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RIWG Update

21 January 2026

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Executive Summary

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Summary of what happened at the last RIWG meeting

Key Discussions – RIWG 10/12/2025:

- **Voting Procurement Implementation:** Following approval by Pensions Committee in the meeting prior to RIWG confirming the appointment of a provider as the Fund’s external provider, RIWG considered options for implementation following the completion of a standstill period. This included consideration of next steps to develop a more detailed voting policy to implement the Fund’s voting requirements, putting arrangements in place with the Fund’s passive provider and ensuring the arrangements are captured in the Fund’s IMA with London CIV.
- **Impact Investing and Local Investment:** RIWG considered the new requirements under the draft 2026 regulations and guidance in relation to local investment and how the Fund might be able to deliver local impact, be that in the local authority itself or in the wider GLA region. RIWG further reviewed the core tenets of impact investing, intentionality, additionality and measurability and the types of investments that could be invested in across different asset classes, recognising that this will ultimately be for the Fund’s investment pool to determine going forwards. The Fund has set an indicative 3-5% allocation towards local investment.
- **RIWG Workplan 2026:** An indicative workplan was presented to RIWG for the first three quarters of 2026 which included work to agree the detailed voting approach, ongoing stewardship and engagement with London CIV and other external providers. Ongoing climate and nature considerations to be reviewed during the year, alongside updating the Stewardship Code and TCFD reporting.

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.

Voting Procurement Implementation

Voting Procurement Implementation

Key Considerations

Key considerations for the Fund in designing a bespoke voting approach which captured the Fund's beliefs and views around ESG matters included ensuring voting:

- Was in alignment with the Fund's RI objectives
- Integrated ESG and stewardship standards
- Enabled customisation and flexibility
- Governance burden and oversight to be minimised
- Stakeholder engagement – ensuring LAPFF and scheme member views were taken into account

RIWG were keen to ensure detailed work was done in order to establish the parameters around voting with the provider to ensure the voting delivered in accordance with the Fund's priorities going forwards.

Discussions revolved around the following key areas:

- Policy Structure and approach
- Integration with external guidance
- Decision making and governance
- Reporting and transparency
- Mandate incorporation and implementation
- Officers and the Fund's adviser would work closely with the provider to capture requirements

Impact Investing and Local Investment

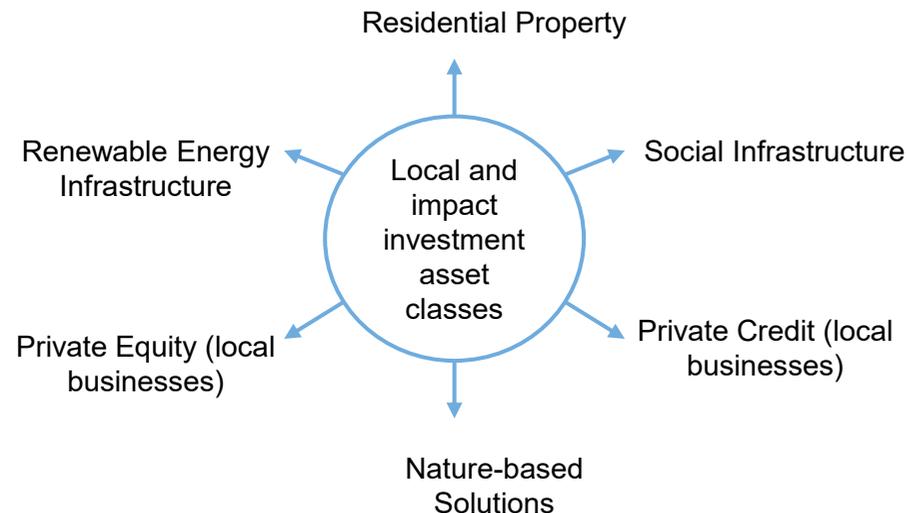
Impact Investing

What is meant by impact investment

Impact investments are investments that generate social and/or environmental impact alongside financial return. With key aspects being that it incorporates an investment process expressly designed to achieve social and/or environmental goal, there is an increase in social or environmental benefits that would not have occurred without the investment and the ability to assess the level of impact and monitor progress against impact goals.

Impact Investing in a local context – New regulations and guidance around local investment mean the Fund in setting a target for local investment will have to also consider the level of impact they are looking to achieve and also report on the impact of those local investments.

Opportunity Set is broad ranging but is expected to typically be more focused on private markets, with returns varying between 4-20% and fees considerably higher than public markets in the main. Being largely private assets, means that money will typically be tied up for long periods of time.



Local Investment:

Context for Local Investment to deliver impact

Regulatory Requirements

New regulatory requirements mean that Funds need to set out their approach to local investment including a target range for investment in their Investment Strategy Statement (ISS) having regard to local growth plans and local economic priorities. RIWG considered the new draft 2026 regulations along with draft statutory guidance which includes a requirement that the Fund must co-operate with the relevant strategic authority (in the case of London this is the GLA). Draft guidance covers both asset pooling and ISS requirements.

Key Provisions

- Requirement to set a target percentage of the total fund to allocate to local investments
- Have regard to and work with local growth plans in co-operation with the relevant strategic authority
- Definition – “investments which are local or in the region of the Administering Authority (AA) or of its pool and **with measurable beneficial impact**”
- Need to engage with pool and other partner funds to agree priorities
- Annual reporting required
- Pools responsible for conducting due diligence
- In terms of setting preferences on local investment in the ISS this should include preferences regarding target area, returns and risk, and impact.
- Funds can set preference but not targets regarding asset classes and preferences
- **Funds should consider non-financial benefits of investing locally**

Considerations for the Fund

Further discussions to be held with wider Pensions Committee including views on how much impact required, what type, level of risk and return and impact on costs. Recognition that will need to work closely with other Boroughs and the GLA but also potential for conflicts in terms of wanting to deliver specifically for Hackney.

RIWG Draft Workplan for 2026

Indicative January 2026 – March 2027 RIWG Workplan

<p>26 February 2026</p>	<ul style="list-style-type: none"> • BlackRock Stewardship update • Finalise Voting policy with voting provider • London CIV RI Matrix update • Feedback from Stewardship Code
<p>21 May 2026</p>	<ul style="list-style-type: none"> • London CIV ESG activities • RIWG Annual Review • Annual RI policy review to incorporate any changes required under updated guidance
<p>2 September 2026</p>	<ul style="list-style-type: none"> • LAPFF Update on CAHRA and broader activities • Stewardship Code • TCFD Report • Consideration of climate targets
<p>9 December 2026</p>	<ul style="list-style-type: none"> • London CIV update • Voting provider update on voting • Reporting on nature
<p>17 February 2027</p>	<ul style="list-style-type: none"> • London CIV update • Stewardship Code Feedback

Contacts.

Get in touch to let us know how we can help.



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