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Liontrust Sustainable team challenges companies on zero carbon emissions strategy

The Liontrust Sustainable Investment team today announces it is stepping up its engagement with companies to ensure that they reduce their absolute carbon emissions to zero.

This is to ensure the companies the team invests in will continue to be profitable and attractive in the ultra-low carbon world of the future.

The Liontrust Sustainable fund managers believe companies that are being proactive on reducing carbon emissions, and are able and willing to articulate this in their business strategy, will gain a competitive advantage and generate better investment returns. Those that do not will face increasing risks to their businesses.

The *One and a Half Degree Transition Challenge* is calling for all companies held within the team's equity and bond funds to explain before the end of 2020 the strategy to decarbonise their businesses to limit global warming to 1.5 degrees.

Over 200 companies held across the funds have until the end of 2020 to provide a plan for how they are going to reach zero carbon emissions and over what time period this will be achieved. The team is also asking for evidence that companies will have started the process of reducing carbon emissions before the end of this year.

The global companies held within the funds have a capitalisation of more than £2 billion and those listed in the UK have a capitalisation above £500 million.

The team will report on how the companies it is invested in are progressing towards ultra-low carbon emissions in preparation for the COP26 (the 26th United Nations Climate Change Conference), which starts in Glasgow on 9 November 2020.

The Sustainable Investment fund managers will use all measures at their disposal, including voting and ultimately divesting over time, to persuade companies to reduce their absolute carbon emissions to zero.

The team have been engaging with companies on reducing carbon emissions for two decades, with the result that their funds are already up to 77% less carbon intensive than their respective indices and have up to 30% invested in companies accelerating the shift to a lower carbon economy.

The urgency of this engagement, the need for companies to increase their ambition and to speed up the pace of positive change, however, is accelerating as the science is showing the increasing impact of the climate crisis.

Harriet Parker, Investment Manager on the Liontrust Sustainable Investment team, said: "Companies that do not develop and enact a rapid decarbonisation of their business activities will face rising costs and risk to their future success. They need to start the transition now."



“We are not being prescriptive on how companies achieve zero carbon emissions, although we expect it to include energy efficient products, low carbon energy, renewables and improving building efficiencies.”

Mike Appleby, Investment Manager, added: “Companies need to set a date for achieving this, identify the key challenges that need to be met and how they will accomplish the target.

“Given the scale of the challenge, all companies will need to play their part, even those in parts of the economy that are not the most carbon intensive.”

-Ends-

Lora Coventry, PR Manager

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[About the Liontrust Sustainable Investment team](#)

The 14-strong team runs over £5 billion assets over management across 13 fixed income, equity and managed funds. The team transferred to Liontrust from Alliance Trust Investments (ATI) in April 2017 and previously ran the Sustainable Future Fund range at Aviva Investors.

[About Liontrust](#)

Liontrust Asset Management, which was launched in 1995, is a specialist fund management group with shares quoted on the London Stock Exchange. As at 31 December 2019 Liontrust managed £19.1 billion.