



# OUR COLLABORATION PARTNERS/SERVICE PROVIDERS



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There are limits to the influence that we achieve as a single investor and the resources we can reasonably commit. We recognise that progress can be best achieved on ESG issues through collaboration with other investors and organisations.

Details of the organisations and initiatives that we're supporting are below:

- [PRI – the Principles for Responsible Investment](#) is an UN-backed initiative to set good RI practice and provide an assessment framework to measure and benchmark RI implementation and progress.
- [Federated Hermes EOS](#) - voting and engagement service provider, through whom we collaborate on a wide range of ESG issues with other asset owners. We work alongside EOS to set and monitor voting and engagement policy and action.
- [LAPFF](#) - the Local Authority Pension Fund Forum is a collaborative shareholder engagement group, comprising approximately 80 UK local authority pension funds and six of the LGPS pension fund pools in England & Wales. Lothian Pension Fund's Pension Committee is represented on the executive board of LAPFF and has represented LAPFF and its member funds in high level engagement with company management.
- [Climate Action 100+](#) – Lothian Pension Fund is a participant member of the collaborative investor initiative Climate Action 100+. Signatories to Climate Action 100+ are requesting the boards and senior management of companies to:
  - Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risks and opportunities
  - Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below two degrees Celsius above pre-industrial level
  - Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, when applicable, sector-specific Global Investor Coalition on Climate Change Investor Expectations on Climate Change to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below two degrees Celsius, and improve investment decision-making.

Our involvement in this initiative sends a clear message to investee companies that Lothian Pension Fund has significant concerns surrounding the long-term impact of climate change on existing business models, and that companies must adapt to take advantage of the opportunities offered by a shift to a low-carbon economy. As a participant member, Lothian is directly involved in company engagement to benefit from industry and engagement expertise.

- **MSCI** – providers of market data. We utilise specific ESG data and reporting from MSCI as part of our assessment of our internal equity portfolios and utilise MSCI’s Carbon data to measure the carbon intensity of all the equity portfolios.
- **GRESB** – benchmarking standards provider for our Real Assets portfolios, covering the property and infrastructure assets in the fund.
- **TPI** – a global initiative led by asset owners and supported by asset managers. It assesses companies’ preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. TPI assessments are becoming an important part in assessing our holdings’ readiness for the transition to a low carbon economy.
- **Carbon Disclosure Project (CDP)** – run a global environmental disclosure system, supporting thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. The data collated performs a vital role in the measurement of environmental risk and allows us to more accurately reflect the carbon risk in portfolios.
- **Cross-Pool RI Working Group** – During the formation of the English and Welsh pools, several working groups formed to take leadership on various key issues surrounding the pooling process. The RI working group was formed to pioneer best practice in RI and share that across the pools. While the Scottish funds are not involved in pooling, we were invited to join the group in recognition that this arena benefits from having more voices, more diversity and more skills around the table. This group has been instrumental in helping LPF to discover best practice in RI across the Local Authority Pension Fund space and allowed the fund to take a leading position amongst UK asset owners in implementation of RI policy.
- **UK Pension Fund RI Roundtable** – a longstanding collaborative endeavour, first convened by the Environment Agency Pension Fund, the UK Pension Fund RI Roundtable brings together UK Asset Owners from the public and private sector, alongside charitable bodies and endowments, to work together to establish best practice in RI. It works as a powerful tool in communicating with large industry players, regulators and governments the expectations and ambitions of UK asset owners in the RI space. Lothian Pension Fund have been very active within the group and have led on recent initiatives targeting culture changes at large asset managers.
- **Scottish Pension Fund RI Roundtable** – a Scottish spin-off of the UK Pension Fund RI Roundtable convened by LPF. The Scottish group will tackle RI issues and best practice from a Scottish perspective, with a view on being actively involved in COP26 during 2020.
- **Future Asset** – Working with high school girls throughout Scotland to promote careers in investment management, Future Asset strives to open up the industry to poorly represented pools of talent. The investment industry has a well-known gender diversity problem, and Lothian Pension Fund provide professionals to Future Asset events to act as presenters and mentors for the girls, as well as providing work experience as a Future Asset partner.

- **[Diversity Project Scotland](#)** – The Diversity Project is “a cross-company initiative championing a more inclusive culture within the Savings and Investment profession.” Lothian Pension Fund have long championed diversity in our investee companies, and this is a natural extension to that effort to improve diversity within our own ranks. Both investment and human resources colleagues are participating in this project.