

# ENGAGEMENT AND VOTING: Annual Review 2019

Making transportation more efficient - Improving the  
quality of education - Enabling innovation in health  
security - Better monitoring of supply chains and quality





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**Harriet Parker** leads and manages the engagement and screening activities of the Sustainable Investment team and liaises on engagement with clients.



# Our approach to engagement and voting

Engagement is integral to how the Liontrust Sustainable Investment team ensures it focuses on high-quality equities and bonds. Engaging on key social, environmental and governance (ESG) issues gives us greater insight, helps to identify leading companies and is used as a lever to encourage better business practices.

Our team has been engaging in this way for two decades, and we have found this approach challenges and encourages companies to proactively manage the wider aspects of their business, which, in turn, protects their longer-term prospects.

This Annual Review shows that engagement covers a broad canvas, ranging from company-specific issues to driving ongoing improvements in areas such as diversity and environmental impact.

Engagement is a resource-intensive process and our team conducts sustainability research alongside traditional financial and business fundamental analysis. This approach enables us to better target engagement on material issues and integrate this into our financial assessment of a company, maximising the information advantage that engagement can bring to analysis.

We spend a lot of time talking to companies on ESG issues and are transparent about this activity. We record all engagement with companies and monitor where we have been successful, where progress has been slower and where unsuccessful.

Since we launched the Sustainable Future funds in 2001, we have regularly communicated our engagement activity to clients on a

quarterly basis and this is the third annual report of our efforts. Detailed company-specific engagement is also available to clients upon request.

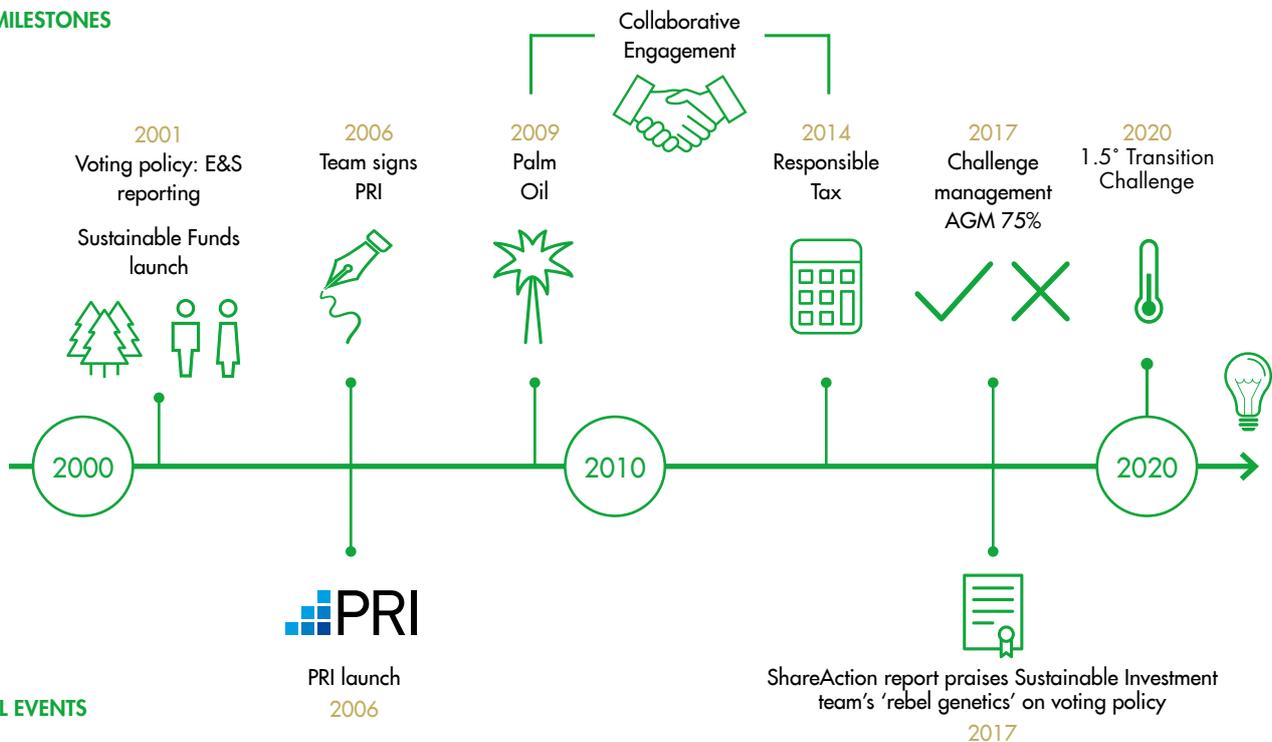
## Direct engagement

The majority of our engagement is focused on companies held across our range of funds. We meet companies face to face and correspond directly through emails, telephone calls and letters and interact with a range of representatives, which might include the Chairman or senior management and often extends to experts heading up sustainability strategy or other core roles within an organisation. Ultimately, who we engage with will depend on the specific issue.

Typically, direct engagement with companies is initiated at our request and most often arises from questions or concerns we have as a result of our initial analysis of ESG issues, from ongoing monitoring of holdings on key sustainability issues or metrics, or relating to emerging issues, trends or controversies. Companies we hold within the funds are analysed at least once a year, although, in practice, this is done more frequently in line with our ongoing review of a stock's investment thesis and valuation. We actively engage with companies to encourage better management of ESG issues and assess all controversies using data from external ESG research providers, and, when necessary, engage on issues of concern.

Engagement also arises at the request of a company when we are invited to offer feedback or guidance on ESG policies and initiatives.

## TEAM MILESTONES



# The Advisory Committee

Lastly, at the beginning of each year, we prioritise a number of proactive engagement initiatives in collaboration with our Advisory Committee. We assess how portfolio holdings are positioned on these issues and, where appropriate, define target

lists of companies with which to engage. Our Advisory Committee has oversight of all our engagement efforts, our proactive plans and reporting, and is there to ensure that we remain focused on engagement that benefits our funds.



**Sophie Tickell** is Co-founder and Director of Meteos, a non-profit company, which runs senior dialogues, focused on finance, health and the environment. She is the author of 'Banking on Trust', 'Vital Connections: Science, Society and Sustaining Health', the EnergyFutures report, and the PharmaFutures (www.pharmafutures.org) series. Sophia was previously Chair of the Board at SustainAbility Ltd and led Oxfam's policy work on the private sector. Sophia is also Non-Executive Director of Liontrust Asset Management.



**Tony Greenham** is Director of Economy, Enterprise and Manufacturing at the RSA (Royal Society of Arts, Manufactures and Commerce), where he leads a programme of policy research into the future of work, social impacts of technology, green industrial strategy and economic democracy. He is a former corporate stockbroker and has written extensively on financial sector reform including the undergraduate economics textbook 'Where Does Money Come From?'



**Jonathon Porritt** is Founder Director of Forum for the Future, the UK's leading sustainable development charity. His book, 'The World We Made', seeks to inspire people about the prospects of a sustainable world in 2050. He is also Chancellor of Keele University and President of The Conservation Volunteers and former Chair of the UK Sustainable Development Commission.



**Tim Jackson** is Professor of Sustainable Development at the University of Surrey and Director of the Centre for the Understanding of Sustainable Prosperity (CUSP). From 2004 to 2011, he was Economics Commissioner on the UK Sustainable Development Commission, where his work culminated in the publication of the controversial bestseller 'Prosperity without Growth' – economics for a finite planet.



**Valborg Lie** is Stewardship Manager at LGPS Central, responsible for bespoke engagement and voting services to support investment objectives. She has a wealth of experience, working on responsible investment (RI) issues over the last 15 years. From 2005 to 2013, she worked as Head of RI within the Norwegian Ministry of Finance, overseeing the management of the Norwegian Government Pension Fund Global (GPGF), one of the biggest sovereign wealth funds globally. Valborg leverages an extensive network of institutional investors and SWFs globally to help promote and build RI best practices.

## Collaborative engagement

In addition to direct engagement with companies, we also engage collaboratively with other investors on initiatives and projects aligned with our own priorities and where we believe we are more likely to succeed collectively. In some instances, we lend our support to collaborative initiatives that target companies not held in our portfolios.

Full details of such activities can be found on page nine. As an example, we joined the United Nations Principles for Responsible Investment (UN PRI) Working Group for a Just Transition, which acknowledges the need to factor the social dimension into the move to a lower carbon economy.

## Voting

Our team conducts considered annual voting for equity holdings across our portfolios and we are very active owners, typically voting against management on at least one vote at around 60% of voteable meetings in 2019. Our Sustainable Investment voting policies are publicly available and structured by geographic area.

We publicly disclose all our decisions and the rationale for each vote, with details to be found at [www.liontrust.co.uk/sustainable](http://www.liontrust.co.uk/sustainable). We communicate our voting intentions to companies and engage with them on issues of contention to effect change so that we can vote in favour in subsequent years.

# 2019 engagement activity

In 2019, we met with 185 companies face to face and raised 245 key ESG issues over the year, either in direct meetings or through other forms of correspondence such as letters and emails.

	Examples include	Number of times issue raised with companies			
		2019	2018	2017	2016
Environmental	Climate crisis, water management	29 - 12%	18 - 8%	24 - 13%	28 - 21%
Social	Supply chains, employee issues	74 - 30%	38 - 17%	29 - 16%	50 - 38%
Governance issues	ESG and impact disclosure, corporate tax	73 - 30%	84 - 37%	41 - 22%	41 - 31%
Corporate Governance	Remuneration, auditors, diversity	69 - 28%	86 - 38%	93 - 50%	12 - 9%
Number of ESG issues raised		245	226	187	131

Priority engagement initiative versus reactive engagement (2019)			
Priority initiatives	Impact/SDG (including climate crisis, sustainable plastics)	112	46%
	Anti-bribery & corruption		
	Diversity		
	Workforce well-being		
	Transition to sustainable investment		
Reactive engagement	Controversies, ESG impacts, supply chains, tax	133	54%

On top of the examples below, we would also highlight our quarterly engagement reports, which include specific details of the conversations we are having with companies and how we are

challenging them to increase the pace of positive change and manage their businesses in a proactive way. These are available on request.

## 2019 CASE STUDY: DFS



**As part of our continued engagement with DFS on the timber and leather supply chain, we met with Sally Hopson, CEO of Sofology, a subsidiary of the DFS Group, who is also the executive responsible for the Group's sustainability strategy.**

She outlined the sustainability strategy DFS Group is developing and launching in 2020, asking for our input. This includes developing a leadership position on the sourcing of timber and leather, with a key target of 100% FSC timber by

2025 (95% by 2023) and 100% recyclable and recycled packaging by 2020.

In addition to the supply chain effort, the company is also researching modular designs and recyclable materials to enable a more circular product lifecycle. We believe DFS continues to lead the sector in terms of ESG management and are proud of our continued engagement with the company.



**Key target of 100% FSC timber by 2025 (95% by 2023)**



**Key target of 100% recyclable and recycled packaging by 2020**

Meanwhile, WWF has done some analysis benchmarking this industry in terms of its sustainable timber procurement. This kind of work is useful as it provides investors with a way of measuring how companies are managing this versus peers. We welcome this kind of work done by NGOs as it is labour intensive and carried out by people with in-depth knowledge of the issues as well as being independent. Few companies are keen to highlight their shortcomings publicly.

For us, this is a good example of civil society, proactive investors and companies receptive to improving all working together, resulting in timely progress to reduce the unintended negative impacts of a business.

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## 2019 priority engagement initiatives

Priority Initiative	SDG	Our approach
Impact and Sustainable Development Goals	Multiple SDGs including Goal 12: Responsible Consumption and Production	We continue to prioritise our efforts to quantify the main impacts (good and bad) from the companies in which we invest. We will engage with companies to disclose their main impacts so we can report on these. This is an evolving field and we are keen to build on the work we have already done in this area. This includes engaging with companies on the climate crisis to ensure strategy is linked to reducing absolute greenhouse gas (GHG) emissions.
Encouraging sustainable use of plastics	Goal 12: Responsible Consumption and Production	We are looking for companies providing solutions to plastic pollution as potential investments as well as encouraging companies to reduce the amount of single use plastics they introduce to the environment.
Anti-Bribery and corruption	Goal 16: Peace, Justice & Strong Institutions (Target 16.4 and 16.6)	Corruption is bad for people and ultimately bad for business. We want to better understand how companies can reduce the chances of being complicit in corruption and encourage them to manage potential conflicts to the best of their ability as ideas for how best to do this continue to evolve.
Worker Well-being	Goal 8: Decent Work and Economic Growth	How companies manage the human capital of their direct operations, as well as workers further down supply chains, can affect their long-term success. We will engage to encourage companies to offer decent work and pay living wages and to ensure they mitigate risks, protect workers' rights and maximise the opportunities to support employees. We will also encourage companies to use their influence to drive forward best practice further down their supply chains.
Increased corporate diversity	Goal 5: Gender Equality	We believe companies that are more diverse are better able to prosper over the long term so we are engaging to encourage greater diversity, looking at gender balance at a board level and senior positions, and looking at efforts to reduce any gender pay gaps.
Encouraging the transition to sustainable investment	Goal 8: Decent Work and Economic Growth	Individuals are having to take responsibility for their long-term finances, and adequate savings and pension provision is critical. To date, the majority of saving has been into non-sustainable funds but as demand for sustainable investment grows, companies should do all they can to promote it. We will focus on determining which are leading the way and which need to do more.

	Target outcome	Highlights	
	Collaborate with other investors to look at best practice on corporate disclosure on impact and SDGs.	<ul style="list-style-type: none"> <li>Appraised several external research providers for impact metrics and data for the funds.</li> <li>Engaged with 17 companies on the climate crisis to ensure they have strategies in place to reduce absolute carbon emissions at a rate consistent with limiting global warming to 1.5 degrees.</li> </ul>	SUCCESS
	Direct engagement with holdings on improving disclosure of impact metrics and what SDG targets the company is aiming to contribute towards.	<ul style="list-style-type: none"> <li>We engaged with 44 companies to better understand their approach on impact/SDG disclosure.</li> </ul>	SUCCESS
	Encourage companies to adopt strategies to reduce plastic pollution.	<ul style="list-style-type: none"> <li>We engaged with four companies on their plastic pollution strategies. Although we see general progress in their approach, we do not feel that our engagement has materially contributed to overall plastic pollution reduction and will therefore continue to engage.</li> </ul>	PARTIAL SUCCESS
	Assess portfolios for companies with weak policies or systems on bribery and corruption and engage to improve.	<ul style="list-style-type: none"> <li>We engaged with two companies on the systemic risks of money laundering in the financials sector and are now more confident in their ability to mitigate the risks associated with bribery and corruption.</li> <li>We are more confident in our holdings' ability to mitigate risks stemming from bribery and corruption.</li> </ul>	ONGOING
	Collaborate with an NGO on an initiative related to financial services bribery and corruption.	<ul style="list-style-type: none"> <li>We were unable to set up a planned collaborative project with a leading NGO.</li> <li>We will engage with companies where we feel there are either industry-related risks or company-related concerns or controversies.</li> </ul>	NOT MET
	Engage with companies on how they manage human capital and encourage best practice and worker-related KPIs.	<ul style="list-style-type: none"> <li>We engaged directly with 27 companies on supply chains and employee-related issues.</li> </ul>	SUCCESS
	Maintain relationships with NGOs and keep up to date with initiatives in the sector, including signing up to the Workforce Disclosure Initiative and encouraging companies to disclose data on employees and workers in the supply chain.	<ul style="list-style-type: none"> <li>We signed up to the Workforce Disclosure Initiative (WDI) and ensured this was not just our team but Liontrust Asset Management Plc.</li> <li>We requested that 15 holdings disclose data to the initiative.</li> <li>One company confirmed it would sign up, and we continue to engage with those that did not sign up in 2019.</li> </ul>	SUCCESS
	Look at new ways to encourage companies to improve gender and ethnicity profile of boards and senior management.	<ul style="list-style-type: none"> <li>Stepped up voting to target the re-election of the Chair of the Nomination Committee where gender diversity on the board is less than 30%.</li> <li>Gathered data to review the progress over the last four years of targeted voting and engagement on board gender diversity (2016-19).</li> </ul>	SUCCESS
	Engage and vote where diversity is lacking.	<ul style="list-style-type: none"> <li>Over this time, 36 companies in the funds increased board gender diversity. We were able to support 21 companies where board gender diversity was previously less than 30%. These companies had an average of just 22% female boards but now have an average of 38%.</li> </ul>	
	To better understand the responsible investment policies of insurance and investment companies held in the funds, and ensure they are stepping up efforts to become more responsible with regards to unsustainable activities such as investing in fossil fuel projects.	<ul style="list-style-type: none"> <li>We engaged with six insurance companies on their responsible investment policies and have a better understanding of how they implement them.</li> </ul>	SUCCESS

## 2019 engagement highlights

**Board gender diversity:** Over the last four years, we have seen meaningful progress on board gender diversity for companies in our funds, and although there are other external factors, we believe our voting and engagement with these companies has contributed to improvements.

In 2016, we began withholding support for companies that are not sufficiently gender diverse. Where companies had less than 15% women on the board, we voted against the annual report and accounts at the AGM and abstained where this was greater than 15% but less than 30%. In 2019, we used the same process but instead focused on the resolution to re-elect the Chair of the Nomination Committee.

Twenty-one companies in our funds have increased the proportion of women on the board to over 30%, such that we no longer need to withhold our support. After voting, these companies now have an average of 38% female boards, compared to just 22% before we began voting.

A further 15 companies in our funds have increased the number of women on their boards, and we remain positive that continued efforts through voting and engagement on this issue should result in further progress. After voting, these companies now have an average of 26% female boards, compared to just 19% before we voted on this issue.

There are 10 companies where we have seen less progress on increasing the gender diversity on boards so we will continue to engage and vote to effect real change.



Over the last four years, we have seen **meaningful progress** on **board gender diversity** for companies in our funds



**21 companies** in our funds have increased the proportion of **women on the board to over 30%**



A further **15 companies** in our funds have increased the number of women on their boards. these companies now have an **average of 26% female boards**



There are **10 companies** where we have seen less progress. We will **continue to engage and vote to effect real change**

**Staff and the gig economy:** Treatment of staff continues to be a key engagement issue, particularly in light of growing concerns about the poor employment standards of the so-called 'gig economy'.

We met Gym Group several times over 2019 to ensure it is treating its trainers fairly. The company has to balance the needs of its trainers, ensuring they have the opportunity for full employment with the associated rights, while also recognising that some wish to remain self-employed. The company trialled a new arrangement in eight gyms and has since rolled this out across the company. Gym Group's commitment to people earned the company a Gold Award from the Investor in People Group and it was also named in the Sunday Times' '100 Best Smaller Companies to Work For', highlighting its commitment to being a first-class employer.

**Workforce Disclosure Initiative:** Liontrust became a signatory to ShareAction's Workforce Disclosure Initiative (WDI) in July 2019, which aims to improve the quality of jobs globally. The WDI is pressing companies around the world to disclose better data on how they manage staff and their supply chain workers. The data cover issues such as health and safety, workers' rights, diversity and wage levels. The fact there are too many poor quality and precarious jobs around the world is recognised in the UN's Sustainable Development Goal 8, which calls for decent work for all.

Through the Initiative, our team will encourage companies held across our funds to disclose data to the WDI, and in 2019 we requested that 15 companies give data to the Initiative. One company confirmed it would submit data and we are following up with the others as we continue our efforts to improve public disclosure on worker-related issues during 2020.

**Money laundering:** We engaged with a number of our financial holdings on money laundering, investigating how these businesses are ensuring they avoid falling foul of any criminal activity after some high-profile cases over the year.

**Auditors:** Of the companies held across our portfolios in 2019, we have seen improvements in the Audit function. Over the last four years, we have voted in line with our policy on tenure and non-audit fees: of the 19 companies where we withheld support for the Auditors, around half related to long tenure and half to high non-audit fees.

For each of the 19, we saw improvements such that we could support in subsequent years. There are 34 companies across the portfolios for which we have not supported the proposal on Auditors and continue to abstain/vote against. There are a further 12 companies for which we have only withheld our support in 2019, as they are relatively new to the funds.

**Just Transition:** We attended a "Just Transition" meeting at LSE during the third quarter of 2019 and also joined the UN PRI Working Group for a Just Transition. The Just Transition came out of the Paris Accord and acknowledges the need to factor the social dimension into the transition to a lower carbon economy.

We want to see how we can contribute to this, as a transition that leaves people behind (ignoring the impact on the workforce of rapidly decarbonising industries) is unlikely to gain the public support needed and more likely to fail than a more inclusive approach.

**Promoting detailed investment-relevant work by NGOs in civil society:** Most people will not have the expertise or time to focus on specialist areas of sustainability to understand how it can affect their investments and how companies in a given industry compare on this issue. This is why the work done by NGOs is so important.

Over 2019, we highlighted two important pieces of work done by the Zoological Society of London (ZSL) on tropical commodities and sustainable rubber. Its research project SPOTT (Sustainability Policy Transparency Toolkit) is an impressive piece of ongoing work to ensure investors and other stakeholders understand how companies are managing the many challenges of working in tropical forests to ensure they have a benign impact on the environment and are not inadvertently contributing to deforestation.

We did two podcasts with Eleanor Spencer, part of the team at ZSL that has done this work. We would encourage all investors in businesses involved in tropical commodities to learn more about this at [www.spott.org](http://www.spott.org) and apply the findings to where they direct their capital, as well as how they challenge these businesses to improve.

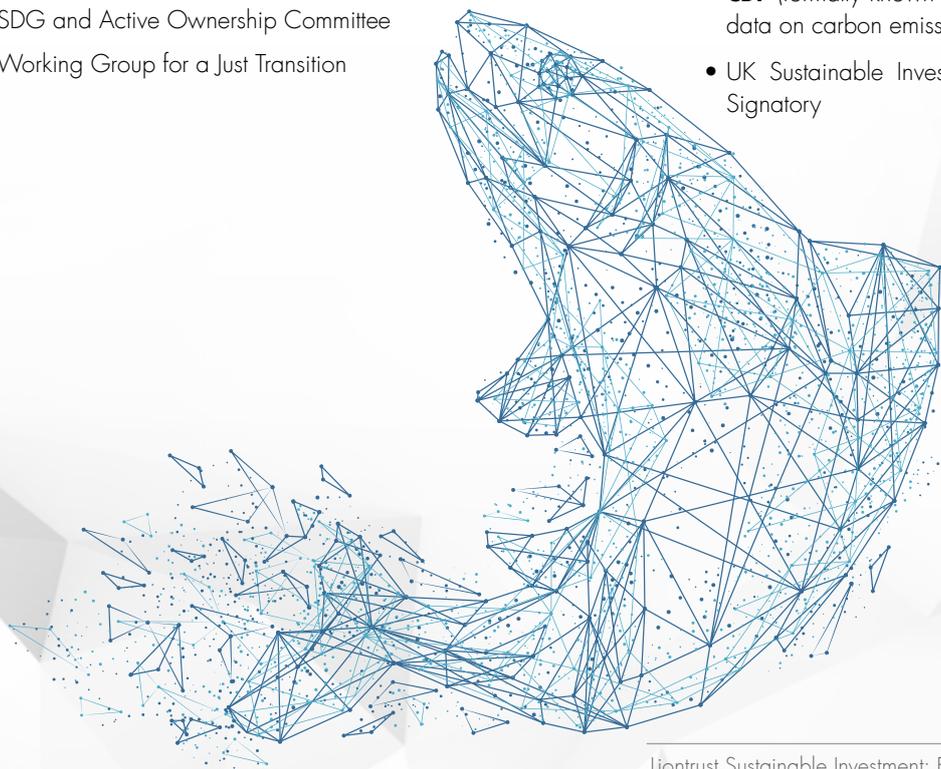
## Collaborative engagement in 2019

Liontrust is a signatory to the UN Principles for Responsible Investment (UN PRI) and the Sustainable Investment team was a founding signatory to the Principles back in 2006. Members of the team are represented on a number of UN PRI working groups:

- Listed Equity Advisory Committee
- Sustainable Palm Oil Investor Working Group
- Global Investor Taskforce on Tax & the PRI Tax Advisory Committee
- Cyber Security
- SDG and Active Ownership Committee
- Working Group for a Just Transition

We are also involved in the Access to Nutrition Index and we participate or are signatory to the following:

- Financial Reporting Council (FRC) Stewardship Code: Member
- Taskforce on Climate-Related Financial Disclosure ("TCFD"): Supporter
- **30% Club** Investor Group: Member of the Investor Group
- Workforce Disclosure Initiative ("WDI"): Supporter
- **CDP** (formally known as Carbon Disclosure Project): Signatories, data on carbon emissions, water and deforestation
- UK Sustainable Investment and Finance Association ("UKSIF"): Signatory

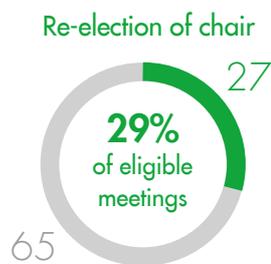


# Voting in 2019

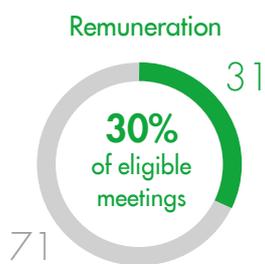
As stated earlier, we are very active owners, typically voting against management at around 60% of voteable meetings on at least one vote in 2019. Our Sustainable Investment voting policies are publicly available on our website (at [www.liontrust.co.uk/sustainable](http://www.liontrust.co.uk/sustainable)) and divided by geographic area. We also publicly disclose all our decisions and the rationale for each vote.

We communicate our voting intentions to companies and engage with them on issues of contention to effect change so that we can vote in favour in subsequent years.

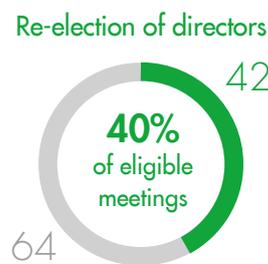
In 2019, we voted at 98% (137 of 140) of voteable meetings and voted against management or abstained on proposals in at least one vote in 62% (87 of 144) of voteable meetings. We voted to abstain or voted against:



The re-election of the Chair of the Nomination Committee (which related to gender diversity, as per the section above)



The approval of the company's remuneration report/compensation



The re-election of one or more company directors (due to lengthy terms of office, bundled director elections or lack of independence)



The ratification of auditors/authorisation for the Board to fix remuneration of external auditors

## Independent assessment of our engagement

We are reviewed each year by the Principles for Responsible Investment (PRI) and have also been assessed by the UK's Financial Reporting Council (FRC) on the quality of our commitment to the UK Stewardship Code.

The information below summarises the 2019 Assessment Report from the PRI (covering our work in 2018).

	2018	Comments
Strategy & Governance	<b>A+</b>	29 out of a possible 30 scored
Listed Equity: Incorporation	<b>A</b>	13 out of possible 15 scored
Listed Equity: Screening	<b>A</b>	13 out of possible 15 scored
Listed Equity: Integration	<b>A</b>	17 out of possible 21 scored
Listed Equity: Active Ownership	<b>A</b>	Individual Engagement: 22 out of possible 30 scored
Listed Equity: Engagement (based on B for Individual Engagement, B for Collaborative Engagement and A for Proxy Voting Engagement)	<b>B</b>	Collaborative Engagements: 20 out of possible 30 scored Proxy Voting Engagements: 19 out of possible 21 scored
Fixed Income: SSA	<b>A</b>	31 out of possible 39 scored
Fixed Income: Corporate (Financial)	<b>A</b>	34 out of possible 42 scored
Fixed Income: Corporate (Non-financial)	<b>A</b>	34 out of possible 42 scored
Fixed Income: Securitised	<b>A</b>	34 out of possible 42 scored

Liontrust Investment Limited (LIL) is a signatory to the UK Stewardship Code. The FRC gave Liontrust Investment Limited 'Tier 1' status (the highest ranking) based on the quality of our Code statements and recognising we provide a good-quality and transparent description of our approach to stewardship. LIL was deregistered in November 2018 as the Sustainable Investment

team was integrated into Liontrust Asset Management Plc. Liontrust Asset Management will report against the revised FRC Stewardship Code on outcomes and activities for the year 2020 in March 2021.

[For details of our stewardship policy, go to liontrust.co.uk/sustainable](http://www.liontrust.co.uk/sustainable)

# Engagement priorities for 2020

As stated, we prioritise a number of proactive engagement initiatives in collaboration with our Advisory Committee at the beginning of each year. We assess how our holdings are positioned on these issues and, where appropriate, define target companies with whom we will engage.

For 2020, we are staying with the same priority initiatives, except for two changes. We decided to step back from our focus on anti-bribery and corruption to better allocate time and resource to engaging with companies on the climate crisis. Throughout 2019, we engaged

on this issue under the Impact and Sustainable Development Goals initiative, although this renewed focus will now be executed through a standalone initiative solely focused on encouraging all portfolio companies to reduce greenhouse gas emissions.

In our experience, continued engagement over a longer time period is more likely to achieve better engagement outcomes than over a yearly reporting cycle, so we will continue with our other five priority initiatives in 2020:



**Impact and Sustainable Development Goals:** We continue to prioritise our efforts to quantify the main impacts (good and bad) from the companies in which we invest. We will engage with companies to disclose their main impacts so we can report on these. This is an evolving field and we are keen to build on the work we have already done in this area.



**Encouraging sustainable use of plastics:** We are looking for companies providing solutions to plastic pollution as potential investments as well encouraging companies to reduce the amount of single use plastics they introduce into the environment.



**Increased corporate diversity:** We believe companies that are more diverse are better able to prosper over the long term so we are engaging to encourage greater diversity, looking at gender balance at a board level and senior positions, and looking at efforts to reduce any gender pay gaps.



**Worker well-being:** How companies manage human capital of their direct operations, as well as workers further down supply chains, can affect their long-term success. We will engage to encourage companies to offer decent work and pay living wages and to ensure they mitigate risks, protect workers' rights and maximise the opportunities to support employees. We will also encourage companies to use their influence to drive forward best practice further down their supply chains.



**Encouraging the transition to sustainable investment:** Individuals are having to take responsibility for their long-term finances and adequate savings and pension provision is critical. To date, the majority of saving has been into non-sustainable funds but as demand for sustainable investment grows, companies should do all they can to promote it. We will focus on determining which are leading the way and which need to do more.



## The One and a Half Degree Transition Challenge

We are stepping up our engagement with companies to ensure they reduce their absolute carbon emissions to zero. In our view, businesses that are proactive in 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 our equity and bond strategies to

explain how they plan to decarbonise their businesses to limit global warming to 1.5 degrees. Over 200 companies held across the portfolios 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. Our fund managers will use all measures at their disposal, including voting and ultimately divesting over time, to persuade companies to reduce their emissions.

## Key risks

Past performance is not a guide to future performance. Do remember that the value of an investment and the income generated from them can fall as well as rise and is not guaranteed, therefore, you may not get back the amount originally invested and potentially risk total loss of capital.

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