

# All investors should be responsible investors

## LCP's responsible investment philosophy

March 2023

**LCP is a responsible business. But our direct reach only goes so far.**

We advise clients with billions of £s of investments. We know we can do more as advisers and as an industry.

Our clients own a representative slice of the whole economy – so they also need to have a systemic view, as it is not possible to avoid systemic risks. **What happens in the real world impacts financial markets, and what happens in the financial sector impacts the real world.**

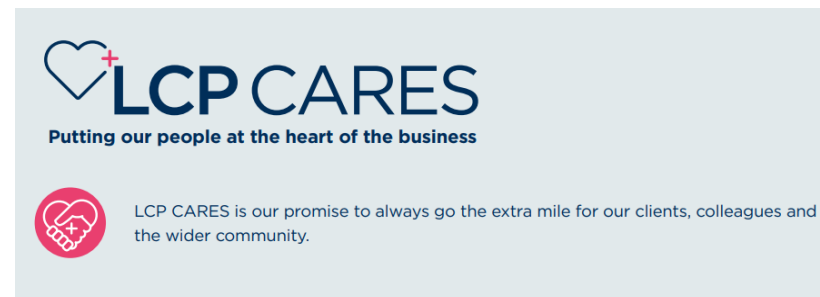
Therefore, all investors should be responsible investors. The decisions of asset owners have real world impacts, and owners need to consider those real world impacts – on the planet and people – as well as the profits from their portfolio.

We help our clients by a process of **inform – agree – engage – change**.

- **Inform** to understand the current position and what's possible
- **Agree** on areas of consensus to define policy and clear actions
- **Engage** with managers to gain understanding and improve standards
- **Change** managers and/or select new managers and asset classes where appropriate

We are bold with our advice to help our clients manage risks, **improve outcomes** and **communicate** clearly to their stakeholders.

In particular, climate risk has the potential to permanently destroy value, therefore we encourage our clients to align their investment strategy with Net Zero emissions by 2050, and have a publicly stated ambition to deliver on that target.



# All investors should be responsible investors

*What happens in the real world impacts financial markets, and what happens in the financial sector impacts the real world*

We **inform** our clients of the risks & opportunities, and what it is possible for their investments to achieve.



Thinking about risk is a minimum; our advice extends to impact and solutions.

We help our clients **agree** their policies and clear actions.



Investors have often focused on what they are not allowed to do. We are bold in our advice and help our clients agree on what they can do.

Our clients need to **engage** with their managers to gain a greater understanding of their assets, create purposeful dialogue and **improve** outcomes.



We help our clients **engage** with their managers to set expectations that improve real-world impacts and financial outcomes.

Investors can use their weight, influence and voice to encourage, **improve** and raise standards.

Clients should **change** managers and / or select new managers and asset classes, if their existing managers aren't meeting expectations. A changing world provides opportunities, as well as risks.



New asset managers may provide opportunities to access new sectors and markets, and better navigate a changing world.

**Changing** benchmarks or mandate guidelines can have a material impact on outcomes and on the real world – there is no neutral.

*We are bold with our advice to help our clients manage risks, improve outcomes and **communicate** clearly to their stakeholders. In particular, climate risk has the potential to permanently destroy value, therefore we encourage our clients to align their investment strategy with Net Zero emissions by 2050.*

## Contact us

For further information please contact our team or your usual LCP contact



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

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