



RI TRANSPARENCY REPORT

2020

Lane Clark & Peacock LLP

About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	🔒	n/a
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	✓	Public
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	✓	Public
SG 05	Outsourcing of services	✓	Private
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	✓	Public
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Investment Consultancy

Indicator	Short description	Status	Disclosure
IC 01	Advisory and consultancy services	✓	Public
IC 02	Assets under advisement	✓	Private
IC 03	Fiduciary manager services	✓	Public
IC 04	ESG in contracts with clients	✓	Private
IC 05	Custodian services	🔒	n/a
IC 06	RI and ESG in clients' investment policy development	✓	Public
IC 07	ESG incorporation into strategic asset allocation	✓	Public
IC 08	Scenario analysis and/or modelling	✓	Private
IC 09	Demonstrating value on asset allocation	🔒	n/a
IC 10	Investment research activities	🔒	n/a
IC 11	Demonstrating value on investment research	🔒	n/a
IC 12	ESG in manager selection, appointment and monitoring	✓	Public
IC 13	Manager selection activities	✓	Public
IC 14	Incorporating asset owners' investment principles in selection of manager	✓	Public
IC 15	ESG in selection due diligence	✓	Public
IC 16	Monitoring investment managers on ESG	✓	Public
IC 17	Reporting back to asset owners	✓	Public
IC 18	Demonstrating value on manager selection, appointment and monitoring	✓	Public
IC 19	ESG in manager selection, appointment and monitoring	✓	Private
IC End		✓	-

Confidence building measures

Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	✓	Private
CM1 02	Assurance of responses	✓	Private
CM1 End	Module confirmation page	✓	-

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Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Descriptive

OO 01.1 Select the location of your organisation's headquarters.

United Kingdom

OO 01.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

OO 01.3 Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

OO 01.4 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

700

OO 01.5 Additional information.[OPTIONAL]

The total number of permanent staff and partners (not FTEs) was 719 as at 31 January 2020. Around 15% are investment staff and partners, around 65% are other consulting and advisory staff and partners, and around 20% are support staff.

Reporting Year

OO 02	Mandatory	Public	Descriptive
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OO 02.1 Indicate the year end date for your reporting year.

31/03/2020

Signatory category and services

OO 03	Mandatory	Public	Gateway
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OO 03.1 Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)
- Other, specify(2)

OO 03.2 Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
- Active Ownership Services
- Research and Data provision
- Other, specify (3)
- Other, specify (4)
- None of the above

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Policy on ESG beliefs

SG 01

Mandatory

Public

Gateway

SG 01.1

Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

We help our investment clients understand the significance of environmental, social and governance considerations and integrate this into their investment processes and exercise stewardship of their investments as appropriate. We believe that this should deliver better outcomes for both our clients and other stakeholders.

We believe that good ESG practices are consistent with delivering better financial performance, so we see ESG factors as "mainstream" considerations and we help all our clients to benefit from good practice in this area, rather than only those who choose to "opt in". ESG is ingrained within the core investment services that we typically offer to our clients.

We assess the ESG and stewardship credentials of investment managers as part of our research process and take this into account when recommending managers to our clients. We also provide training, produce regular publications and help clients to understand and monitor their managers' activities in this area as well as the requirements and implications of regulatory change.

We have expanded on this answer in the relevant sections of our submission.

SG 01.2

Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

Yes

SG 01.3

Indicate the components/types of your internal policy and provide the URL and/or an attachment of the document/s if they are publicly available.

Policy components/types

Policy setting out your overall ESG/RI approach

Public availability

URL

URL

<https://insight.lcp.uk.com/acton/attachment/20628/f-06a5/1/-/-/-/How%20we%20support%20the%20Principles%20of%20Responsible%20Investment.pdf>

Attachment

[File 1:LCP - How ESG issues are reflected in our investment advice.pdf](#)

- Not publicly available
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Formalised guidelines on engagement approach
- Formalised guidelines on (proxy) voting approach
- Other, specify (1)
- Other, specify (2)
- None of the above

SG 01.4

Indicate how these are put into practice internally across the organisation.

- Regular employee training on RI/ESG
- Regular RI/ESG policy awareness building for employees
- Establishment of policy review committee/team
- Remuneration linked to achieving ESG objectives
- Annual performance incentives
- Other, specify (1)
 Manager Research Operations Manual
- Other, specify (2)
 Responsible investment guidance
- Other, specify (3)

No

SG 01.5

Additional information [OPTIONAL]

LCP has an Operations Manual for manager research that ensures consistency in our research of investment managers' approaches to responsible investment, including in relation to ESG integration. We also have an Office Standard (internal professional guidance) specifically for providing our clients with advice on RI.

SG 02**Mandatory****Public****Descriptive**

SG 02.1

Indicate what frameworks and guidelines you have used to develop your organisation's policies. Tick all that apply.

- UN Principles for Responsible Investment
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- UN Sustainable Development Goals
- International Bill of Human Rights
- International Labour Organisation Conventions
- IFC Performance Standards
- United Nations Convention Against Corruption
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- GRI standards
- Other, specify (1)
 UK Stewardship Code
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 03**Mandatory****Public****Descriptive****SG 03.1**

Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sector-specific RI guidelines	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Screening/exclusions policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Engagement policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 03.2

Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

We provide suggested RI wording for inclusion in our pension scheme clients' Statements of Investment Principles ("SIPs"), with several options reflecting typical client practices. This can then be tailored to clients' specific circumstances. Our suggested wording for clients allows them to set out their policies on financially material considerations, how any non-financial factors are taken into account with respect to their investments, engagement, how ownership rights (such as voting rights) are exercised, and how ESG-related risks are managed. Our clients review their SIP at least every three years, as regulation requires.

Our general approach to providing advice is to offer a tailored service to ensure that we are meeting the client's needs rather than to fit the client into a standard approach. We are therefore able to help clients with policies in all the areas indicated above where appropriate.

SG 04.1	Briefly describe how you include ESG/RI factors as part of your business offerings.
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Business area

	Investment Consultancy
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	How you include ESG/RI factors
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We help clients adopt good RI practices and integrate these into our investment advice.

We help clients to reach a consensus view on ESG factors (including their importance to financial performance) and implement their ESG policy.

Our biennial investment manager survey covers RI approach and resources. Our ongoing manager research meetings enable us to incorporate updates and fund-specific considerations. We use this information to help clients understand and question their managers' RI credentials, including any "red flags".

Our assessment of a manager's RI credentials forms part of our overall product grading for most asset classes, directly impacting whether we recommend them to clients.

We can help clients understand their exposure to climate-related investment risks and/or advise on specialist products eg sustainable, low carbon, impact and ethical funds.

We produce quarterly market commentaries for clients, covering ESG developments and topical issues for corporate engagement. We keep clients updated on RI topics through regular and ad hoc publications and training.

We provide bespoke manager updates to clients on request, including summaries of voting activity, reviews of stewardship practices and detail from our RI survey. We can also facilitate clients' RI discussions with their managers and help them report on RI matters.

SG 04.2	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.
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Roles present in your organisation	Oversight/accountability for ESG/RI	Implementation of ESG/RI
Board	<input type="checkbox"/>	<input type="checkbox"/>
Directors	<input type="checkbox"/>	<input type="checkbox"/>
Chief Executive Officer (CEO), Chief Financial Officer (CFO)	<input type="checkbox"/>	<input type="checkbox"/>
Chief Operating Officer (COO), Chief Information Officer (CIO)	<input type="checkbox"/>	<input type="checkbox"/>
Other chief-level staff	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Executive Committee	<input type="checkbox"/>
Other heads of department	<input type="checkbox"/>	<input type="checkbox"/>
Dedicated ESG/RI staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other role, specify (1)	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Responsible Investment Panel (strategic oversight)	<input type="checkbox"/>
Other role, specify (2)	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Investment ProfCo (responsible for professional standards)	<input type="checkbox"/>
Other role, specify (3)	<input type="checkbox"/>	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Investment department (in particular those that research investment managers and those providing client-facing advice)

None of the above	<input type="checkbox"/>	<input type="checkbox"/>
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SG 04.3

Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

- Staff training on ESG/RI incorporation
- Including ESG/RI knowledge factors in personal development goals
- Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
- Including ESG in selection requirements when hiring new employees
- Other, specify (1)
Knowledge sharing, including through our internal social media network and intranet
- Other, specify (2)
Dedicated "RI champions" within each of our asset class research groups, to help ensure that RI is truly embedded into our research process
- Other, specify (3)
- Other, specify (4)

SG 04.4

Indicate whether your organisation has any ESG/RI linked incentives for its employees.

- Yes
- No
- Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 04.6

Describe how you ensure that your employees incorporate ESG/RI into services through other mechanisms than ESG/RI linked incentives.

We embed RI in our standard materials and processes so that employees routinely incorporate RI into their work. For example, RI is a compulsory section in our manager research views and our Manager Research Operations Manual provides guidance on how this should be completed. The RI team issues "starter" client materials, including materials for advising on ESG investment beliefs, our RI survey of investment managers, fund-specific RI assessments, climate change, stewardship, RI in fixed income and specialist ESG equity funds.

The RI team provides regular training and ongoing support to staff and partners to ensure that RI is considered where appropriate. Our Investment ProfCo (professional committee) has issued internal guidance about advising pension scheme trustees on meeting the UK requirement to consider and state their RI policies in their Statement of Investment Principles. The RI team tracks the provision of RI advice to our clients, including compliance with the SIP requirements.

SG 06	Mandatory	Public	Descriptive
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SG 06.1 Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)
- None of the above

SG 06.2 Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

We offer both generic and bespoke training services. Twice a year, we run a full day generic Funding and Investment training course for pension scheme trustees that includes consideration of RI. We often run bespoke training sessions and include RI in these where relevant. We have several sets of training slides that we can use for dedicated ESG/RI training sessions for pension scheme trustees or company representatives. These training slides will normally be tailored to the individual client, based on their areas of interest, existing knowledge, and their current investment practices (including their investment strategy and choice of investment managers). We can also provide training to other parties, such as regulatory bodies, companies that sponsor pension schemes and charities, on RI requirements and practices for asset owners.

SG 06.3 Describe whether these training/educational services include any commercial elements.

We do not “sell” products during training or educational sessions. However, we may agree next steps with the client which involve providing additional services (such as a review of their managers’ RI credentials, consideration of alternative investment funds to implement specific RI objectives or updates to their Statement of Investment Principles).

SG 07	Mandatory	Public	Descriptive
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SG 07.1 Describe how your organisation applies, advances and promotes the PRI Principles.

Our RI policies linked in SG 01.3 set out how we apply the PRI principles. This includes producing educational RI materials for our clients and updating them on RI/ESG developments. We explicitly mention the PRI principles where relevant. For example, we subdivide the results of our biennial RI survey of investment managers between PRI signatories and non-signatories, and not being a PRI signatory is one of the "red flags" we highlight to clients when we report on their managers' survey results. We have written to some managers that are not currently PRI signatories to encourage them to sign up. We can also assist clients in signing up to the PRI principles themselves. Our RI team follows the evolution of the PRI, shares key news items with relevant colleagues, and takes part in relevant PRI consultations.

SG 08	Mandatory	Public	
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SG 08.1

Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
 - Blogs and videos on our website, media interviews
- None of the above

SG 08.2

Additional information. [OPTIONAL]

We encourage investment managers to adopt the PRI by asking them whether they have adopted them. Where they have not, we have highlighted this to clients as a negative indicator ("red flag") in our RI assessment of them, and have written to those managers with significant mutual client assets to encourage them to become PRI signatories.

SG 09**Mandatory****Public****Descriptive****SG 09.1**

Indicate which of the following long-term trends are addressed in your product outputs.

- Changing demographics
- Climate change

SG 09.2

Explain how this long-term trend affects your product outputs.

We highlight climate change to clients as an important factor to consider when reviewing their policies on ESG considerations. We explain how climate-related risks and opportunities may affect our clients' investments in our training and educational materials, in addition to general consideration of the potential impacts of ESG issues. We are developing a set of climate scenarios that will help our pension scheme clients understand how climate-related factors might affect their assets and liabilities over the coming years and decades. We include questions on climate change in our biennial survey of investment managers, so we understand their approach to climate risks. We also research a number of specialist investment funds that have reduced climate risk exposure (eg low carbon tracker products) or invest in climate opportunities. In addition, we are working with an investment manager on the design of a new low-carbon passive equity fund, due to be launched mid-2020, that we believe meets our clients' needs better than the pooled funds that currently exist. This enables us to take account of climate risk when advising clients on investment strategy implementation.

- Resource scarcity

SG 09.2

Explain how this long-term trend affects your product outputs.

We offer to model "resource scarcity" as a standard part of any scenario analysis to help our clients understand the potential risks.

- Technology developments
- Other, specify (1)
- Other, specify (2)
- None of the above

SG 10**Mandatory****Public****SG 10.1**

Indicate whether you interact with asset owner clients.

- Yes, we do

SG 10.2

Indicate the typical frequency and type of interactions with your asset owner clients.

Type of interaction

- Board of trustee meetings

Frequency

- Daily
- Weekly
- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc basis
- Other, specify

- Investment committee meetings

Frequency

- Daily
- Weekly
- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc basis
- Other, specify

- Trustee training workshops

Frequency

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc basis
 - Other, specify
- Formal regular meetings outside of committee meetings
- Informal meetings or calls

Frequency

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc basis
 - Other, specify
- Other, specify (1)

Conferences , webinars

Frequency

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc basis
 - Other, specify
- Other, specify (2)
- Other, specify (3)
- No, we do not

SG 10.3	Additional information. [OPTIONAL]
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Both the frequency and type of interaction we have with our clients is determined on a client-by-client basis, according to their requirements and preferences, reflecting our tailored approach to working with our clients.

SG 11	Mandatory	Public	Descriptive
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SG 11.1	Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.
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Describe

Our defined benefit pension scheme clients typically invest to meet long-term liabilities, predominantly paying members' benefits. Our Defined Contribution ("DC") pension scheme clients invest contributions on behalf of members to provide them with retirement income. Our charity clients invest to further their charitable purpose, usually for the long-term or in perpetuity. In all cases, to achieve these aims efficiently, long-term returns must be maximised whilst maintaining appropriate levels of investment risk.

Generating long-term sustainable investment returns requires stable, well-functioning, well-governed environmental, social and economic systems. We therefore believe ESG issues should be considered throughout the investment chain, so we incorporate them in client advice. We expect investment managers to take account of ESG issues, at least to the extent that they are financially material, and we encourage clients to appoint managers with strong RI practices.

Some of our clients have other ESG/RI-related goals, eg ethical-based exclusions, and we reflect these goals in our advice. For our charity clients, this may extend to identifying investments which are aligned with their charitable objectives whilst also seeking a market-competitive long-term rate of return.

For DC clients, we encourage our clients to offer options that allow members to invest in ESG and/or ethically-focussed funds.

This is not relevant for my organisation

SG 12	Mandatory	Public	Descriptive
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SG 12.1	Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.
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Describe

As a consultancy, we provide tailored advice to our clients based on our views and their particular goals. In most cases, clients adopt our advice due to our tailored approach, but, on occasion, they may make different decisions.

This is not relevant for my organisation

SG 13	Mandatory	Public	Descriptive
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SG 13.1	Indicate whether you seek feedback from clients on your RI/ESG services and product offerings
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Yes

SG 13.2

Describe how you use this feedback in your RI/ESG services and product offerings.

Clients have the opportunity (and do) feed back to us on RI/ESG services, for example in our regular client satisfaction surveys and one-to-one "client care" meetings. We continue to see an increase in client interest in this area and have significantly increased resourcing in this area to take account of this increase in demand.

No

SG 14**Mandatory****Public****Descriptive****SG 14.1**

Indicate whether your organisation has a policy for managing potential conflicts of interest.

Yes

SG 14.2

Describe how you manage potential conflicts of interest.

LCP believes that potential or actual conflicts of interest must be identified, understood and managed effectively. Our Conflicts and Ethics Committee is responsible for developing and maintaining our policies in relation to conflicts of interest. Issues around potential or actual conflicts are brought to this committee and discussed with senior and experienced partners in the firm.

We carry out regular awareness training on professionalism and ethical issues that includes practical discussions of managing conflict situations and identifying problematic situations in advance.

We always check for potential conflicts of interest carefully before accepting a new client appointment and will not accept appointments unless we and the clients concerned are confident that any potential conflicts can be managed appropriately.

Conflicts of interest can arise in various circumstances, for example:

- When advice is provided to a pension trustee board and the sponsoring employer, if transparent arrangements are not in place to deal with each party's needs.
- When advising on the selection of a provider (such as an investment manager or insurance company) for whom we provide separate consultancy services.

We are experienced at providing advice in such situations and have rigorous and robust procedures for identifying any such conflicts of interest. Where necessary, we agree structures and working practices with the client that offer the appropriate degree of separation.

We do not provide fiduciary management services, whereby trustees delegate or outsource the majority of investment decisions. We provide guidance and advice and do not manage money for clients or offer our own investment products.

We do not advise investment managers on their investment services (although we may collaborate with managers, on a non-remunerated basis, to design products that we believe will be of value to our clients). This enables us to offer clients unbiased, unconflicted advice on the selection and monitoring of investment managers.

SG 14.3

Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process.

We address this in three broad ways:

- Membership of professional bodies

Many of LCP's partners and staff are members of professional governing bodies (e.g. Institute and Faculty of Actuaries, Pensions Management Institute, Chartered Financial Analysts, Chartered Insurance Institute etc) and are required to practise under those bodies' relevant codes of ethics /

standards of professional conduct. We supplement these external codes with various internal policies, extensive professional guidance and a strong culture of professionalism. Our Conflict and Ethics Committee provides advice and assistance to our partners and staff when considering their professional duties or ethical issues that arise in the course of their careers. In particular, the Conflicts and Ethics Committee is available to assist individuals in applying their own profession's ethical standards to practical situations.

- Personal account dealing

In summary, in order to ensure that the purchase, transfer, acquisition or sale of shares or exchange-traded investments by partners and staff on their own account does not disadvantage our clients, all LCP partners and staff are required to seek approval from a member of the Compliance team before doing so. Furthermore, if a partner and/or member of staff is denied permission to enter into a transaction on their own account, they must not procure any other person to enter into such a transaction or provide information which may result in that person entering into such a transaction. Rules concerning personal account dealing are set out in the Staff Handbook and the Compliance Manual and are available to all partners and staff on LCP's intranet.

- "Fit and Proper Person" declarations

We believe that the maintenance of fit and proper standards is essential to ensuring that business activities are conducted with high standards of market practice and integrity. All LCP's partners and staff are required to complete a "Fit and Proper Person" declaration on an annual basis, confirming that they have complied with relevant policies and procedures (including those in respect of buying/selling investments).

No

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Investment Consultancy

IC 01	Mandatory	Public	Gateway
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IC 01.1 Indicate whether your services include any of the following.

- Custodial services
- Investment policy development
- Strategic asset allocation
- Investment research
- Manager selection and monitoring
- Other, specify (1)
Investment policy implementation
- Other, specify (2)

IC 01.2 Describe how you ensure that your clients understand your service offerings and fee structure.

We provide an overview of our service offerings on our website and more detailed information on request, including through tender processes for prospective clients. Our appointment letters with individual clients set out the scope of services we will provide to them and the fee structure that will apply. More detailed information about the scope of services, fee structure and fee level may be set out in side letters.

IC 01.3 Additional information. [OPTIONAL]

The following webpages provide information on our main investment-related service offerings:

<https://www.lcp.uk.com/pensions-benefits/investment-strategy/>

<https://www.lcp.uk.com/pensions-benefits/independent-investment-manager-advice/>

<https://www.lcp.uk.com/pensions-benefits/dc-financial-wellbeing>

IC 03	Mandatory	Public	
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IC 03.1 Indicate whether you provide fiduciary management services.

- Yes, we do
- No, we do not

Investment policy development

IC 06	Mandatory	Public	Descriptive
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IC 06.1 Indicate whether you incorporate ESG into your investment policy development services.

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our investment policy development services in the next reporting year
- No, we do not

IC 06.2 Describe how you incorporate ESG factors and RI-considerations when advising clients on investment policy development.

- Reviewing clients' existing beliefs, investment strategy and policy in relation to ESG
- Aligning the investment policy with the client's overall ESG strategy and beliefs
- Helping clients define ESG investment objectives and incorporating them into policies
- Considering short-, mid- and long term time horizon of overall ESG objectives outlined in the investment policy
- Aligning the policy with the relevant ESG/RI regulations and public policies
- Determining the client's ESG risk-profile and materiality to inform the investment policy
- Providing education/training and case studies if the client has not publicly committed to an ESG strategy or beliefs, and seek to incorporate ESG in the client's investment policy
- Researching ESG trends, terminology and current debate to help create an up-to-date investment policy
- Comparing ESG investment policies of peers in the market
- Engaging the client organisations' executives, Board and any other stakeholders in the ESG investment policy development
- Outlining the internal governance structure responsible for overseeing and implementing the investment policy
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Strategic asset allocation

IC 07	Mandatory	Public	Descriptive
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IC 07.1 Indicate whether you incorporate ESG into your strategic asset allocation process.

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our strategic asset allocation services in the next reporting year
- No, we do not

IC 07.3 Describe why you do not currently incorporate ESG into your asset allocation services, and possible plans for doing so in the future

We don't currently incorporate ESG in the quantitative modelling surrounding our asset allocation services as we do not yet consider it feasible to do so in a robust manner. However, we can provide scenario

analysis and plan to launch four new climate scenarios later this year. We do take ESG issues into consideration when advising on investment strategy implementation. For example, if a client wanted to reduce their exposure to climate risks, we would advise on the options available within their selected asset classes once the high-level allocation between the asset classes has been agreed. Another example would be consideration of whether to invest actively versus passively in emerging markets where the governance standards can be relatively weak and so an active approach might be preferred. We also take account of ESG issues in our investment manager selection advice.

Manager selection and monitoring

IC 12	Mandatory	Public	Gateway
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IC 12.1

Indicate whether you incorporate ESG factors into your manager selection and monitoring services.

Manager selection service

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our manager selection services in the next reporting year
- No, we do not

Manager monitoring service

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our manager monitoring services in the next reporting year
- No, we do not

SELECTION

IC 13	Mandatory	Public	
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IC 13.1

Indicate what activities you undertake during the process of selecting a manager.

Research and screening

- Conducting ESG due diligence
- Developing guidelines and/or RI priorities for the selection process
- Conducting internal database screening that includes ESG factors
- Conducting external database screening that includes ESG factors
- Qualitative research that includes ESG factors
- Conducting ESG risk analysis
- Other (1), specify
- None of the above

Strategy

- Assessing the time horizon of the manager's offering vs. your client's requirements
- Assessing the quality of the manager's investment policy and its reference to ESG
- Assessing the investment approach of the manager and how ESG factors are incorporated
- Reviewing active ownership capabilities and track record of potential shortlisted managers
- Other, specify (1)
- None of the above

ESG people/oversight

- Assessing the ESG expertise of investment teams
- Reviewing the oversight and responsibilities of ESG implementation
- Other, specify (1)
- None of the above

Process/portfolio construction

- Reviewing how ESG materiality is evaluated by managers
- Reviewing the manager's use of ESG information in the investment decision-making process
- Review the impact of ESG analysis on investment decisions by the manager
- Review the manager's ESG risk framework
- Other, specify (1)
- None of the above

Selection process and reviewing documentation

- Reviewing ESG/RI responses to request for proposals
- Reviewing PRI Transparency Reports of the potential manager
- Request and discuss PRI Assessment Reports of the potential manager
- Reviewing potential manager’s assurance process on ESG/RI data and processes
- Meetings/calls with potential shortlisted investment managers covering ESG/RI themes
- Site visits to potential managers’ offices
- Other, specify (1)
 - See additional information.
- None of the above

IC 13.2 Indicate whether you use any of the following scores or targets in your manager selection process.

- ESG score
- ESG weight
- Real economy targets
- Other RI considerations
- None of the above

IC 13.3 Additional information. [OPTIONAL]

Any selection process takes account of the scores and qualitative comments developed during our investment manager research, including those relating to RI. Additional weight can be given to ESG/RI as part of the selection criteria based on the client's specific requirements, eg by specifying minimum RI standards that a manager must meet for inclusion in a shortlist.

In our manager research, we assign a responsible investment score between 1 (weak) and 4 (strong) for each manager, covering both their ESG and stewardship practices, adjusting the score for individual funds as appropriate. We incorporate this score in our overall product grading for most asset classes, directly impacting whether products are recommended to clients.

IC 14	Mandatory	Public	Descriptive
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IC 14.1 Describe how you incorporate asset owners` investment principles into the manager selection process.

Asset owners’ investment principles are incorporated into the manager selection process as a matter of course, and we would give specific principles more prominence for individual clients where appropriate, in line with our tailored approach to giving advice.

IC 15	Mandatory	Public	Descriptive
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IC 15.1 Briefly describe how you include ESG factors in your due diligence process for manager selection.

We include ESG factors in the due diligence process at the investment manager research stage, as described above, and this automatically feeds into the investment manager selection process for individual clients. We can also adapt the process to incorporate ESG factors in a more client-specific manner if requested.

IC 16	Mandatory	Public	Descriptive
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IC 16.1 Indicate whether you set any of the following to measure compliance/progress, or use the following information to review and evaluate the investment manager.

Setting measures for the investment manager as part of the monitoring process

- ESG score
- ESG weight
- Real economy targets
- Other RI considerations
- None of the above

Reviewing and evaluating information from the investment manager as part of the monitoring process

- ESG objectives linked to investment strategy
- Investment restrictions and any controversial investment decisions
- ESG incorporation objectives
- ESG portfolio characteristics
- How ESG materiality has been evaluated by the manager in the monitored period
- Information on any ESG incidents
- Metrics on the real economy influence of the investments
- PRI Transparency Reports
- PRI Assessment Reports
- Other general RI considerations in investment management agreements, specify
- None of the above

IC 16.2 Describe how you raise and manage concerns when monitoring investment managers on ESG factors.

We assign investment managers an RI score as part of our manager research programme. When we report these scores to clients, we highlight any “red flag” issues of concern (eg low scores, not a PRI signatory, doesn’t consider ESG issues in the investment process for that asset class). We have facilitated correspondence between some of our clients and their investment managers about ESG and/or stewardship concerns, and we have written to some managers ourselves about some of these issues, encouraging them to improve their RI approach for particular areas of concern. We also give feedback directly to investment managers if they request it.

IC 16.3 Additional information. [OPTIONAL]

Our answers to IC16.1 reflect our standard approach for all clients. Some clients have specific requirements that we incorporate in our monitoring services on a bespoke basis, such as reviewing compliance with their investment restrictions.

IC 17	Mandatory	Public	Descriptive
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IC 17.1

Indicate whether you report back to asset owners on your manager selection and/or monitoring activities.

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not

IC 17.2

If yes, describe how you report back and the frequency.

The standard is for clients (asset owners) to receive a comprehensive monitoring report once a quarter. The monitoring report covers many aspects of the client's portfolio and investment objectives. In these reports we will show:

- Investment performance of each manager's portfolio compared against a suitable benchmark. This will cover various time periods and will usually include the period since the manager was appointed.
- A review of our findings of monitoring each manager against other criteria: how the business is structured to deliver investment performance; the quality of the people involved; the process used to create portfolios; and how responsible investment is integrated into that process.

In addition, we will report to clients, outside of the regular reporting cycle, any significant news that affects any of its managers.

We also provide information on the performance of the clients' total portfolio. This data is shown either gross or net of asset management fees, depending on client preference. We provide performance over short, medium- and longer-term periods and shown with an appropriate benchmark in order to provide context.

In monitoring investment managers, we will proactively raise with them any significant concerns we have about their processes for monitoring and selecting investments; this includes ESG considerations.

IC 18**Mandatory****Public****Descriptive****IC 18.1**

Describe how you measure, track or otherwise demonstrate your value on manager selection and monitoring services.

We demonstrate the value of our manager selection and monitoring services for each client by reporting on its managers. For each manager appointment, we measure the investment return of the portfolio and, where applicable, the benchmark return as a comparison. The objective of the manager varies across asset classes, mandate-type and manager.

For active mandates in an asset class with a well-constructed index or other comparator, we evaluate whether the manager has added value through investment performance in excess of the index and done so within expected risk constraints.

For other mandates, we add value primarily through risk control and demonstrate this through monitoring factors such as: volatility of investment return (as a proxy for potential of loss); consistency of the achieved investment returns with the stated investment process; operational processes and controls being followed; changes to senior investment staff; changes to third-party service providers; changes to investment process; and changes in the approach to responsible investment.

Each client is provided a regular, usually quarterly, report highlighting these performance and risk monitoring indicators.

As part of a tender, when the services offered and the client circumstances are appropriate, we may provide prospective UK pension scheme clients with an analysis of the performance of our average client compared to its liabilities.

Lane Clark & Peacock LLP

Reported Information

Public version

Confidence building measures

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