



HACKNEY PENSION FUND

Scheme Member Responsible Investment Survey Results

Su

April 2025

Private and Confidential

EXECUTIVE SUMMARY (1/2)

Background to the Survey:

- The Fund is currently reviewing its Responsible Investment Policy and Engagement Policy and was keen to understand scheme members views.
- The survey was issued on 6 January 2025 and closed on 2 February 2025. A total of 1,025 responses were received, out of the 20,623 scheme members who were contacted.

Purpose of the Survey:

- The key purpose of the survey was to seek the views of the scheme members on a range of responsible investment issues and what is important to them so these can be taken into account when formulating policies and as the Fund seeks to carry out its stewardship of assets it holds to pay pensions. The survey was not designed to drive divestment actions as the Committee has to take into account a wide range of factors to ensure it is able to meet its fiduciary responsibilities

Key Findings from the Survey:

- Active and Pensioner scheme members were most likely to respond with the vast majority understanding that the Fund held investments.
- About 1/3rd of respondents were of the view the Fund should do no harm with its investments, 1/3rd wanting to see investments for good and a further 1/3rd were keen to see money invested to deliver the best returns, although in excess of 85% viewed tackling climate change and human rights as either very important or somewhat important.
- When asked to rank matters of importance out of 6 choices, human rights came highest, followed by climate change and then animal rights and endangered species third. Least important was executive pay and board management. Just under 50% of people responding to the survey added comments on key themes.
- When asked how the Fund should engage on key issues, just over 60% felt the Fund should engage directly with companies or with the managers through which it invests, with less than 15% saying they should take no action and 25% saying it would depend on the situation.

How the Fund will respond to the Survey

- The Fund appreciates the input from scheme members taking time to complete the survey to support the work of the Pension Fund in connection with its responsible investment activities.
- Taking into account the feedback received the Fund has considered how to capture and address the responses within the workplan of the Fund. The Committee reviewed and approved an outline plan of activities arising from the survey feedback. This covers a range of activities from updating policies to engaging with the Fund's external managers – in particular the London CIV which is likely to rise in importance over the coming months and years following government requirements to transition all assets to the management of the Fund's investment pool, i.e. London CIV. In addition, the Fund is committed to enhancing transparency and accountability not just from its service providers but also in its dealings with scheme members, to provide more regular updates on responsible investment activities.

EXECUTIVE SUMMARY (2/2)

- The Fund has taken into account the views of scheme members and has looked to update key themes adopted by the Fund in terms of beliefs, stewardship and engagement activities, as well as how it approaches responsible investment more broadly. These are captured within the section covering how the Fund will respond to the survey.

How the outcome of the Survey Results will be included within Policy Documents:

- The Fund is currently reviewing an updated Responsible Investment Policy and the adoption of a new Engagement Policy. The Fund has taken the survey feedback into account in the drafting of these policy documents with specific references to the views of scheme members throughout both documents.
- The Fund recognises that as it goes through a process of review of various other policy documents, it will also consider how best to incorporate scheme member feedback from the survey. Key policy documents to be reviewed in the light of this are the Fund's Investment Strategy Statement and Communications Policy.

How the Fund will incorporate outcomes into its Stewardship and Engagement Activities:

- The Fund already undertakes engagement with and through its external providers on a range of key issues. The Fund will also be a strong voice within the Local Authority Pension Fund Forum (LAPFF), a collaborative engagement body which engages on behalf of £350bn worth of assets across local authority pension funds. However, following the Fund's survey of scheme members, it is now looking to take forward feedback to strengthen its engagement activities and set these out, including timeframes for further work.

Fiduciary Responsibility:

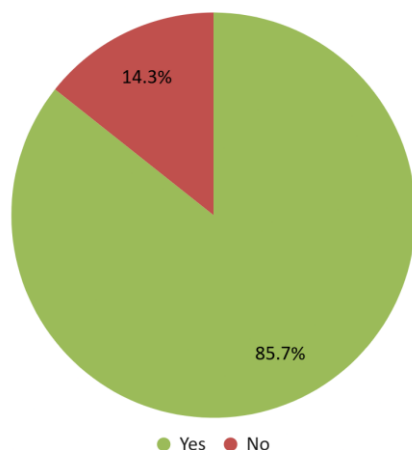
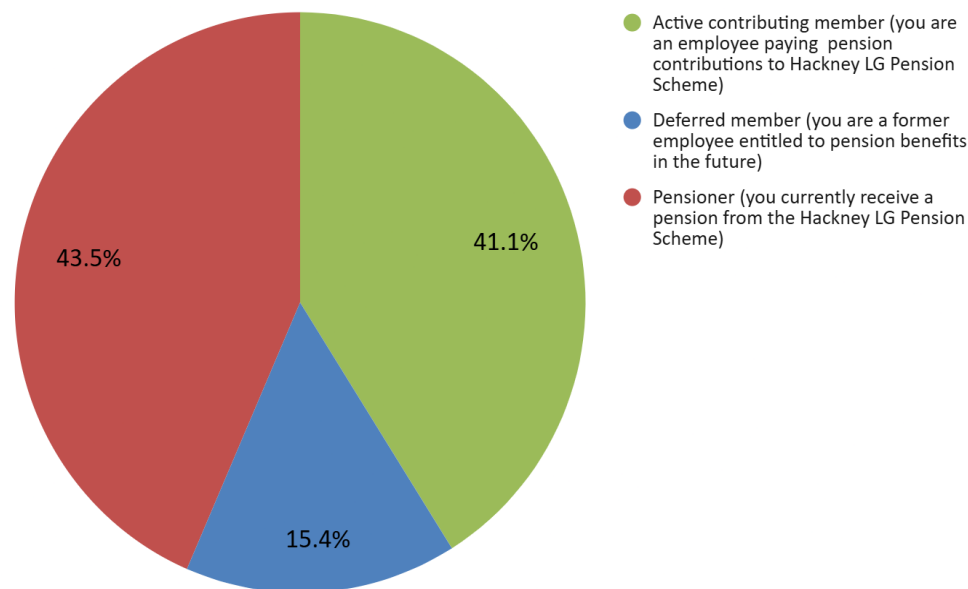
- The Fund is grateful for the extensive feedback received from scheme members and has considered in detail the results of the survey and looked to incorporate the views of scheme members where feasible to do so.
- The Committee has ultimate fiduciary responsibility for ensuring the Fund is able to meet its primary objective which is to pay pensions. The Fund also has to operate in line with the Regulatory requirements and any associated statutory guidance. As such it is also required to take into account the financial requirements of the Fund and recognises as a consequence its role as fiduciary means the Committee may not at all times be able to fully reflect some of the scheme member views.

SURVEY RESULTS

SURVEY RESPONDENTS

Key Details of the Survey Respondents:

- Survey sent to a total of 20,594 scheme members out of total membership of 27,710 scheme members (as at 31/03/24)
- 1,025 responses received, of which 89.3% had Hackney Council as their employer or former employer
- Breakdown of membership type split between active, deferred and pensioner membership is shown in the graph to the right
- The majority of respondents knew their pension contributions are invested, with 85.7% confirming they were aware of this. This was consistent across membership type



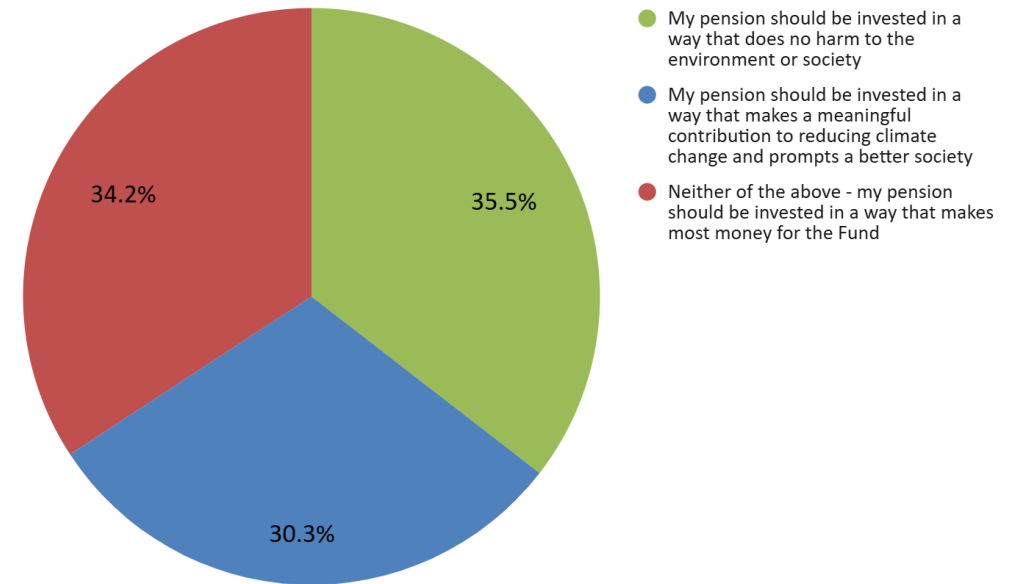
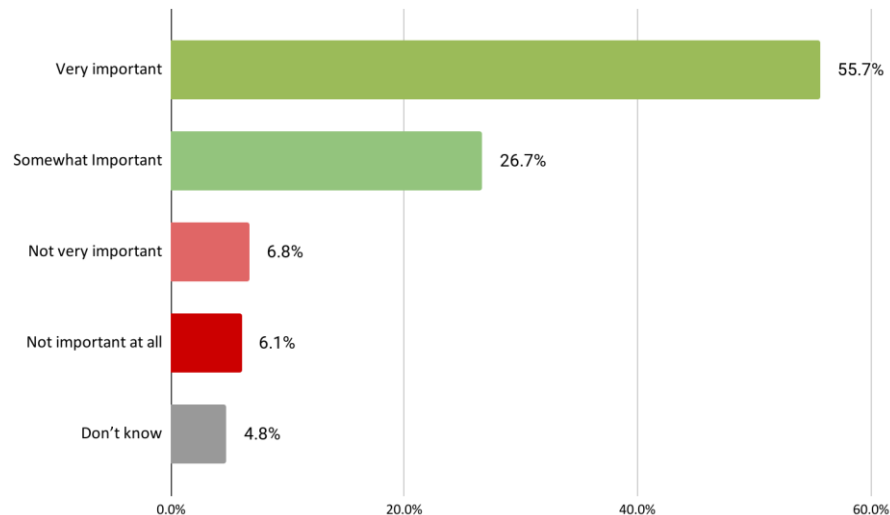
Pension Committee Response:

- The Pension Committee were keen to understand the views of the scheme membership as part of wider stakeholder engagement on responsible investment issues.
- It was pleased to see the level of response was at a level to give a good sense of where scheme member views were.
- It was positive that a representative sample of responses were received from all scheme member types, namely active (still contributing), deferred (no longer paying in) and pensioner (those in receipt of pension benefits).
- The Committee were pleased that the overwhelming majority of those taking part were aware that money was invested by the pension fund.

WHAT'S IMPORTANT TO SURVEY RESPONDENTS

What's Important to Survey Respondents:

- Survey respondents were relatively evenly split between
 - Wanting pension invested in a way to do no harm (stronger preference from active members)
 - Wanting pension invested to contribute to improving climate and society
 - Wanting pension invested in a way to make most money for fund (stronger preference from pensioners)
- In aggregate 82.4% of respondents felt it important the Fund does take account of ESG factors such as climate change, human rights and equality when the Fund is considering investments.



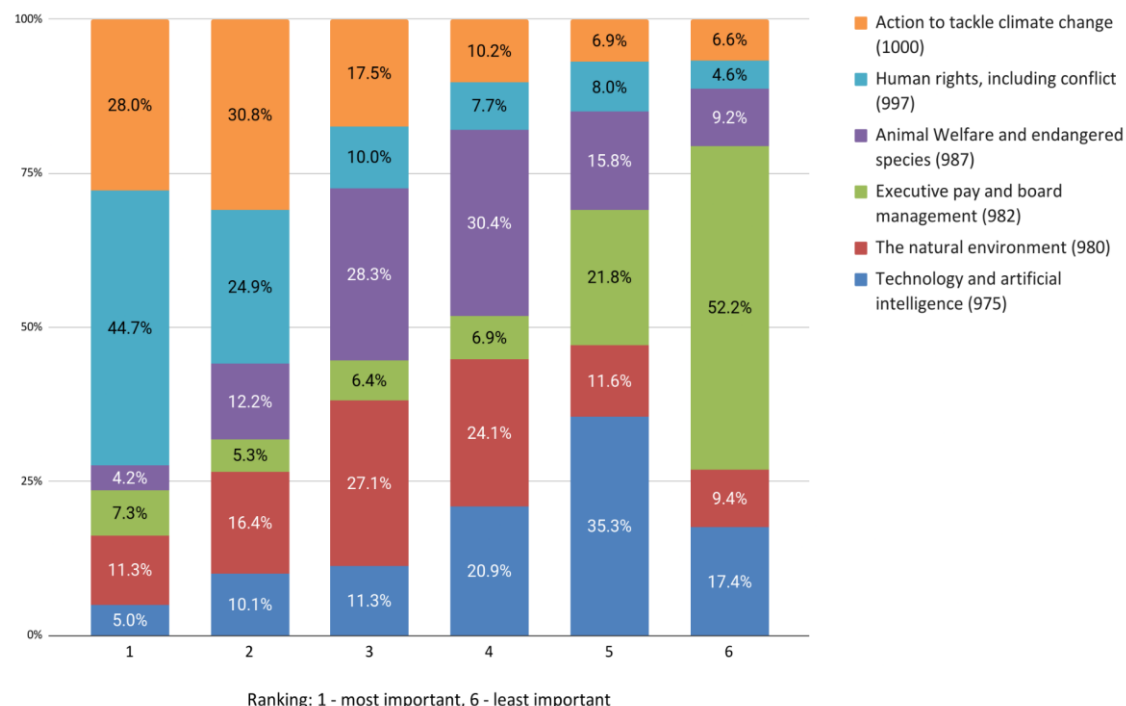
Pension Committee Response:

- The Pension Committee recognise different stakeholders have different views on how the pension fund money should be invested.
- The majority of scheme members clearly support the Fund's stance in wanting to invest responsibly and take account of environmental, social and governance factors.
- The Committee faces a delicate balance between ensuring the Fund receives a return for the risks it takes across its investments and investing in a way which delivers maximum impact without harming financial returns, which could mean additional costs placed on employers such as the Council where there could be knock on to other stakeholders such as Council taxpayers.

KEY THEMES

Key themes – Survey Preferences:

- When asked to rank a range of six key themes, in aggregate survey respondents' 1st preference was human rights, followed by climate change and then animal welfare and endangered species
- Least popular by ranking was executive pay and board management
- When asked to comment on any particular issues, the Fund received 506 responses or slightly under half of overall survey responses
- The highest number of comments received (123) related to investing in ethical and socially responsible companies
- Human Rights and Social Justice received 112 comments with Climate Change and Environmental Sustainability attracting 89 comments
- Local and Community impact attracted 52 comments, with a focus on housing
- Overall sentiments breakdown:
 - Positive sentiment towards the Fund's approach to investment – 48 comments (4.7% of respondents)
 - Neutral Sentiment – 226 comments (22.0% of respondents)
 - Negative Sentiment – 232 comments (22.6% of respondents)



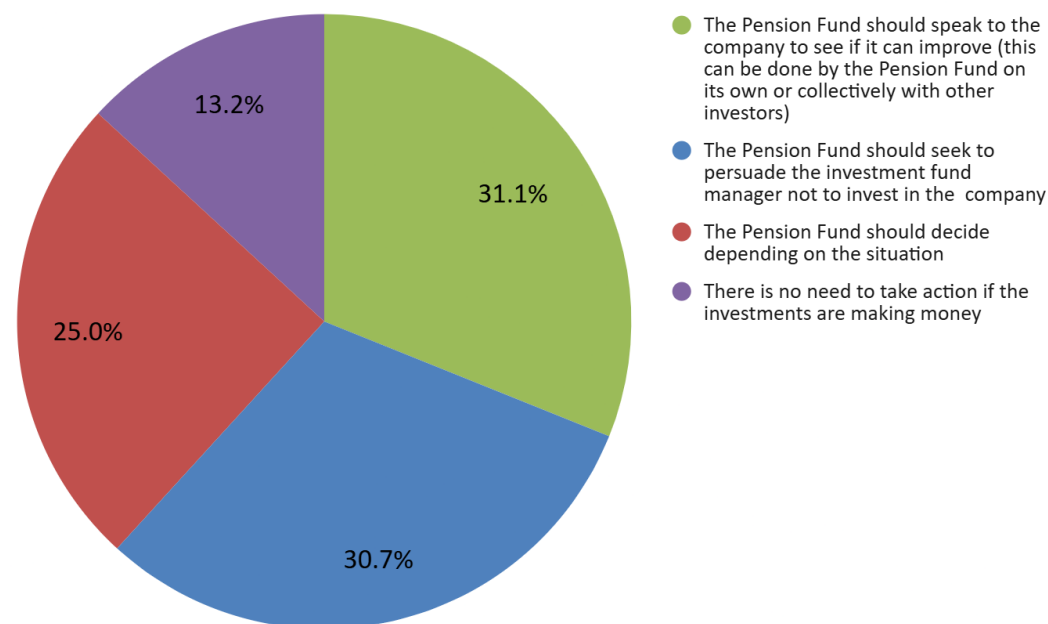
Pension Committee Response:

- The Pension Committee recognises that there is support for themes around human rights, in particular when it comes to conflict zones and specifically the Middle-East conflict.
- The Committee have spent considerable time debating the issues around divestment but also recognise that this is not as simple as it may at first appear, with key questions around the scope to take any such decision, as well as divesting from what, where the boundaries are, and the vital role of defence companies in providing national security and supporting those facing aggression.
- Climate change has been a key theme for the Fund for over 10 years with the Fund having taken action to reduce exposure to fossil fuels, investing in the climate transition, setting climate targets and undertaking engagement through external providers.
- The Fund in setting net zero targets has taken into account scientific evidence on climate change and will continue to monitor developments in this area.

ENGAGEMENT ON KEY ISSUES

How should the Fund address key issues:

- The question sought to gain views from respondents on how they should engage on key issues
- 61.8% of respondents felt the Fund should engage with either the companies in which it invests or the managers which it invests through
- 25% felt the Fund should decide depending on the situation
- 13.2% felt there was no need to take action if the investment was making money
- Active member were keener to see the Fund take action than pensioner or deferred members



Pension Committee Response:

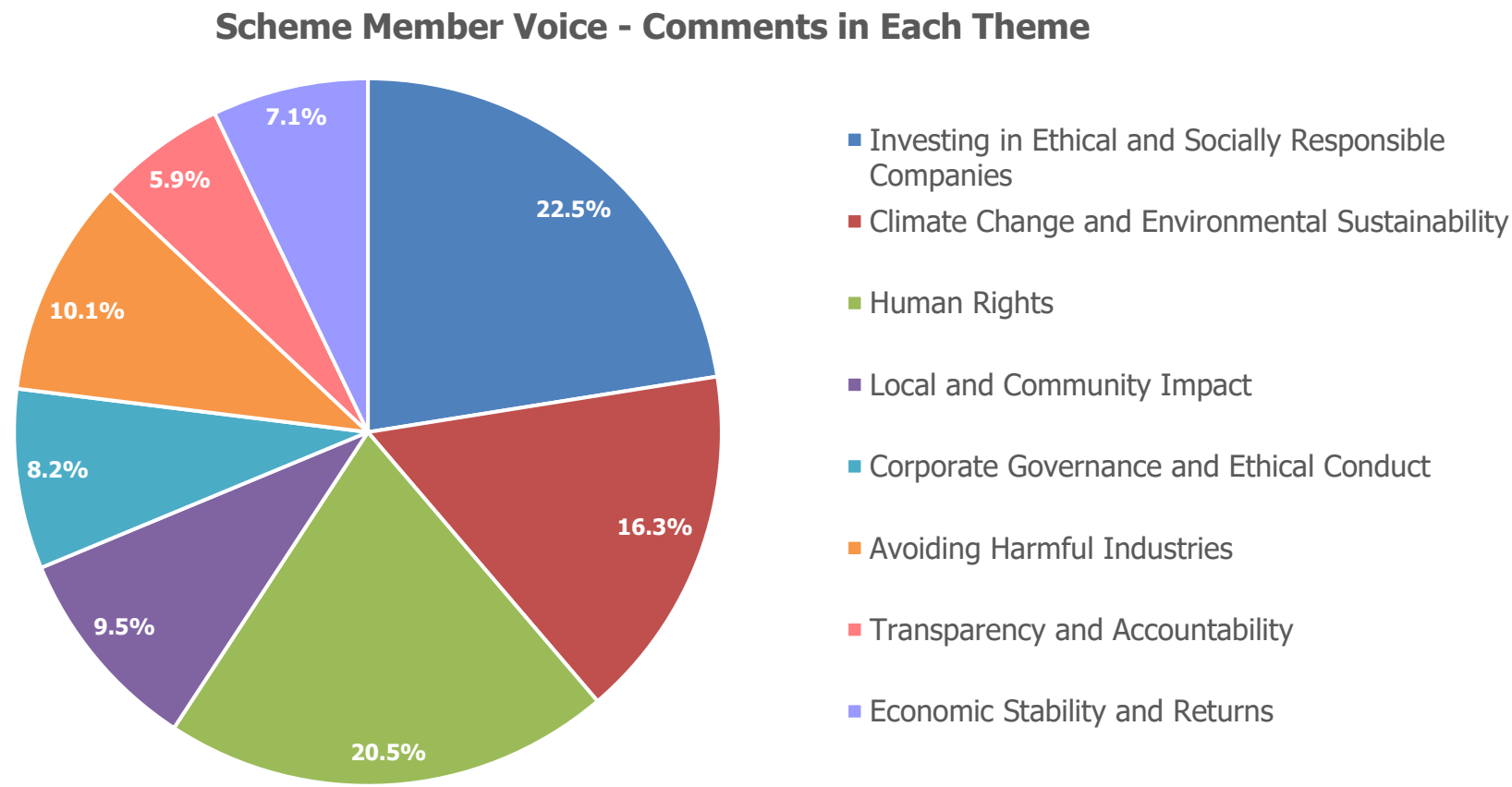
- The Pension Fund invests through external investment managers, the largest of which is the London CIV, the investment pool created to meet the government's pooling agenda. This makes direct engagement with underlying companies less impactful as the Fund does not hold companies directly. However, both the London CIV and the Local Authority Pension Fund Forum (LAPFF), of which the Fund is a member, do engage with companies directly on a range of key issues on behalf of the Fund and others.
- The Fund already engages with its managers, but has recently looked to increase this engagement, having undertaken a review of its broader approach to stewardship and engagement. The Fund will be communicating what it has been doing and assessing the impact of its stewardship activities.
- Having recently become a signatory to the Stewardship Code, the Fund will continue to take this responsibility seriously and will compile an annual stewardship report with the aim of maintaining signatory code status.
- The Fund notes the key themes identified by scheme members and will be using these to inform its stewardship and engagement activities going forwards

SCHEME MEMBERS' VOICE (1/2)



SCHEME MEMBERS' VOICE (2/2)

Scheme members were asked for comments on a range of themes, with 547 comments being received. The breakdown of comments by theme in terms of the percentage of responses received are set out in the chart below.



HOW THE FUND IS RESPONDING TO THE SURVEY

RESPONDING TO THE SURVEY OUTCOMES (1/2)

Area of Activity	Activities and Actions to follow on from the scheme member survey	Indicative Timeframe
Committee Review	Reviewed member survey feedback and considered actions arising at both the Responsible Investment Working Group and the Pension Committee.	March 2025
Committee Review	Capturing the key areas for focus of scheme members and ensuring these are captured within the beliefs and objectives for the Fund (see slide on reviewing key themes, pages 13 and 14). Pensions Committee agreed to refocus the themes and objectives to reflect scheme member views and for these to be captured within policy documents and future stewardship and engagement activities as well as seeking specific investment opportunities when they arise.	March 2025
Policy Work	Updated RI Policy and Engagement Policy reviewed by Pensions Committee and approved, capturing the views of scheme members and updated themes for engagement and stewardship activities, but further agreed to seek feedback from the Fund's employers and managers before final approval of the policies.	March 2025
Policy Work	Review the Fund's voting policy and update to reflect scheme member views and communicate with the Fund's external managers on the updated policy. Monitor adherence to the Fund's requirements – initial review by RIWG and formal approval by Pension Committee.	May – July 2025 and ongoing
Policy Work	Review other policy documentation to incorporate scheme member feedback where appropriate – this to be done over the next 12 months when policy documents would normally come up for review, e.g. Communications Policy and Investment Strategy Statement in conjunction with the Strategic Asset Allocation (SAA) review.	March 2025–March 2026
Communications	Communication to scheme members via website and any update communications to thank them for participating in the survey. Additionally, explaining what actions have been taken to incorporate their views in how the Fund undertakes Responsible Investment.	April – May 2025
Manager Engagement	Capture scheme member views and actions arising to share with the Fund's investment pool and other external providers. Additionally, seeking their views on how they can support the Fund with ensuring key focus areas for scheme members are captured going forwards.	March – April 2025
Manager Engagement	Engagement with external providers (with particular emphasis on London CIV) and ask them to provide regular updates on how they are engaging, as well as the stewardship activities they are undertaking which align with the Fund's key responsible investment themes.	April 2025 ongoing
Manager Engagement	Build in work programme of engagement with managers to reflect scheme member views and ongoing engagement through a template, as well as holding managers to account for their stewardship activities at the quarterly RIWG meetings.	March 2025 ongoing

RESPONDING TO THE SURVEY OUTCOMES (2/2)

Area of Activity	Activities and Actions to follow on from the scheme member survey	Indicative Timeframe
Committee Review	Review the Fund's risk register, and update as required to reflect impact of responsible investment key focus areas within the Funding and Investment section of the risk register.	March 2025 and ongoing
Committee Review	Review the Fund's objectives, in particular as the Fund goes into its strategic asset allocation review, to capture feedback from the scheme member survey. Update business plan and update associated policies accordingly.	September 2025
Committee Review	Consider options and potential conflicts of interest under the new pooling arrangements if changes consulted on under the 'Fit for the Future' come through where pool assumes much greater levels of responsibility for strategy and responsible investment.	June / July 2025
Broader Stewardship	Capture work of the Fund in respect of stewardship and engagement activities on an ongoing basis to inform the annual stewardship report for communicating to scheme members, as well as submit an application to the Financial Reporting Council on an annual basis to maintain signatory status of the Stewardship Code. This will also capture feedback from the scheme member survey.	Annual September and ongoing
Broader Stewardship	Voting – assess options and feasibility around having alternative approaches to voting which would reflect more closely the Fund's beliefs.	June / July 2025
Communications	Communicate with Pension Scheme employers and the Pension Board over the Fund's updated Responsible Investment and Engagement policies and seek their views on the key themes.	April / May 2025
Communications	Keep the website updated with the Fund's stewardship and engagement activities, policy documents and key themes to ensure scheme members and wider stakeholders are kept informed, and the Fund is open and transparent in its activities in respect of investing responsibly.	April 2025 onwards
Communications	Seek feedback from scheme members on responsible investment matters on a rolling cycle, as a minimum, every 3 years to take into account as the Fund goes into the strategic asset allocation review and updates policy documents.	January 2028 and every 3 years
Communications	Enhance transparency with a dashboard of the Fund's external managers and underlying holdings, where available (noting this may not be feasible with some illiquid asset classes) including amounts invested.	July – September 2025

REVIEWING KEY THEMES IN RESPONSIBLE INVESTMENT (1/2)

Having sought scheme member views and whilst noting the priorities in some cases are very similar, e.g. around climate change, it is clear additional areas also have strong resonance with scheme members. The Committee is seeking to ensure the feedback it has received from the survey is reflected as appropriate within its priorities for investment, and its stewardship activities. Set out below are the Fund's existing areas of focus and where the Fund will be looking to further enhance these areas following feedback from scheme members in response to the survey undertaken in January 2025.

Fund's Current Themes and Engagement Focus	Scheme Member Survey	Recommendations
<p>Climate Change – This has been a key focus for the Fund for over 10 years, (including one of the first LGPS to have a climate strategy, setting 2040 net zero, investing in renewable infrastructure and promoting nature-based solutions with the Pool) having been an early mover in recognising risks around climate change and making policy choices in response</p>	<p>Climate Change was identified as a key area of concern for scheme members with some identifying as the primary focus</p>	<p>Climate Change to continue as a key focus for the Fund to deliver on broader Environmental, Social and Governance (ESG) objectives.</p>
<p>Human Rights – Identified by the Fund as a key focus for stewardship and engagement. This encapsulated a wide range of issues including modern slavery, workers rights and conflict zones</p>	<p>Human Rights – This was identified by scheme members as the number one theme to focus on, including areas of conflict. Lots of individual comments on the current conflict in the Middle East, but also broader conflicts in other areas of the globe.</p>	<p>Human Rights to remain a key theme for the Fund, however recognising feedback from scheme members on specific aspects, it is important to draw some specific themes out and therefore recommend the following sub-themes be incorporated under this overarching theme, namely:</p> <ul style="list-style-type: none"> • Conflict, Peace & Justice – The survey indicated there was some support for taking a stance on conflict situations, in particular the current Middle East crisis • Modern Slavery – This takes into account issues around human trafficking and forced labour • Labour Rights and Working Conditions, Child Labour – Emphasis on ensuring protection for workers across the UK and globally • Diversity and Inclusion – Belief that D&I improves long term outcomes for shareholders so continue to place emphasis on this theme • Housing and Local Impact – Focus on affordable housing in the UK to provide a basic human need

REVIEWING KEY THEMES IN RESPONSIBLE INVESTMENT (2/2)

Fund's Current Themes and Engagement Focus	Scheme Member Survey	Recommendations
<p>Biodiversity and the Natural World – The Fund in setting its net zero target and its ambition to deliver real world change, placed greater emphasis on the investment in this sector</p>	<p>Biodiversity, the Natural World and Animal Welfare – The survey identified strong support for engagement on the natural environment and animal welfare, although came under different themes</p>	<p>The Natural World including Biodiversity and Animal Welfare – Continue to focus on this as a key theme for the Fund but expand to a broader scope by bringing animal rights under this umbrella, to capture the full sphere of the natural environment</p>
<p>Corporate Governance – This has long been a focus for the Fund in terms of recognising that poor corporate governance will ultimately impact long-term shareholder returns</p>	<p>Technology & AI and Executive Pay and Board Management – Both these themes received support from scheme members with a preference for Technology over executive pay, although they were often included as a last option in a list of potential themes</p>	<p>Corporate Governance – to remain a key theme for the Fund, but as with human rights a focus on a number of sub-themes within this:</p> <ul style="list-style-type: none"> • Technology and Artificial Intelligence (AI) – recognising the importance technology plays in everyone's lives and the potential for AI to grow in all areas of life, engagement to support initiatives to keep people safe online • Board Accountability and Transparency – This remains a key theme to hold companies accountable for their actions, given the potential impact on the Fund's returns which it needs to deliver

INCORPORATING OUTCOMES INTO FUND POLICY APPROACHES

POLICY RESPONSES TO THE SURVEY OUTCOMES (1/3)

Policy Documents:

The Fund is currently in the process of updating key policy documents, with its Responsible Investment and Engagement Policies due to be presented to a future Pensions Committee for approval. Additional policy documents may need to be reviewed and updated for any additional comments, for example the Fund's Investment Strategy Statement and the Fund's Communication Policy.

Responsible Investment Policy:

The Fund is due to review its Responsible Investment Policy, which will include the successful application for Stewardship Code signatory status, updated beliefs, commentary on fiduciary duty and its approach to Stewardship and Engagement.

Key areas for consideration from survey to update in the RI Policy. Within the Policy these have been highlighted in yellow:

RI Policy Section	Comments	Survey Outcomes Considerations
Introduction	Already includes references to scheme members and wider stakeholder groups.	Include a sentence on having sought member views and including within the policy.
1. Governance	This reflects the governance arrangements for the Fund including regulatory background, fiduciary duty, etc.	Under 1.4 policy review and progress include a comment about seeking stakeholder view on a 3 yearly cycle or more frequently as required.
2. Responsible Investment Beliefs and Priorities	Covers key investment beliefs including UN SDGs, (3 identified) applying RI to all asset classes, belief in importance of good stewardship and engagement.	Include short commentary that the Policy has taken into account views of scheme members. Addition of SDGs 14 and 15 on water and land use to cover feedback on biodiversity and animal protections. Add SDG 16 on peace and justice given feedback on conflict and weapons. Inclusion of information on successful outcome of Stewardship Code application.
3. Responsible Investment Themes	Key themes identified by Committee revolved around climate change, human rights and corporate governance.	Include the natural environment at 3.2 as a separate theme following feedback from the survey that clearly showed support for this area. 3.3 expansion of human rights section to include peace and justice. 3.4 Whilst less of an issue for respondents to the survey, the Committee have rightly identified this as a key theme and critical to the returns that can be delivered to the Fund.

POLICY RESPONSES TO THE SURVEY OUTCOMES (2/3)

RI Policy Section	Comments	Survey Outcomes Considerations
4. Investment Strategy	Need to recognise the changing pooling environment and LCIV's responsibility for strategy implementation.	Not related to survey but include a comment about policy framing requirements from its Investment Pool.
5. Approach to Stewardship	Covers the Fund's approach to Stewardship and Engagement and voting.	5.2 Voting – capturing feedback from the survey an additional section on voting cover a broader range of topics to focus on over and above climate change 5.3 Advocacy – inclusion of wording around key themes to be taken into account by LCIV that the Fund has identified.

Engagement Policy:

The Fund is due to review its Engagement Policy, which includes the Fund's approach to stewardship and engagement.

Key areas for consideration from survey to update within the Engagement Policy. Within the Policy these have been highlighted in yellow:

Engagement Policy Section	Comments	Survey Outcomes Considerations
1. Introduction	Provides a brief introduction to the Fund's approach to Stewardship and Engagement using the Fund's core beliefs to drive engagement.	Inclusion of a final paragraph in the induction which references scheme member support for the Fund to be involved in engagement.
2. Resourcing Engagement	Consideration of collaborative engagement as a more effective way to deliver change.	Reference scheme member survey as one way to gain input from the Fund's key stakeholders.
3. Key areas of Focus	Focus on key themes to channel stewardship efforts.	Key areas of focus has been updated to reflect views from scheme members as to what is important to them.
4. Factors Influencing Engagement	This looks at what affects whether the Fund should undertake engagement.	Includes specific references to scheme members under sensitivity and level of interest.
5. Acknowledging Global Standards	This includes the Stewardship Code and other standards of best practice.	Reference to scheme members in consideration of global standards.

POLICY RESPONSES TO THE SURVEY OUTCOMES (3/3)

Engagement Policy Section	Comments	Survey Outcomes Considerations
6. Managing Conflicts of Interest	Need for the Fund to be aware of potential conflicts of interest in decision making	Note that sometimes fiduciary duty may conflict with the views of some scheme members
7. Engagement Framework	This focuses on the 3 levers the Fund has to implement its responsible investment objectives, namely invest; engage; divest	Recognises over 60% of scheme members favoured engagement. Any decision to exclude needs to reflect both scheme member views and financial factors
8. Engagement Mechanisms	This includes the Fund's routes to engagement	Incorporation of references to scheme members and the outcomes of the survey
9. Pooling Partnership	As London CIV takes over managing increasing proportions of the Fund assets, engagement will need to intensify with the pool	Includes reference to scheme member views and the need to add a strong voice to represent their views with the pool
10. Escalation	The Fund will when appropriate look to escalate engagement activities	Incorporated a reference to scheme member views helping to drive escalation in particular with the London CIV
11. Exclusions	Exclusion, ultimately is an option, although increasingly limited when operating within pooled funds	Addition of wording to reflect that the Fund will have regard to scheme member views on wanting to exclude, however also the need to maintain the Fund's financial position
12. Voting	Expectations of the Fund's external managers and in particular the pool when it comes to voting	The Fund will seek to ensure the scheme members' voice is heard, in particular where this accords with scheme members across pool partner fund scheme members
13. Monitoring & Reporting	Covering how the Fund will monitor and report on activities and commitment to annual Stewardship Code application	Inclusion of wording to reflect keeping scheme members informed of the Fund's engagement activities and also to seek views as a minimum on a three-yearly basis

INCORPORATING OUTCOMES INTO STEWARDSHIP AND ENGAGEMENT APPROACHES

ADVANCING STEWARDSHIP ACTIONS

Stewardship lever	Current action	Further ratcheting
Engagement with managers	Hackney RIWG has an active programme of challenging managers on their stewardship approaches	<ul style="list-style-type: none"> • Share output from survey and policy changes by 31 March 2025 • Request response by 8 May 2025 • Hold further meetings with managers on their stewardship approach, especially regarding themes relevant to Hackney and its scheme members and broader stakeholders, over 2025/2026
Engagement with pool	Hackney RIWG challenged London CIV on its stewardship approach at meeting November 2024	<ul style="list-style-type: none"> • Share output from survey and policy changes by 31 March 2025 • Request response by 30 April 2025 • Hold further meeting with London CIV on its stewardship approach, especially regarding themes relevant to Hackney in June 2025
Engagement through Hermes EOS	London CIV is a Hermes EOS client; Hackney relationship is mediated solely through London CIV	<ul style="list-style-type: none"> • Work with London CIV to ensure that themes relevant to Hackney are clearly on Hermes EOS agenda
Engagement through LAPFF	Hackney councillor sits as vice-chair of the organisation; helps steer the focus	<ul style="list-style-type: none"> • Encourage greater attention to themes relevant to Hackney, promote engagement with key risk-exposed companies
Collaborative Engagement	Other than LAPFF, the Fund has had limited engagement with other collective groups	<ul style="list-style-type: none"> • Consider whether there are key collaborations that would help target engagement on specific areas, e.g. Climate Action 100+ • Consider specific collective engagements which reflect the scheme members' key areas of interest
Direct engagement with individual companies	Not an activity that is currently carried forward – preference to work alongside other partners, through Hermes EOS and LAPFF	<ul style="list-style-type: none"> • Maintain as an option depending on progress with partners