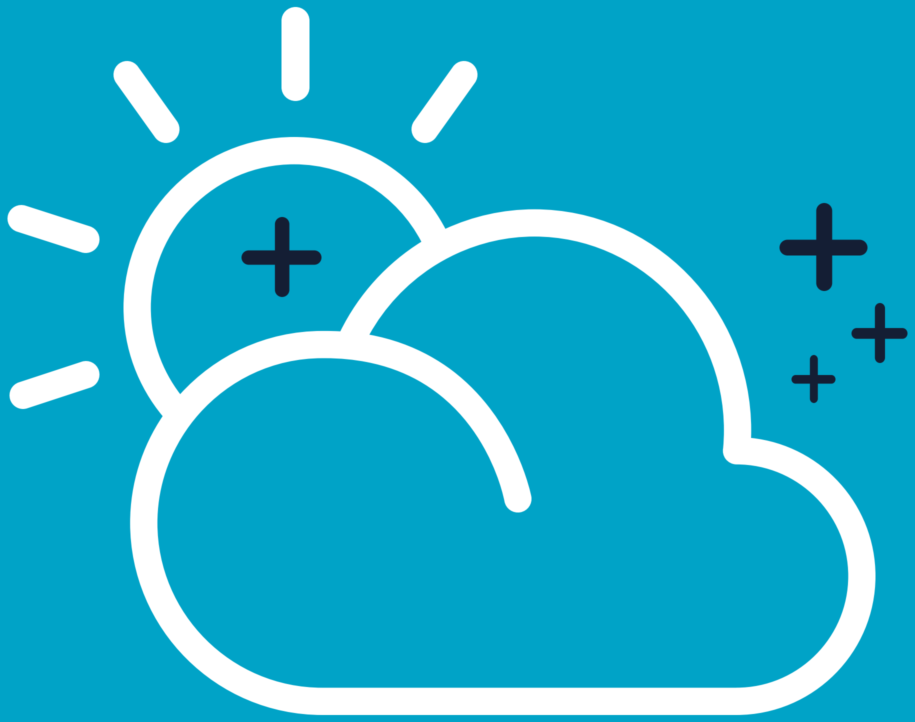
Our climate competency as investment consultants

August 2026



Across LCP, we advise over 1,000 institutional clients. We do not serve retail clients. Our business covers many areas including pensions, investment, insurance, energy transition, health analytics and sport analytics. Our investment clients had combined assets over £800bn at 31 March 2026. We serve asset owners across a wide range of organisations, including Defined Benefit (DB) pension schemes, Defined Contribution (DC) pension schemes, central banks, sovereign wealth funds, charities, endowments, insurers and wealth managers. Just over half our clients (by assets) are based outside of the UK, across Asia, Africa, the Middle East and Europe.

While our clients may be institutions, organisations or government bodies, our advice ultimately impacts wider society – we fully recognise that in helping our clients meet their own financial and wider goals, we are ultimately allowing them to deliver on the obligations they have to the individuals they serve. Thus, millions of people are impacted by our advice.

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 over many years and it is an integral part of our investment consultancy services. Climate change has the potential to permanently destroy value for investors and 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 use the full weight of their position as asset owners – through how they allocate capital, how they engage, how they contribute to policy, how they signal to others their support for addressing climate change – to make a net zero economy by 2050 more achievable. This is part of our overall responsible investment philosophy. We seek to improve both our clients' financial outcomes and real-world outcomes.

To help our clients meet fiduciary and regulatory expectations, we suggest they:

1. Add effective management of climate change to the objectives they set for us
2. Ensure all their advisers are climate competent
3. Provide feedback on our approach to climate-related investment advice

We are committed to evolving our climate-related services to clients, recognising that the external landscape, market practices and client needs do not stand still. We value feedback from our clients and other stakeholders, 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.

Climate competency theme	How LCP provides solutions and supports our clients under these themes
Firmwide climate expertise and commitment	• We have a responsible investment team of around 20 people who provide specialist advice on environmental, social and governance (ESG) issues, including climate change. This team includes individuals who spend all of their time on responsible investment matters as well as individuals who work on other areas as well. We draw upon expertise from across the firm including from specialists in manager research, the energy transition and climate scenario analysis. • We are working with some of the largest UK pension schemes on evolving and implementing their approach to climate-related risks and opportunities, including following the TCFD (Taskforce on Climate-related Financial Disclosures) recommendations, setting net zero ambitions or targets, undertaking effective stewardship and investing in climate solutions. • We 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. We provide annual updates in our Net zero investment progress reports.
Individual consultant climate expertise	• We have about 200 investment professionals, with many having practical experience of advising on investment-related aspects of climate change, and considering climate in manager research. • Since climate regulations for large pension schemes were introduced in 2021, we have advised around 40 investment clients on meeting these requirements, which means that many of our investment professionals have worked 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, we have had clients switch billions of pounds' worth of assets including into equity portfolios that track low carbon indices, sustainability tilted credit funds, and climate solutions. • Expertise is maintained and strengthened through compulsory technical training for the investment department, where climate change is typically a focus at several sessions each year. We also provide online "bitesize" sessions on climate change from time to time, open to anyone in the firm to attend, each lasting around 30 minutes.

Climate competency theme	How LCP provides solutions and supports our clients under these themes
Tools and software	• We have an interactive climate dashboard that translates complex climate-related information into engaging and easy-to-understand visualisations and language. • We have data licenses with various providers which provide us with access to a range of climate metrics for public market assets. Where required we also request emissions metrics from investment managers across all asset classes so they can be included in clients' investment monitoring reports. • We can provide climate scenario analysis, using narratives and/or modelling we developed in partnership with Ortec Finance, to illustrate and discuss the potential impacts of three climate-related scenarios on pension scheme assets (and liabilities for DB schemes). The modelling is integrated with our main investment advice tools to help clients incorporate climate risks and opportunities into their funding and investment decisions. Our sponsor covenant specialists can supplement this with consideration of the impacts on the sponsor to provide DB trustees with an integrated assessment of climate risk to their funding and investment strategy.
Thought leadership and policy advocacy	• We seek to contribute to system-wide decarbonisation through our interactions with policy makers as well as by producing thought leadership from time to time. • As part of this we created a set of **climate policy asks** for governments and regulators, and by June 2026 over 60 asset owners (accounting for nearly £200bn of AuM) had endorsed some or all of these asks. • We are active participants in various industry groups. Our specialists have made substantive contributions to climate-related projects with the UK Investment Consultants Sustainability Working Group (ICSWG), the Transition Finance Council and The Pensions Regulator's Transition Plan Working Group. We were directly involved in the founding of NZICI and continue to contribute to it. • We have good relationships with key regulators and policy makers in the UK, and engage with them on climate-related matters. We have regular discussions with The Pensions Regulator (TPR), Department for Work and Pensions (DWP), and Financial Conduct Authority (FCA) regarding climate change and the potential actions that our clients can take through our leadership of the ICSWG's policy influence workstream. We respond to relevant consultations, such as those relating to the TCFD requirements for pension schemes. • Climate change features regularly in our client briefings, blogs, publications and events, and we have published a number of climate related **case studies** on our website.

Climate competency theme	How LCP provides solutions and supports our clients under these themes
Assessment of investment managers and engagement with them	• 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 alignment. These views are an integral part of our manager selection and monitoring advice. • We have published our view of **best practice for investment managers in relation to net zero**. • We carry out a regular survey to assess managers' responsible investment practices. We publish summary results and discuss the manager-specific results with our clients. • We currently carry out deep dive reviews of stewardship practices for 12 key investment managers who collectively cover a significant proportion of client assets. Based on our findings, we make specific asks of each manager to improve their practices. We monitor progress against these asks at each review and update them as necessary, to encourage continued progress.

The appendix provides more detailed information on our climate credentials.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0

Theme 1 – Firmwide climate expertise and commitment	
ICSWG's examples of typical indicators	**LCP's approach**
Clear governance structure to ensure appropriate oversight of climate- related factors into client services. Assigned senior business leadership responsibility for the oversight of climate-related issues.	We have a Responsible Investment (RI) leadership group that develops LCP's strategic direction for RI and oversees its implementation, including the integration of climate- related factors into investment advisory services. The group is supported in this by various colleagues who help develop and maintain our investment-related ESG and climate change services, including RI, manager research and climate scenario specialists. In addition, our Investment and DC Professional Committees help to maintain high professional standards across these areas of our work. The RI leadership group provides regular updates to senior management, including the firm's Head of Investment and LCP's Executive Committee. Our Executive Committee has ultimate responsibility in this area.
Articulate the firm's climate related beliefs clearly.	Our investment philosophy includes "Taking account of Environmental, Social and Governance (ESG) factors (including climate change) has a financially beneficial impact". Therefore. our approach to setting investment strategy includes consideration of managers' ESG approach in selection and monitoring.
Drive knowledge and education (e.g. with staff, clients or industry).	We include climate topics in training sessions for our RI team, investment team and wider firm, to ensure they are equipped to cover climate topics with their clients. In addition, our RI team speak at industry events from time to time and attend client meetings to bring specialist knowledge, alongside our investment team colleagues.
Publicly available firmwide response to managing climate-related risks and opportunities and stewarding an orderly transition. Report regularly on firmwide progress against any targets set and climate initiatives undertaken (e.g. produce an annual sustainability report).	We include information about our response to climate-related risks and opportunities, including progress against our net zero commitments, in our public reporting. See **LCP's impact** webpage, our **Stewardship Reports** and our **Net zero investment progress reports** for details.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 1 – Firmwide climate expertise and commitment	
ICSWG's examples of typical indicators	**LCP's approach**
Specialists with depth of climate expertise.	Our RI team consists of around 20 individuals, broadly equivalent to ten full-time people. Several team members have focused on RI for over five years and have specialist qualifications. Our RI experts have built up climate expertise through a range of formal and informal learning, including industry events, participating in collaborative groups and on-the-job experience. LCP Delta is a team of over 100 energy specialists that advises policy makers, industry participants and investors on the energy transition. Our investment and energy specialists work together to share experience to enhance each other's advice.
Signatory to PRI and the UK Stewardship Code 2026 (and any subsequent updates).	LCP has been a service provider signatory of the PRI and the UK Stewardship Code for over a decade. We will be submitting our first reporting under the 2026 version of the Code in October 2026.
Inclusion of climate-related issues in client communications (e.g. updates on climate policy developments or the interplay between climate, social and broader environmental/natural factors like biodiversity).	We produce quarterly investment updates which regularly include climate-related thought pieces. Our weekly Pensions Bulletin – which summarises and comments on pensions policy, regulatory and other industry news – also includes climate-related stories from time to time.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 1 – Firmwide climate expertise and commitment	
ICSWG's examples of leading indicators	**LCP's approach**
Performance assessment of the firm's consultants and senior leaders is aligned with helping clients achieve their climate- related objectives.	The leaders of our RI workstreams, including those relating to climate change, have objectives related to the main deliverables for their workstream and are held accountable through regular progress meetings with a member of the RI leadership group. 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.
Internal expertise provides proactive guidance and challenge to wider firm.	The RI team provide periodic training sessions to the wider investment team and share information on climate developments through internal communication channels. This enables inclusion of climate-related considerations throughout our investment services. Members of our RI team tend to be directly involved in delivering more specialist climate-related investment advice.
Signatory of (or affiliated to) other climate-related initiatives (e.g. the IIGCC).	LCP is a member of ICSWG, a signatory of 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 a member of Investors for Purpose.
Produce thought pieces as market trends and emerging best practice continue to evolve.	Our quarterly "Macro, markets and strategic portfolios" update for clients includes articles on ESG topics, often including climate-related issues. We also produce a quarterly ESG hot topics update which usually includes additional climate-related updates. We also produce one-off thought pieces and case studies on climate change and climate-related advice, which are published on our website.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 1 – Firmwide climate expertise and commitment

ICSWG's examples of leading indicators	LCP's approach
Demonstrate support for collective action – across client base and/or industry where appropriate.	We have published a set of **climate policy asks** for governments and regulators. By June 2026 over 60 asset owners (accounting for nearly £200bn of AuM) had endorsed some or all of these asks. We also take part in a range of industry groups which seek change through collective action , for example through dialogue with government departments or regulatory bodies.
Supporting the development of industry knowledge and best practice (e.g. improved modelling of climate related impacts and better understanding of the interaction with wider environmental/natural factors like biodiversity).	We take active roles in a number of industry groups (including ICSWG, IIGCC and NZICI) which seek to develop knowledge and best practice. Our Head of RI represented ICSWG on TPR's Transition Plan Working Group and represents ICSWG on DWP's Technical Working Group which is developing guidance to clarify pension trustees' fiduciary duties in relation to investment. We have participated in various industry discussions about climate scenario analysis, including with FCA and TPR. In these discussions, we share our experience of incorporating more narrative thinking alongside financial modelling, and encourage wider use of this approach.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 2 – Individual consultant climate expertise

ICSWG's examples of typical indicators	LCP's approach
All investment consultant colleagues receive regular and appropriate climate-specific training by internal and/or external experts to ensure an understanding of the systemic nature of climate risk and the key issues relating to climate risks and opportunities.	Responsible investment topics, which include climate-related content either implicitly or explicitly, are covered in our compulsory monthly technical training for the investment department as appropriate. We also have online "bitesize" sessions from time to time, lasting around 30 minutes, which anyone from across the firm can join. Training sessions are recorded for those unable to attend live, including subsequent new joiners. External presenters are periodically invited to present to our investment teams on responsible investment topics including climate, nature and social issues. In addition, investment consultants are encouraged to attend external training such as webinars and conferences 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 and opportunities, as appropriate to their investments.	Our consultants primarily seek to understand their clients' needs and views through client-specific interactions such as meetings. We suggest clients include RI, including climate change, as a regular item in their annual business plans. For some clients, we carry out investment beliefs sessions to ensure they and we have a clear understanding of their priorities, including on climate change. 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 extensive precedent training materials on climate change to support this. 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 track the progress of clients in considering net zero, including whether they have set a net zero target or ambition.
Able to effectively identify and assess climate-related risks and opportunities across all asset classes.	Our consultants have built up relevant knowledge through discussing climate related risks and opportunities with clients. This includes through regular consulting, climate scenario analysis and bespoke responsible investment advice. We support clients in including ESG and/or climate-related risks in their risk register, which involves regular review of the likelihood and potential impact of these risks crystallising. Our manager research team, who provide research across a wide range of asset classes, include climate considerations in their assessments to support our consultants in assessing the risks for their clients.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 2 – Individual consultant climate expertise

ICSWG's examples of typical indicators	LCP's approach
A working understanding of the different components of climate related risk and opportunities e.g. physical, transition, etc, with uncertain sequencing and severity, including the interconnected nature of climate with broader environmental/natural and social risks.	Our internal training sessions have provided detailed information on the range of climate related risks, and this knowledge is built on and reinforced through ongoing training. We have increased the focus on physical climate risk in our recent training. Some consultants have attended our climate scenario analysis sessions which explore the potential severity and consequences of climate change. We incorporate nature and social risks in our training programme and integrate these risks with climate risk where appropriate.
A working understanding of how to apply and disclose against the requirements of the latest climate related regulation or recommendations of industrywide bodies, as required.	We have advised about 40 investment clients on meeting the TCFD requirements and many of our consultants have worked with at least one client on this. We have provided various internal training sessions on the current reporting requirements and will provide training on any updates to these as and when they arise.
Actively raise the relevance and materiality of climate change e.g. the financial impact on economies and therefore risk-adjusted returns in the short, medium and long term. Keep abreast of and meet regulatory expectations including climate related reporting as required, both in relation to the consultant's firm and their clients.	As noted above, we use a range of approaches to discuss climate change with clients. Discussions can cover a wide range of climate considerations including financial materiality, impact on returns and wider impacts. Our RI team provides starter materials and precedents to help consultants actively raise these topics. When we carry out climate scenarios analysis with clients, we go into detail about the impacts that may affect them the most and over what time horizons these impacts should be considered.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 2 – Individual consultant climate expertise	
ICSWG's examples of typical indicators	**LCP's approach**
Help clients shape their voting, stewardship and engagement policy to include climate-related stewardship.	Our clients' voting and engagement policies usually focus on oversight of the managers' practices. This is because most clients delegate voting and engagement to their investment managers, and they often hold equity investments in pooled funds where it is not possible to direct how votes are cast. We help our clients shape their policies and can include specific climate-related aspects where requested. In practice, climate change is more commonly a focus when clients implement their voting and engagement policies, and we support them in that. For example, many of our pension trustee clients have set climate change as a stewardship priority, so use climate change as a focus topic for their oversight of managers' voting and engagement practices. We also provide a delegated stewardship service (LCP Influence) to help clients oversee stewardship. We currently carry out annual detailed reviews of voting and engagement for 12 major asset managers. This helps our clients see what good practice looks like and how their managers compare.
Help clients set climate-related policy frameworks that support effective investment decision making and meaningful action.	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 have also helped clients develop and implement a framework for working towards net zero emissions for their investments.
Help clients integrate climate-related considerations across all asset classes and a range of plausible scenarios.	Our consultants use their knowledge base to help clients integrate climate-related considerations across their assets (acknowledging data and methodology limitations, particularly in some asset classes). This can include regular reviews of their investment managers' climate practices, climate scenario analysis, and bespoke responsible investment advice.
Provide practical recommendations on implementing strategies which reduce climate-related risk, capitalise on potential opportunities and/or to better steward an orderly transition.	When helping clients implement a strategy, climate-related considerations are incorporated through our manager selection advice. Where appropriate, we advise on specific climate-focused fund options.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 2 – Individual consultant climate expertise	
ICSWG's examples of leading indicators – Demonstrable track record of helping clients:	**LCP's approach**
…develop climate-related targets (such as Paris alignment, decarbonisation and other targets) where this is not a regulatory requirement.	We have encouraged our investment clients to set a net zero ambition. We have supported some of our largest investment clients to set formal net zero targets and shorter-term interim targets. We mostly advise clients to set targets that are based on the Paris Aligned Investment Initiative's Net Zero Investment Framework. We encourage them to focus on alignment and engagement targets because we believe they are more likely to influence real-world impacts than emissions-based targets.
…encourage measurement and reporting of real-world impacts (e.g. SDG, Paris alignment or quantitative improvements recorded).	We encourage all our investment clients to measure their progress against any targets and ambitions set. This includes use of data from specialist data providers and from managers. The measurement and reporting helps clients understand where there are gaps in their ability to measure progress, so they can ensure their managers improve the information available for reporting.
…think holistically about the interplay of climate with broader environmental/ natural and/or social impacts.	Our Responsible Investment work covers a wide range of themes. These include nature and wider environmental impacts as well as social and governance issues. Increasingly, our advice is informed by the connections between them. For example, our discussions with clients about climate change may include deforestation, water-related risks, nature-based solutions and the just transition.
…assess the materiality of their decisions in respect of climate risk and opportunity management.	We recognise that clients need to consider a wide range of factors in their decision-making processes. As such we help them focus on key risks and opportunities, and the actions they can take to manage them. Our advice in respect of climate risks and opportunities is intended to help clients give it appropriate consideration alongside all other factors considered.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 2 – Individual consultant climate expertise	
ICSWG's examples of leading indicators – Demonstrable track record of helping clients	**LCP's approach**
…consider the systemic nature of these risks.	Our climate work (including scenario analysis, policy advocacy and our wider climate advice), recognises the systemic nature of the risks involved. This is reflected in our advice and work with clients where we emphasise systemic risks as well as specific risks to their portfolios. We offer training on systemic risks and workshops to help clients prioritise systemic risks and develop a framework for addressing them.
…show support for systems change, e.g. section 172 of the UK Companies Act (2006) where businesses should work for the benefit of all stakeholders, aligning people, planet and profit in terms of climate risks and opportunities, within their strategy, and offer transparency of such in reporting.	We recognise that climate change is a systemic issue that cannot be addressed through portfolio construction alone. Our support for systems change includes policy advocacy, encouraging clients and managers to focus on real-world emissions reductions, and stewardship and engagement aimed at supporting an orderly economy-wide transition. Through our climate policy asks, contributions to industry working groups and client advice, we seek to support improvements in the wider market and policy environment.
…establish and track progress against a formal Transition Plan.	For clients that choose to develop a formal transition plan, we can support development of the plan, identification of implementation actions and periodic monitoring of progress.
…test existing world views and approaches to managing climate-related risk and opportunity.	Our narrative approach to climate scenarios analysis helps clients consider real-world outcomes in a range of climate scenarios without the limitations that quantitative models can impose on those discussions. It enables them to consider a wider range of options for managing climate-related risk and opportunity than if they were to use modelling alone.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 3 – Tools and software	
ICSWG's examples of typical indicators	**LCP's approach**
Provide access to and support the sourcing of a wide range of climate metrics for investments, (e.g. carbon intensity, emissions, alignment with 2015 Paris climate agreement and exposure to 'green' revenues). Help clients collect, monitor and interpret climate-related metrics.	LCP has a licence with a commercial data provider which provides climate metrics for listed equities and corporate bonds, including carbon intensity, carbon emissions, emissions reduction targets (including whether they are certified by the Science-Based Targets initiative (SBTi) as being aligned with the Paris Agreement goals) and green revenues. LCP has a second data licence which we use to analyse exposure to physical climate risk for clients' listed asset portfolios. We also collect data directly from managers for other asset classes so we can advise our clients on their whole portfolio. We have an interactive climate dashboard that translates complex climate-related information into engaging and easy-to-understand visualisations and language.
Use tools such as PACTA or PRA stress test data (for example) 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 because we believe it better suits most of our clients' needs. For example, it models climate-related impacts on DB pension assets and liabilities consistently and is integrated into our investment modelling tools, enabling real- time demonstration of the results in meetings.
Explain the rationale for selection of any data providers used.	Our data providers were selected from the market of providers with due consideration of their strengths and weaknesses. We consider each of our licences regularly in light of changes in the data that is available and to ensure that they continue to meet our clients' requirements. For example, we recently took out a new licence that enables us to use climate data to help our clients better understand potential physical climate risks to their portfolio.
Help clients set and monitor appropriate climate- related targets.	As well as helping clients set net zero ambitions and interim targets (see Theme 2), we help them set climate-related targets in accordance with the TCFD requirements and then monitor progress using the climate-related metrics tools described above.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 3 – Tools and software

ICSWG's examples of typical indicators	LCP's approach
Capability to conduct scenario analysis 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 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 DB trustees with an integrated assessment of climate risk to their funding and investment strategy. In addition to this quantitative scenario analysis, we have developed a narrative approach to scenarios that helps clients understand the wider potential impacts of climate change that are not illustrated by the quantitative modelling. Our strategic asset allocation advice uses asset-liability modelling assumptions that reflect a climate adjustment to the equity risk premium, which in turn affects our assumptions for other asset classes. This adjustment is informed by our climate scenario analysis work.
Consideration of a suitably wide range of scenarios (e.g. orderly, disorderly and failed transition) with their potentially associated direct transition, physical and systemic risks.	Our current 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 the wide range of potential outcomes, so is supported by narrative discussion on the consequences of more extreme outcomes that clients should consider. The narrative scenarios enable clients to move away from the specific scenarios mentioned above to consider more general cases, for example the world moving towards different levels of warming and the extent to which this may impact their portfolios.
Help clients understand risk of overreliance on quantitative data over qualitative consideration of complex, interrelated impacts.	We have integrated narrative scenario discussions into our analysis because we believe this is crucial in helping clients understand the limitations of quantitative modelling and reduces the risk of overreliance on any of the modelling.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 3 – Tools and software	
ICSWG's examples of leading indicators	**LCP's approach**
Where relevant, help clients consider real-world impacts of their investment choices on climate change and how these could be measured.	Our **responsible investment philosophy** focuses on real world impact, recognising that what happens in the real world impacts financial markets, and also that 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 use the full weight of their position as asset owners to make a net zero economy by 2050 more achievable. We can use metrics, available under our data licences, to support our advice to clients on the real-world impacts on climate change of their investment choices.
Facilitate qualitative scenario analysis and demonstrate capability to consider a wide range of climate-related scenarios in providing investment advice.	As described above, we have developed a narrative approach to advising on climate scenarios.
Work with data providers to improve the range, nature or quality of data available.	When we review our data licences, we discuss what is available with the providers and suggest data that we would like to see provided in the future. We also highlight the limitations of the data currently available in relation to quality and coverage of the assets we refer to.
Support more holistic consideration, measuring and monitoring of broader environmental/natural and/or social factors alongside more narrowly defined climate-related factors.	Our responsible investment advice extends beyond climate to broader environmental, social and governance factors, including nature-related risks and the just transition. Where relevant, we help clients consider how these issues interact with climate risk and opportunity, including through training, stewardship support and bespoke advice.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

LCP powering possibility

Theme 4 – Thought leadership and policy advocacy

ICSWG's examples of typical indicators	LCP's approach
Encourage better standards of management of climate-related risks (e.g. through positive contributions to public consultations on guidance/regulation of climate-related risks for asset owners).	As examples, over recent years we have responded to: the Department for Energy Security and Net Zero (DESNZ) consultation on transition plans, Financial Reporting Council (FRC) consultations on the UK Stewardship Code; the Bank of England's consultation on updated climate supervisory expectations for banks and insurers; and an FCA consultation on climate-related disclosures for investment products. You can find our consultation responses here.
Supportive of public policy initiatives on climate change.	We have shown our support through our thought leadership materials, press comments, consultation responses and other policy advocacy activities. This includes a range of activities to support our climate policy asks, as described here: **Using investor influence to combat climate change - LCP's five climate policy asks** 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.
Collaboration as part of climate industry groups.	We are active participants of the ICSWG, including in the development of this climate competency framework, IIGCC and NZICI. Our Head of RI established and chairs ICSWG's Influence workstream, which proactively engages with regulators and policy makers on sustainable investment, including climate change. She represented ICSWG on TPR's Transition Plan Working Group and helped to develop the Transition Finance Council's policy brief on pension trustees' fiduciary duties.
Contribute to industry education.	We have taken part in a number of industry working groups and discussion forums to help further the industry's work on climate change, both through our participation with ICSWG and NZICI. We also provide speakers for industry events to share our latest thinking.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

LCP powering possibility

Theme 4 – Thought leadership and policy advocacy	
ICSWG's examples of leading indicators	**LCP's approach**
Engage with regulators and policy makers on latest climate-related policies for asset owners, as industry practice and regulation evolves.	We have good relationships with key regulators and policy makers in the UK, and our engagement with them includes climate-related policies. We meet regularly with TPR, DWP and the FCA through ICSWG's Influence workstream. Recent topics of discussion include climate transition plans and potential updates to the climate governance and reporting requirements for large UK pension schemes.
Engage with climate model and reference scenario developers to refine methodologies and establish industry best practice.	We regularly exchange views on reference scenarios with our partner Ortec Finance and they engage with the scenario developers.
Contribute meaningfully to the broader understanding of systems change and system decarbonisation (e.g. supporting better alignment to emissions reduction pathways in client base).	We aim for our climate-related work with clients, and our policy engagement, to contribute to systems change that helps to reduce the systemic impacts of climate change which could undermine the financial objectives of our clients. This includes encouraging and supporting our clients to set and implement net zero ambitions for their investments. It also includes our engagement with policy makers on our climate policy asks. In our advice and our manager research, we have increased our emphasis on the importance of achieving real-world emissions reductions rather than focusing on individual portfolio decarbonisation.
Facilitate industry initiatives and demonstrate general advocacy on specific topics driving real-world improvements on climate change.	We contribute to industry initiatives through our work with ICSWG, NZICI and other industry bodies, including helping to shape good practice on climate-related investment advice and policy engagement. Our climate policy asks aim to drive real-world improvements on climate change. We advocate for these through consultation responses, thought leadership and direct engagement with regulators and policy makers.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 4 – Thought leadership and policy advocacy	
ICSWG's examples of leading indicators	**LCP's approach**
Active monitoring of and thought leadership on related topics and potential real-world implications for portfolios (e.g. 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, Microsoft Teams channels, and our quarterly update for clients, "Markets, macro and strategic portfolios". Nature-related topics have increased in prominence over the last few years and are starting to feature in client advice. We have a range of standard materials which are used to provide clients with training on this subject and to help them consider investment opportunities as well as the risks.
Engaging with regulators and asset managers to help create more investible opportunities.	Our engagement with policy makers and regulators includes discussions about the barriers to investing in climate solutions, including illiquid assets and/or emerging markets investments. We have also worked with asset managers to develop climate aware investment funds that our clients have then invested in, as well as helping investment managers develop their own products which we can then use with our clients.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 5 – Assessment of investment managers and engagement with them	
ICSWG's examples of typical indicators	**LCP's approach**
Provide assessment of managers' firmwide and fund specific approaches to climate change risk and opportunity management, including (for example) through both asset allocation and stewardship. Disclose overview of relevant methodologies and frameworks used for assessing managers' approaches to managing climate-related risks and opportunities. Integrate managers' approaches to managing climate-related risks and opportunities into the consultant's ratings of managers.	We assess managers' firmwide climate approaches through our periodic RI surveys. A significant proportion of our **Responsible investment manager survey 2025** related to climate change risk management and net zero. Our assessment of managers' responses to our firmwide survey directly feeds into our research views of the managers' investment products. Each research view includes RAG (red/amber/green) ratings and commentary on the product's approach to climate risk management and net zero alignment, to support our overall RI rating for the product. The RAG ratings are based on an RI grading framework that sets our criteria for researchers' assessment and is accompanied by guidance to help researchers interpret them. We have also carried out detailed analysis of LDI managers' approaches to engagement with the UK government on climate change and have provided our assessments to clients to help them discuss climate change with those managers.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 5 – Assessment of investment managers and engagement with them	
ICSWG's examples of typical indicators	**LCP's approach**
Engage with managers about their climate practices (e.g. integration into investment decisions, voting and engagement) and encourage improvement in managers' climate competencies including on stewardship. Set expectations on good practice.	We've had discussions with managers where we have encouraged them to make or strengthen net zero commitments. We set out our thinking on best practice for investment managers in relation to net zero; and shared this with managers we research to encourage them to improve in this area. We encourage our clients to engage with their managers to seek improvements in RI practices, and support them in doing so (for example, by sharing our asks of managers). This is supported by our RI survey of managers and our detailed research on the stewardship practices of key managers through LCP Influence, including in relation to climate change. We also engage with managers ourselves to seek improvements where they fall short of expectations. Following our engagement as part of LCP Influence, we have seen several managers make changes that directly address the areas for improvement we identified. Further, through conducting an anonymous survey, we have gained confidence that our engagement does indeed help shape and improve managers' RI practices.
Fully integrate climate factors into selection and monitoring (subject to client requirements) and be prepared to exclude or remove strategies from recommendations based on sustainability criteria.	Climate factors are integrated into our RI ratings of investment products and these form part of our manager selection and monitoring advice. Our internal guidance is for manager selection advice to include comments on RI, including climate change, tailored to reflect the client's RI policies, as set out in their Statement of Investment Principles.
Encourage investment managers to become signatories to the UK Stewardship Code 2026 or equivalent (as amended).	Our assessment of managers' firmwide stewardship approaches includes whether they are Code signatories. We have also published LCP's stewardship expectations of investment managers.

Appendix: Our climate credentials, mapped to the ICSWG Climate Competency Framework Version 2.0 (Continued)

Theme 5 – Assessment of investment managers and engagement with them	
ICSWG's examples of leading indicators	**LCP's approach**
Draw out the distinction between funds seeking enhanced disclosures through their stewardship efforts vs those seeking real-world change and make an assessment of the quality of the engagements.	Our RI grading framework scores funds more highly for voting and engagement when they seek real-world change and not just enhanced disclosures . This distinction also forms part of our assessments of managers for LCP Influence.
Provide a range of manager options to meet different client-specific climate objectives or preferences (e.g. Paris aligned, GHG metric improvement, level of engagement or impact).	For each asset class we cover, we aim to have a preferred list of funds that includes options which go beyond standard integration of ESG issues. Our options for equity index-tracking funds include tilts based on climate-related factors and target a reducing emissions exposure over time. For actively managed strategies, the options may include tilts, dedicated allocations to transitioning assets (financing high emitters through their transition), low carbon allocations (limiting transition risks) or targeted exposure to solutions (investment opportunities associated with climate change). Our preferred funds also include adaptation opportunities in some asset classes.
Challenge managers to take a more active role in engaging investee firms.	Our detailed review of managers' stewardship for LCP Influence includes an assessment of their approach to engagement with investee companies, including the quality of their engagement. We encourage managers to take a tailored approach to engaging companies which involves two-way dialogue. We believe this will make it more likely that the manager helps the company – and therefore positively influences the company's activities – and that the engagement is valuable to the manager – and therefore positively influences the manager's investment process.
Encourage managers to explicitly incorporate broader relevant environmental/natural and/or social considerations alongside climate considerations (e.g. biodiversity loss, supporting a just transition).	Through LCP Influence, we encourage managers clearly articulate their stewardship priorities, rooted in financial materiality. Often, our discussions include topics such as nature loss or the just transition where they are relevant to the manager's stewardship strategy (eg in the implementation of a deforestation policy) or where they are financially material to an individual issuer. We have seen several managers improve their capabilities in assessing the financial materiality of nature and social considerations in investment and stewardship contexts, and we continue to encourage them to do so.

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