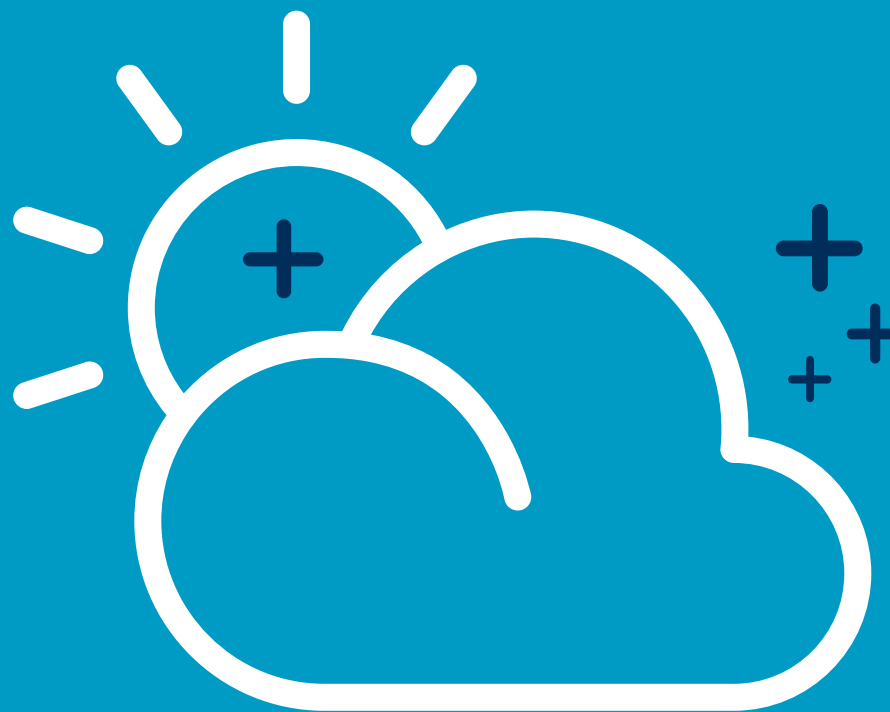


Our climate competency as investment consultants

June 2023



Climate change is a material financial risk to investors. It is therefore important that asset owners and their advisers have the necessary skills and resources to address climate-related risks and opportunities for their investments. In this document, we focus on LCP's climate competency as investment consultants, whilst acknowledging that climate change is important for all parts of our business.

Summary of our climate credentials

At LCP, we have been building our expertise in climate change for over a decade and it is now an integral part of our investment consultancy services. Climate change has the potential to permanently destroy value for investors; it poses major threats (as well as opportunities) to the environment, society, economy and to the financial system as a whole. We therefore fully support action to mitigate climate change by transitioning to a low carbon economy, meeting net zero emission targets and adapting to the physical effects of climate change. We encourage our clients to align their investment strategy with net zero emissions by 2050 - this is incorporated into our overall [responsible investment philosophy](#). We seek to improve both our clients' financial outcomes and real-world outcomes.

Climate competency theme	How LCP provides solutions and supports our clients under these themes
Firmwide climate expertise and commitment	<ul style="list-style-type: none"> Our Responsible Investment team is led by three partners and includes seven individuals with a 50%+ time allocation to RI. A wide range of people across the firm are involved in the development and maintenance of our RI-related services, including specialists in the energy transition, climate metrics and climate scenario analysis. We are working with some of the largest UK pension schemes on developing and implementing their approach to climate-related risks and opportunities, in line with the climate change governance and reporting regulations. We have been operationally carbon neutral on our path to net zero since 1 April 2021 and are signatories of the Net Zero Investment Consultants Initiative (NZICI) which commits us to nine actions, including integrating advice on net zero alignment into all our investment consulting services as soon as practically possible.
Individual consultant climate expertise	<ul style="list-style-type: none"> We have approximately 170 investment professionals, most of whom have practical experience of advising on investment-related aspects of climate change. We have approximately 45 investment clients subject to the climate regulations for large UK pension schemes, which means that many of our investment professionals are working with at least one client in this area. In addition, many of our clients have chosen climate change as a stewardship priority, so our consultants are working with them on overseeing managers' climate-related voting and engagement. Based on our advice, our clients have switched billions of pounds' worth of equities into portfolios that track low carbon indices. We have also worked with managers to agree climate-aware and sustainability-tilted guidelines for credit, and based on our advice clients have switched over £10bn into mandates with these approaches embedded. Expertise is maintained and strengthened through compulsory monthly technical training for the investment department. This included 18 presentations on RI topics in the year to 31 March 2023, with climate change being the sole focus of 10 of those. We also held two online "bitesize" sessions on climate change topics during the year, open to anyone in the firm to attend, each lasting around 30 minutes.

Tools and software	<ul style="list-style-type: none"> We have a climate dashboard which helps clients to monitor a range of climate-related metrics for their public equity and debt holdings, using data from MSCI. We request emissions metrics from investment managers each quarter so they can be included in performance monitoring reports across all of our clients. We can provide climate scenario analysis, using modelling we developed in partnership with Ortec Finance, to illustrate the potential impacts of three climate-related scenarios on pension scheme assets and liabilities, year-by-year for 40 years. Our sponsor covenant specialists can supplement this with qualitative consideration of the impacts on the sponsor to provide trustees with an integrated assessment of climate risk to their funding and investment strategy. We have a triage tool to help asset owners identify priority actions for managing their climate-related risk at portfolio level and to provide pathways for how the portfolio's alignment with climate targets may evolve over time.
Thought leadership and policy advocacy	<ul style="list-style-type: none"> Climate risk has the potential to permanently destroy value, therefore we encourage our clients to have a publicly-stated ambition to align their investment strategy with net zero emissions by 2050. We seek to contribute to system-wide decarbonisation by helping them achieve this ambition. We are active participants in various industry groups. Our specialists have made substantive contributions to climate-related projects with the Investment Consultants Sustainability Working Group (ICSWG), the Pensions Climate Risk Industry Group (PCRIg) and the Institute and Faculty of Actuaries (IFoA). We were directly involved in the founding of the NZICI and continue to contribute to it. We have good relationships with key regulators, including the Pensions Regulator. We respond to relevant consultations, such as those relating to the climate requirements for pension schemes, and engage with regulators on climate-related policies. Climate change features prominently in our client briefings, blogs, publications and events.
Assessment of investment managers and engagement with them	<ul style="list-style-type: none"> We have a range of “buy rated” funds across the main asset classes providing solutions to climate-related risks and opportunities. Our investment research views and ratings for all asset classes include an assessment of managers' practices in relation to climate risk management and net zero. These views are an integral part of our manager selection and monitoring advice. An investment manager must be a signatory of the Net Zero Asset Manager Initiative for its funds to be eligible to receive a “buy rating” from us. We have published a set of net zero expectations for investment managers, setting out our thinking on best practice in this area, and have extended our research questions to help us monitor how well managers are meeting these expectations.

Next steps

The assessment and risk management of climate change for investors is rapidly evolving. With that ongoing evolution, there is more we would like to do to enhance our climate-related services. We are committed to doing so and are investing considerable resources in that evolution. We value our clients' feedback, so welcome your views on how we are doing, what else you would like to see us do and what you would like to see us doing differently.

To help you meet fiduciary and regulatory expectations, we suggest that you:

1. Consider adding effective management of climate change to the objectives you set for us
2. Ensure all your advisers are climate competent
3. Provide feedback to your usual LCP consultant on our approach to climate-related investment advice

The appendix provides more detailed information on our climate credentials.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework

In January 2021, the [Investment Consultants Sustainability Working Group](#) (ICSWG) – a collaboration between 19 investment consultancy firms – published a “[Climate Competency Framework](#)”. This sets out five themes against which trustees should expect their Investment Consultants to demonstrate their climate competency. The indicators are described as deliberately stretching and the guide acknowledges that some of them will be aspirational. In this appendix, we set out our approach for each of the ICSWG’s competency indicators.

Theme 1 – Firmwide climate expertise and commitment

ICSWG’s positive indicators	LCP’s approach
Clear governance structure and responsibilities stated to ensure appropriate oversight of climate-related factors into client services	We have a RI management group that develops the strategic direction of the wider RI team and oversees its implementation. It consists of three partners and reports to the firm’s Executive Committee (ExCo), with updates to other senior groups within the firm as required. ExCo has ultimate responsibility in this area.
Assigned senior leader (partners / board member) responsibility for the oversight of climate-related issues	Claire Jones, our Head of Responsible Investment, and Ken Willis, our Head of Responsible Investment Delivery, are the assigned senior leaders.
Firm-wide strategic response to manage climate-related risks and opportunities and steward an orderly transition which is publicly available (for example, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures)	We included information about our response to climate-related risks and opportunities in our public 2022 Stewardship Report . We will continue to report publicly on our climate response at least annually, including our progress against the commitments we have made under the NZICI.
Specialists with depth of climate expertise	<p>Our Core RI Team consists of 11 individuals, including Claire Jones, our Head of Responsible Investment, who works full-time on RI and six further individuals with a 50%+ time allocation. A wide range of other people are involved in the development and maintenance of our investment-related ESG and climate change services, including climate metrics and climate scenario specialists. Our RI experts have built up climate expertise through a range of formal and informal learning, including through events organised as part of an industry or collaborative group, as well as on-the-job experience. They support the rest of the investment department on climate-related matters.</p> <p>LCP Delta is a team of around 90 energy specialists that advises policy makers, industry participants and investors on the energy transition. The investment team draws upon this specialist expertise as appropriate to support and enhance its climate change work.</p>

Theme 1 – Firmwide climate expertise and commitment

UN PRI signatory	LCP has been a service provider signatory of the PRI since 2014.
Signatory to the UK Stewardship Code 2020	LCP has been a service provider signatory of the 2020 Code since 2021.
Conflicts policy which addresses potential conflicts related to advice on climate as a result of differences between the investment consultant's commercial interests and the trustees' climate objectives, or business relationships between the investment consultants and the asset managers or trustees	Our conflicts policy is available in our 2022 Stewardship Report (p27-30).
ICSWG's best practice indicators	LCP's approach
Performance assessment of the investment consulting firm's consultants and senior leaders is aligned with helping clients achieve their climate-related objectives	<p>The leaders of our major RI workstreams have explicit objectives related to the main deliverables for their workstreams and are held accountable through regular progress reports to the RI management group. There are currently nine workstreams, of which three are specifically climate-related and six are cross-cutting. Some other individuals also have climate-related performance objectives.</p> <p>More broadly, our consultants' performance assessment takes into account the quality of service to and feedback from their clients, which incentivises consultants to help their clients achieve their objectives including their climate-related objectives.</p>
Signatory of (or affiliated to) other climate related initiatives	LCP is a signatory of the NZICI, an associate member of the Institutional Investors Group on Climate Change (IIGCC), a member of the UK Sustainable Investment and Finance Association (UKSIF) and an influencer member of Pensions for Purpose.
Produce climate risk management thought pieces	In addition to specific publications on climate-related topics, climate change is often a focus of our investment blogs and articles in our biannual Vista magazine. You can find a selection of our recent thought leadership on our Climate change and sustainability insights hub .

Theme 1 – Firmwide climate expertise and commitment

Inclusion of climate-related issues in regular client communications	Our quarterly “Macro, markets and strategic portfolios” update for clients always includes articles on ESG (environmental, social and governance) topics, usually with one on a climate-related issue. Our weekly Pensions Bulletin – which summarises and comments on policy, regulatory and other industry news – often includes climate-focused stories.
Demonstrate an awareness of climate justice, including a just transition	The just transition was the lead ESG article in the Q2 2021 edition of our “Macro, markets and much more” update for clients. It was also one of the topics covered in our blog “The silent S in ESG” and it forms part of our assessment of investment products.

Theme 2 – Individual consultant climate expertise

ICSWG’s positive indicators	LCP’s approach
All investment consultant colleagues receive regular and appropriate climate-specific training by both internal and external experts	Climate change topics are often covered in our compulsory monthly technical training for the investment department. During the year to 31 March 2023, there were 18 RI topics lasting approximately 7 hours in total, with climate change being the sole focus of 10 of those. We also have online “bitesize” sessions lasting around 30 minutes which anyone from across the firm can join. In the year to 31 March 2023, two of these were exclusively on climate change topics. There have been other internal climate change training sessions for specific groups such as investment partners and investment researchers. Training sessions are recorded for those unable to attend live, including subsequent new joiners. In addition, investment consultants are encouraged to attend external training such as webinars to gain outside perspectives and deepen their knowledge.
Seek to understand client needs and views on climate change, and where relevant educate clients on climate-related risks to their investments	<p>Our consultants primarily seek to understand their client needs and views through client-specific interactions such as meetings and conference calls. We encourage clients to include RI items, including climate change, in their annual business plans.</p> <p>As well as including climate-related topics in thought leadership materials and news bulletins, we provide tailored training sessions for clients on request. We have an extensive bank of precedent training materials on climate change to support this.</p> <p>We discuss climate change with clients in the context of their stewardship priorities, to focus engagement with their investment managers. To support our NZICI commitments, we are starting to track the progress of clients in understanding and considering net zero, including whether they have set a net zero target or ambition.</p>

Theme 2 – Individual consultant climate expertise

Able to identify and assess climate-related risks and opportunities	Our consultants' knowledge of these topics, especially metrics and scenario analysis, has grown significantly over the past two years, in particular for those advising pension scheme clients on meeting their TCFD (Taskforce on Climate-related Financial Disclosures) requirements (see next row). Our intranet includes a "climate hub" with a wide range of guidance and precedent advice documents which consultants are encouraged to access.
A working understanding of how to apply and disclose against the recommendations of the Taskforce on Climate-related Financial Disclosures	The TCFD requirements introduced by the Pension Schemes Act 2021 have been a catalyst for increased focus on climate change by our pension scheme clients with over £1bn of assets. We have approximately 45 investment clients subject to these requirements and many of our consultants work with at least one of these clients.
ICSWG's best practice indicators – Demonstrable record of helping clients:	LCP's approach
...develop climate related beliefs and understanding of key issues	Many of our investment clients have received climate change training from their consultants. A significant minority have also undertaken RI belief surveys with specific questions on climate change.
...shape voting policy to include explicit guidance on climate-related voting, including policies on shareholder proposals, and influencing asset managers to accept these	<p>Most of our clients' equity investments are held in pooled funds where it is not possible to direct how votes are cast. Their voting policies therefore focus on oversight of the managers' voting practices. Many of our pension trustee clients have set climate change as a stewardship priority, so use climate change as a focus topic for this oversight.</p> <p>Through our engagement with investment managers and our published set of net zero expectations for investment managers, we are shaping guidance on climate-related voting and influencing asset managers in this area. Where requested, we will also help clients develop explicit guidance on climate-related voting to influence their managers.</p>
...develop climate-related targets (such as Paris alignment, decarbonisation and other targets) in line with recommendations of the Taskforce on Climate-related Financial Disclosures	We encourage all our investment clients to align their investment strategy with net zero emissions by 2050 - this is incorporated into our overall responsible investment philosophy. Some of our largest investment clients have set formal net zero targets and we are supporting them in actions aimed at achieving those targets. In addition, we have advised most of our clients subject to the TCFD requirements on setting at least one climate-related target.

Theme 2 – Individual consultant climate expertise

...develop climate-related policy frameworks	We have worked with clients subject to the TCFD requirements on implementing a climate governance framework which sets out clear roles and responsibilities for identifying, assessing and managing climate-related risks and opportunities. We expect to help many of our smaller pension scheme clients in documenting a proportionate approach to climate change to satisfy the forthcoming guidance on an effective system of governance in this area.
...integrate climate-related considerations across all asset classes	Climate-related considerations form part of our manager research across all asset classes, as described below. We research specialist climate-focused strategies spanning equity, credit and real assets.
...shape their investment strategy, incorporating climate-related risks, pricing opportunities and climate-related impacts	We consider climate change in our investment strategy advice, for example by considering any relevant investment beliefs and including commentary on the impact of climate risk, based on climate scenario analysis where appropriate. Our standard asset-liability modelling assumptions reflect a climate adjustment to the equity risk premium, informed by our climate scenario analysis work. We use these assumptions when providing strategic asset allocation advice which shapes clients' high-level investment strategy. When helping them implement that strategy, climate-related considerations are also incorporated through our manager selection advice. Where appropriate, we advise on specific climate-focused fund options.
...with practical recommendations to reduce their climate-related risk exposure and/or develop strategies to steward an orderly transition to a net zero and resilient economy	On our advice, a large number of clients have switched equity holdings, worth billions of pounds in total, into portfolios that track low carbon indices. We have also worked with managers to agree climate-aware and sustainability-tilted guidelines for credit, and based on our advice clients have switched over £10bn into mandates with these approaches embedded.
...with guidance on climate-related reporting	As noted above, approximately 45 of our investment clients are subject to TCFD requirements. They are required to report publicly on their climate-related activities each year, with the first reports mostly due in 2022 or 2023. We typically draft the reports, liaising with in-house teams and other advisers as appropriate. In some cases where we are not lead investment adviser, we review reports drafted by others and provide guidance on how the reporting can be improved.

Theme 2 – Individual consultant climate expertise

...fully integrate climate considerations into manager selection and monitoring

Our research views and ratings have incorporated ESG factors for all asset classes for several years, so RI automatically forms part of our manager selection and monitoring advice. Our RI grading framework separately assesses ESG integration, voting and engagement, climate risk management and net zero integration using a structured approach. This ensures we assess the approach taken by managers for climate change consistently and enables us to advise clients on their managers' strengths and weaknesses across these four areas.

...keep abreast of and meet regulatory expectations

We keep clients informed of regulatory expectations through communications such as our Pensions Bulletin and briefing notes, including our [Briefing Note](#) on the TCFD requirements for large pension schemes. We encourage our investment clients to undertake annual training to help them keep abreast of regulatory developments and produce materials centrally to support this training. Our starter advice documents are informed by regulatory expectations. These include a roadmap for helping £1bn+ pension scheme clients meet (and exceed where appropriate) the TCFD requirements.

Theme 3 – Tools and software

ICSWG's positive indicators

Have a database of climate metrics for investments covering for example:

- Carbon intensity
- Carbon emissions
- Alignment with goals of the 2015 Paris climate agreement and implied temperature rise
- Climate Value at Risk
- Exposure to 'green' revenues

LCP's approach

LCP has an MSCI ESG licence which provides climate metrics for listed equities and corporate bonds, including carbon intensity, carbon emissions, carbon targets (including whether they are validated by the Science-Based Targets initiative (SBTi) as being aligned with the Paris Agreement goals) and green revenues.

We do not currently subscribe to a service for Implied Temperature Rise or Climate Value at Risk metrics as we do not feel such metrics are yet sufficiently robust for use with our clients. These metrics rely on many assumptions which are often opaque and lack consistency between providers. Also, unlike the other metrics listed, it is not practical to obtain them for unlisted assets not covered by our MSCI licence.

Help clients monitor climate-related metrics

We have an ESG dashboard which helps clients to monitor a range of ESG metrics, including three climate-related ones. We also have a complementary climate dashboard that provides more in-depth analysis of climate-related metrics. We request emissions metrics from investment managers each quarter so they can be included in performance monitoring reports across all of our clients.

Theme 3 – Tools and software

Use freely available tools such as PACTA or PRA stress test data to help clients assess climate risk

We are happy to use these tools in our advice on request. However, we generally prefer to use the climate scenario analysis service we have developed in partnership with Ortec Finance (see below) because it better suits most of our clients' needs. For example, it models climate-related impacts on assets and liabilities consistently and is integrated into our investment modelling tools, enabling real-time demonstration of the results in meetings.

Help clients set and monitor appropriate climate-related targets

We have developed tools to help clients assess various climate-related metrics for their portfolios. These are used for ongoing monitoring and to also inform target setting and subsequent monitoring against those targets.

ICSWG's best practice indicators

LCP's approach

Capability to conduct scenario analysis for assets, liabilities and sponsor covenant to help clients understand how climate change might affect investment returns and value at risk over the short-medium and long-term

We have developed [climate scenario analysis](#) modelling in partnership with [Ortec Finance](#) which illustrates the potential impacts of three climate-related scenarios on pension scheme assets and liabilities, year-by-year for 40 years. Our covenant team can supplement this with qualitative consideration of the impacts on the sponsor to provide trustees with an integrated assessment of climate risk to their funding and investment strategy.

Consideration of an orderly transition, disorderly transition and failed transition scenario with their associated direct transition and physical risks as well as systemic risks that could arise

Our three standard scenarios are called Net Zero Financial Crisis, Limited Action and High Warming. These all incorporate physical risks and the first two incorporate transition risks as well.

The modelling is top-down, translating economy-wide impacts into financial market impacts. It therefore reflects systemic risks, although – as with almost all modelling of this type – is not able to fully capture certain effects such as tipping points. We encourage our clients to focus on the scenario narratives and to consider the unmodelled risks qualitatively, alongside the quantitative modelling output.

Where relevant, help clients consider real world impacts on climate change of their investment choices

Our responsible investment philosophy focuses on real world impact, recognising that what happens in the real world impacts financial markets, and also what happens in the financial sector impacts the real world. We consider managing climate risk to investments to be the minimum required; our advice aims to go beyond this to improve real-world outcomes. For example, we encourage our clients to align their investment strategy with net zero emissions by 2050. We can use impact metrics, available under our MSCI ESG licence, to support our advice to clients on the real-world impacts on climate change of their investment choices.

Theme 4 – Thought leadership and policy advocacy

ICSWG's positive indicators	LCP's approach
Encourage better standards of corporate governance of climate-related risks, for example through positive contributions to public consultations on guidance and regulation of climate-related risks	Over the last three years, the consultations we have responded to include: the PCRIG consultation on its draft TCFD guidance; the Department for Work and Pensions' (DWP) three consultations on the climate requirements introduced through the Pension Schemes Act 2021; the Financial Conduct Authority's (FCA) consultation on TCFD disclosures by asset managers, life insurers and FCA-regulated pension providers; the Pensions Regulator's consultation on its draft TCFD guidance; and the IFoA consultation on proposals for changes to the regulatory framework on climate change and sustainability.
Supportive of public policy initiatives on climate change	<p>We have shown our support through our thought leadership materials (see comment above under Theme 1), press comments and consultation responses.</p> <p>Our energy team, LCP Delta, supports key decision makers in the energy markets of the UK and beyond with its research, analysis, modelling and advice, informing them to develop and shape decarbonisation policies.</p>
Collaboration as part of climate industry groups	We are active participants in the ICSWG, including in the development of this climate competency framework, and NZICI. Our Head of RI made a substantive contribution to the PCRIG guidance. She also initiated and was heavily involved in an IFoA working party which published six papers on the implications of resource and environment issues for the work of pensions actuaries between 2017 and 2020.
ICSWG's best practice indicators	LCP's approach
Engage with regulators on latest climate-related policies	We have good relationships with key regulators, including the Pensions Regulator, and our engagement with them includes climate-related policies.
Engage with the developers of climate reference scenarios	We responded to the Network for Greening the Financial System (NGFS) request for feedback on its climate scenarios in February 2023. We also regularly exchange views on reference scenarios with our partner Ortec Finance and they engage with the developers of climate reference scenarios.

Theme 4 – Thought leadership and policy advocacy

Contribute meaningfully to system decarbonisation and achieving the goals of 2015 Paris climate agreement

We aim for our climate-related work with clients to contribute meaningfully to these goals, thus helping to reduce the systemic impacts of climate change which could undermine both the personal and professional aims of our colleagues and clients. A key way we are doing this is by encouraging our clients to align their investment strategy with net zero emissions by 2050, by appointing managers and selecting investment products with credible net zero commitments. In our advice and our expectations of investment managers, we have increased our emphasis on the importance of achieving real-world emissions reductions rather than focusing on individual portfolio decarbonisation.

Active monitoring of related developments, for example, nature-related financial risks such as biodiversity loss

Members of our RI team use a wide range of sources to track relevant developments across ESG topics, sharing insights with colleagues and clients as appropriate, including through a central policy tracker, an internal responsible investment newsletter every 2-3 weeks and our quarterly update for clients, “Markets, macro and strategic portfolios”. Nature-related topics have increased in prominence over the last two years and are starting to feature in client advice.

Theme 5 – Assessment of investment managers and engagement with them

ICSWG’s positive indicators

LCP’s approach

Engage with investment managers about their climate practices (eg integration into investment decisions, voting and engagement)

We require managers to have signed up to the [Net Zero Asset Manager initiative](#) in order for their products to get a “buy” rating from us. This has led to various discussions with managers where we have encouraged them to make or strengthen net zero commitments. Our [net zero expectations for investment managers](#) set out our thinking on best practice; we have shared this with the managers we research to encourage them to improve in this area. Evaluating climate practices forms a key part of our manager research process and we typically provide feedback to the investment managers once we have completed our research on their products.

Climate change is integrated into manager research and is a topic of discussion at research meetings

As outlined above, climate change is a standard part of our research views. It is therefore discussed in research meetings in order to develop our views on managers’ climate practices. It is a standard agenda item and our materials for researchers include specific questions on climate risk management that we ask all managers.

Provide assessment of investment managers’ firmwide approaches to climate change risk management, including through both asset allocation and stewardship

We assess managers’ firmwide climate approaches through our biennial RI survey. A significant proportion of our [2022 survey](#) related to climate change risk management and net zero.

Theme 5 – Assessment of investment managers and engagement with them

ICSWG's best practice indicators	LCP's approach
Provide assessment of investment managers' fund-specific approaches to climate change risk management	Each research view includes commentary on the fund's approach to climate risk management and net zero, to support our overall RI rating for the fund. We have developed a detailed framework, including criteria for researchers to assess investment products against (and guidance on doing so), to help researchers decide upon appropriate RI ratings, setting out what is expected for each grade.
Disclose details of methodologies and framework for assessing investment managers' approaches to managing climate-related risks and opportunities	We have disclosed our broad approach in this document and are happy to answer clients' specific questions on request.
Investment managers' approaches to managing climate-related risks and opportunities feed into the consultant's ratings of investment managers	As described above, climate risk management and net zero are two of the four areas assessed as part of our RI rating of each product. This assessment then feeds into our overall rating for the product.
Prepared to exclude fund recommendations on sustainability criteria	Since 1 April 2022, a manager must be a signatory of the Net Zero Asset Manager initiative for its funds to be eligible to receive a "buy rating" from us. If a client has specific sustainability requirements, we are happy to apply sustainability criteria to our fund recommendations and this may result in funds being excluded from our advice.
Encourage improvement in investment managers' climate competencies including on stewardship, and set expectations on best practice	<p>To support our engagement with managers on stewardship, we have published a set of voting and engagement expectations for each asset class along with firm-level stewardship expectations. As noted above, we have also developed a set of 'best practice' expectations for managers on net zero.</p> <p>We encourage our clients to engage with their managers to seek improvements in RI practices, and help them do so (including raising areas of concern, drafting engagement letters and logging engagements centrally). This type of engagement is central to the approach we are advising that pension trustee clients take in response to the DWP stewardship guidance, and many of them have chosen climate change as one of their priority topics for this engagement.</p>
Encourage investment managers to become signatories to the UK Stewardship Code 2020	In June 2020, we wrote to the managers we research to encourage them to become signatories to the UK Stewardship Code 2020. We report regularly to our clients on whether their managers are signatories to the UK Stewardship Code and encourage them to engage with managers where they are not.

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At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to create a brighter future. We have market leading capabilities across pensions and financial services, energy, health and analytics.

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