

London Borough of Hackney Pension Fund 2025-26 Responsible Investment Newsletter



pensions@hackney

 **Hackney**

London Borough of Hackney Pension Fund

Responsible Investment Newsletter 2025-26

Background to the Fund



The London Borough of Hackney Pension Fund looks after the pension benefits of over 20,000 scheme members who work or have worked for the Council and associated employers, with benefits protected by law.

The Fund has over £2bn of assets which are invested to generate returns. The combination of investment returns alongside employee / employer contributions are used to pay pensions today and in the future.

The Fund takes its responsibilities seriously as an asset owner recognising its accountability to not only generate investment returns but also its broader responsibilities to be a good steward of assets.

Scheme Member Survey*

The Pension Fund surveyed scheme members to get their views on Responsible Investment in January 2025, the output of which has been reflected in the actions and policies of the Fund.

Scheme members said they wanted to see:

- The Fund invest responsibly but also wanted to ensure pensions could be paid;
- Human Rights, Climate Change and Biodiversity were key areas of focus;
- More engagement with companies and the managers it uses.

Taking the views of scheme members into account, the Fund updated its policies, reviewed key themes for engagement and stewardship. The Fund has engaged and challenged its external managers including its investment pool, the London Collective Investment Vehicle to do more to ensure the Fund's voice is heard when it comes to fully integrating responsible investment into the Fund's assets.

Hackney's approach to Responsible Investment

Responsible Investment is a key part of the Fund's approach to fulfilling its fiduciary duty. ESG issues can create financially material risks and opportunities; the Fund aims to manage these risks and generate sustainable, long-term investment returns.

The management of ESG considerations is therefore a fundamental part of the Fund's overarching investment strategy. The Fund believes:

- 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
- Engagement with managers, can have a material impact
- Responsible investment is relevant to the performance of the entire Fund across all asset classes.

London Borough of Hackney Pension Fund

Responsible Investment Newsletter 2025-26

Climate Change and Biodiversity

The Fund has been at the forefront of recognising the risks that climate change poses to the Fund's long-term investments and has set targets around climate reduction as well as looking for opportunities to invest in renewable infrastructure and nature.

However, the Fund also recognises the need to invest on a global basis and that net zero by 2050 looks an increasingly distant goal set by the Paris Accord.

This year the Fund completed its first report covering the Taskforce on Climate Related Financial Disclosures (TCFD)* ahead of regulatory requirements for the LGPS.

Other Key Themes

Human Rights was again a key topic with the Fund looking to increase engagement with companies involved in conflict affected areas.

The Fund's investment in local housing to deliver new homes for homeless residents of the Borough saw a number of properties being bought and occupied by those in need.

With the 'Fit for the Future' Changes, the Fund has made a strategic commitment to allocate further capital to local projects to deliver impact for the Borough and surrounding areas and is working with its investment pool to look for opportunities that improve lives as well as delivering financial returns for the Fund.

The Fund was recognised for all the hard work it has done over the year receiving an award for 'Fund of the Year 2025'



Stewardship and Engagement

The Fund was pleased to be recognised by the Financial Reporting Council (FRC) again this year re- confirming its status as a signatory of the UK Stewardship Code.

The Fund has engaged extensively with its external providers not least the Fund's investment pool, the London CIV on a range of ESG matters to better understand the activities undertaken on its behalf.

During the year the Fund also undertook a procurement exercise to appoint a segregated voting provider for its passive funds, further demonstrating its commitment to being active stewards of capital.