The Committee notes that it is not a given that Defence companies breach human rights. Not least given the broader global backdrop and the developing focus from the UK government and European governments on the need to increase defence spending in the face of significant threats to continental safety and security, some will have a clear view that investment in the Defence industry is positive for human rights. Protecting the domestic population, and providing for greater security and stability, also underpins economic activity and so the wider financial performance of the Fund's investments. The increased UK and European spending on defence is likely to underpin the investment returns from a number of aerospace and defence companies over the coming years.</p> <p>Even were the Fund to take the view that all Defence industry activities risk breaching human rights, companies in the Aerospace and Defence sector are often wide-ranging in their operations, meaning that they may also support civilian aerospace and other industrial and civil engineering industries which benefit broader society and clearly do not have a detrimental impact on human rights. The Fund would therefore potentially miss out on a wider opportunities to access broader technology and financial returns.</p>														
The Fund took the decision to divest from Russia over the invasion of Ukraine – why was that different to the current situation in Israel / Gaza	<p>The table below sets out why Israel / Gaza situation is different to the Russia / Ukraine decision:</p> <table> <tr> <th>Ukraine/Russia – Divestment of all Russian Assets</th><th>Israel / Gaza &amp; Lebanon</th></tr> <tr> <td>Initial response in view of financial risk of stranded assets</td><td>Less risk of stranded assets and also proposed exclusion lists tend to be much wider</td></tr> <tr> <td>Advice from the LGPS Scheme Advisory Board</td><td>No specific advice from LGPS Advisory Board on exclusions – instead a reminder of fiduciary responsibility</td></tr> <tr> <td>Government policy</td><td>No Government policy and no blanket sanctions*</td></tr> <tr> <td>Government sanctions</td><td>Limited action by government, rescinding approx. 10% of arms export licences for humanitarian reasons</td></tr> <tr> <td>Tax Status– Russian stock market no longer treated as a recognised as stock exchange for tax purposes</td><td>No action taken by HMRC to remove recognised tax status</td></tr> <tr> <td>Government support for Ukraine</td><td>Government supports Israel's right to defend itself</td></tr> </table> <p>*Whilst the government has suspended some arms export licences to Israel on humanitarian grounds, this has been very limited in scope. Indeed, in the press release on suspension of export licences the Foreign Secretary underlined support for Israeli security and confirmed:</p> <p><b>"... this is not a blanket ban. This is not an arms embargo. It targets around 30 approximately of 350 licences to Israel in total for items which could be used in the current conflict in Gaza. The rest will continue."</b></p>	Ukraine/Russia – Divestment of all Russian Assets	Israel / Gaza & Lebanon	Initial response in view of financial risk of stranded assets	Less risk of stranded assets and also proposed exclusion lists tend to be much wider	Advice from the LGPS Scheme Advisory Board	No specific advice from LGPS Advisory Board on exclusions – instead a reminder of fiduciary responsibility	Government policy	No Government policy and no blanket sanctions*	Government sanctions	Limited action by government, rescinding approx. 10% of arms export licences for humanitarian reasons	Tax Status– Russian stock market no longer treated as a recognised as stock exchange for tax purposes	No action taken by HMRC to remove recognised tax status	Government support for Ukraine	Government supports Israel's right to defend itself
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