

## London Borough of Hammersmith & Fulham

**Report to:** Pensions Sub-Committee

**Date:** 11/02/2020

**Subject:** Responsible Investment Policy Draft

**Report of:** Phil Triggs, Director of Treasury and Pensions  
Matt Hopson, Strategic Investment Manager  
Tim Mpofu, Pension Fund Manager

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### Summary

- 1.1 In late 2019, the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) issued draft guidance on Responsible Investment in the LGPS. This guidance outlined the duties of investment decision makers in LGPS administering authorities.
- 1.2 This paper introduces the draft Responsible Investment policy for the London Borough of Hammersmith and Fulham (LBHF) Pension Fund, which is attached as Appendix 1 to this paper.

### Recommendations

1. The Sub-Committee is requested to note and comment on the report with a view to enabling officers to formalise and finalise the Responsible Investment policy.

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**Wards Affected:** None

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### LBHF Priorities

Please state how the outcome will contribute to our priorities – delete those priorities which are not appropriate

<b>Our Priorities</b>	<b>Summary of how this report aligns to the LBHF priorities</b>
<ul style="list-style-type: none"><li>• Building shared prosperity</li></ul>	Being a responsible investor means that, as part of the Pension Fund's fiduciary responsibility, its investments should be able to assist in making a positive contribution to the long-term sustainability of the global environment, enabling the Pension Fund to enhance its investment return.

## **Financial Impact**

The financial implications of the introduction of this policy will be continually monitored to ensure that members' future pensions payments are safeguarded.

## **Legal Implications**

*None*

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Verified by Phil Triggs

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## **Background Papers Used in Preparing This Report**

None

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## DETAILED ANALYSIS

### 1. Proposed Policy

1.1. The Responsible Investment policy will be a stand-alone policy document which aims to make clear the Pension Fund's investment values. The purpose of this policy document is to lay out the Pension Fund's approach to how environmental, social and governance (ESG) and responsible investment (RI) considerations are taken into account in the selection, non-selection, retention and realisation of investments.

1.2. The policy document introduces the Pension Fund's investment principles whose implementation is discussed in each of the sub-sections below:

- **Investing to build a better future** – this highlights the Pension Fund's commitment to achieving carbon neutrality by 2030 and how it intends to shape its asset allocation to meet this target.
- **Engaging with the investment community** – the Pension Fund believes there is significant value in being able to engage with companies to influence best practice. The Pension Fund will actively contribute to the London CIV's development of sustainable investments.
- **Collaboration with other stakeholders** – The Pension Fund will work alongside pressure groups such as the Local Authority Pension Fund Forum (LAPFF) to ensure that companies are held to account for their behaviour.
- **Making our members proud** – The Pension Fund acknowledges that it is important for scheme members to understand how their pension fund is being managed and invested. To this end, the Pension Fund will report regularly on its overall performance.

1.3. This policy will be subject to regular, ongoing review.

### 2. Reasons for Decision

2.1. Reasons are set out in the main body of the report.

### 3. Equality Implications

3.1. None

### 4. Risk Management Implications

4.1. None

4.2.

**5. Other Implications**

5.1. None

**6. Consultation**

6.1. None

**List of Appendices:**

Appendix 1: Responsible Investment policy for London Borough of Hammersmith and Fulham Pension Fund