Introduction

ShareAction exists to catalyse an investment system that truly serves savers, benefits communities and protects our environment for the long term.

In 2015 we became ten years old. We have attained a maturity and confidence that comes from deep knowledge of the space we work in, an accumulation of testing experiences, and a multitude of strong relationships with people who operate inside and outside the investment system.

Over the past decade we have made immense progress towards our vision. We’ve ensured Responsible Investment is firmly on the agenda of more investors than ever before. Thanks to our work, growing numbers of pension funds, foundations, asset managers and individuals are taking action to transform the investment system into a force for good. We have already begun work to expand our reach overseas, and in the next five year period we want our impact to become truly global.

We know that social and environmental challenges are often a constraint on investment returns, yet too few investors engage with them. We want to change that. We see vast untapped potential for investors to achieve their financial objectives whilst helping to solve the complex global problems that inhibit human wellbeing and development.

This document sets out our ambitions and approach for the period to 2021.
What does responsible investment mean to ShareAction?

Responsible investment takes into account environmental, social and governance (ESG) issues that are material to investment returns. It requires these factors to be integrated into research and investment decisions, and for investors to undertake thoughtful voting of shares and engagement with companies. These activities are fundamental to managing risk and achieving strong investment performance over the long-term.

For institutional investors with responsibility for other people’s money, notably pension funds and asset managers, responsible investment also involves a commitment to transparency and accountability for activities undertaken on behalf of others.

Where pension savers and individual investors have views on the social, environmental and ethical performance of investments made on their behalf, these should be taken into account by fund decision makers, so long as doing so would no risk of significant financial detriment to the fund.
The opportunity we address

Much of the world’s capital flows through the global investment system. Well over a billion of us have a very direct stake in that system because our savings are channelled through it.

Despite this mass participation in the global investment system, the strategies of the world’s largest companies are in practice overseen by just a tiny number of people. Professional investors have enormous influence over the behaviour of companies around the world, but are rarely held accountable for how those decisions impact savers, workers, communities and our shared environment. Indeed, incentives in the system are often perverse when it comes to their effects on problems that need tackling.

If the power of the investment system were harnessed more effectively, it would not only create more wealth for those who entrust their assets to the system but promote sustainable development for all. We believe there is overwhelming potential for mainstream investment to create positive change. Realising this is at the core of ShareAction’s work.
Our vision

Our vision is of an investment system that is a force for good - serving savers and communities, and protecting our environment for the long term.

We want to see institutional investors driven by incentives that help to address, rather than exacerbate, the challenges we face.

We want an investment system that recognises long-term thinking as the best way to guarantee strong, sustainable returns for decades to come.

We have defined success as a world in which;

• Pension savers and individual investors can easily find out how their money is invested; speak to the people managing their assets; and influence the decisions being made on their behalf.

• Fiduciary investors, who invest on behalf of others, are accountable in practice to those whose money they manage.

• Investors actively engage with companies to encourage business models that strictly limit damage to people and places, and ideally bring positive benefits to society and environment.

• It is clear in law that environmental, social and governance factors should be considered by fiduciary investors as part of their duties to beneficiaries.
Our mission

Our mission is to unleash the positive potential in the investment system.

We deliver this mission through three interlinked objectives:

• Building the movement for Responsible Investment
• Reforming the rules, governance and incentives inside the investment system
• Unlocking the potential of investors to solve social and environmental problems
Our theory of change

The interconnectedness of our three objectives is vital to our success.

A dynamic movement of people committed to change, both those working inside and those outside the investment system, is a pre-requisite for progress towards a truly responsible investment system.

Our movement can demand reform in the ways large investors make decisions and account for them. This in turn helps to unlock more enlightened stewardship of underlying companies. ShareAction’s demand for a legal framework that give savers rights to information about where and how their assets are invested is designed to achieve a virtuous circle in which people can see what happens and become more engaged with the workings of the investment system.

All of the above is essential if we are to unlock the immense power vested in the capital markets so that companies operate sustainably and responsibly, delivering goods and services that improve living standards for all whilst helping to address the pressing social and environmental challenges we face.
The story so far

1999  Ethics for USS
After a sustained campaign run by People & Planet, the UK’s largest occupational pension scheme, USS, listens to its members and adopts a Responsible Investment policy.

2005  ShareAction is born
Encouraged by success at USS, civil society organisations sponsor into existence a new organisation to champion Responsible Investment right across the UK’s pensions and investment sector. ShareAction (then called FairPensions) is born.

2006  Industry watchdog
We publish the first ever survey of Responsible Investment performance by large UK pension schemes, examining the existence and transparency of investment policies on environmental, social and governance issues.

2007  Patents vs Patients
In our first shareholder campaign, working with Oxfam, we successfully stop pharmaceutical company Novartis’ legal challenge against the manufacture of generic drugs in India. We mobilise pension savers and institutional investors to put pressure on the company, which subsequently drops its legal case. Shareholder activism helps to protect a key supply of affordable drugs to the developing world.

2010  Holding companies to account on tar sands
We coordinate shareholder resolutions asking BP and Shell to disclose the risks of controversial tar sands projects in Canada. Over 6000 people email their pension fund in support of the resolutions, and an unprecedented number of shareholders vote in favour, sparking sustained engagement with the companies. The campaign is a turning point in the use of ‘pension power’ to effect change.
Bringing the Living Wage to UK Plc

We launch an ambitious new campaign to mobilise shareholders in support of the UK Living Wage, with the goal of seeing all FTSE 100 companies become accredited Living Wage employers. By early 2016, the number stands at 30. Investors representing £1.2trillion support this work.

The march of the #AGMArmy

We train supporters to attend hundreds of AGMs to question boards on executive pay, corporate tax, Arctic drilling, factory farming and more. We win a string of victories following AGM questions; our distinctive model of engaging corporate decision makers secures praise from many quarters for its impact.

Charities Responsible Investment Network

We welcome into our movement foundations that want to align investment practices with their objects and grant-giving. Within three years the network has over 20 foundations who are informed and active responsible investors.

Law Commission on fiduciary duty

The Law Commission recognises our years of work examining and challenging prevailing interpretations of fiduciary duty in the pensions sector, by publishing guidance that draws on our research and confirms that ESG factors and savers’ views can be incorporated into investment decisions.

Green Light for climate-credible pensions

ShareAction’s programme to engage pension funds on the financial risks and opportunities of climate change is focused in 2015 on new resolutions at BP and Shell. These pass by over 98%, resulting in binding obligations on both companies.

Driving industry standards

We publish the first ever ranking of UK auto-enrolment pension providers by Responsible Investment performance.
Building the movement

Everyone has an interest in the investment system and its impacts; and many of us have a direct stake in it through our savings and pension funds.

Our aspiration at ShareAction is that anyone should be able to play a part in changing the investment system for good.

The sheer size of the system makes it essential that we build a broad-based movement. We are proud to have brought together voices from inside the investment system to challenge the culture and assumptions that prevail. We benefit hugely from the wisdom of those in our movement who bring years of experience in investment. Equally, we have shown how non-professional ‘citizen-investors’ can have a transformative influence, agitating the investment system to deliver public benefit.

Right: ShareAction staff wearing shirts reading “Ask me why your pension is dangerous and exciting.”
In the period to 2020 we will strengthen partnerships with like-minded organisations including professional networks in the finance sector, pension fund trustees, philanthropic networks, faith groups, and savers. Finding and supporting those who want to join a dynamic, intelligent movement will help achieve our mission of catalysing a fairer world through the investment system.

Education is vital to our work. ShareAction will continue to deliver training programmes that build the skills, knowledge and relationships needed for success.

Our AGM Army has brought hundreds of citizen savers, some with just one share, to company Annual General Meetings to speak truth to power directly. Addressing company boards face to face with a polite and well researched question is a highly effective way to draw a company’s attention to an issue - as well highlighting it to other shareholders in the company. Over the past three years, AGM questions from individuals and institutions in our movement have resulted in dozens of companies putting in place new policies and making public commitments to raise their game. On the Living Wage, carbon emissions, gender diversity, executive pay, tax transparency and many more issues, the plucky members of our AGM Army have driven change with lasting positive impacts around the world.
Reforming the investment system

At the core of our work is research-led activity aimed at changing the rules, governance and incentives that hold back Responsible Investment by large institutional investors.

We have undertaken influential research and advocacy projects on investors’ fiduciary duties and on governance and accountability mechanisms in the pensions industry. Through this process we have acquired deep knowledge of the investment world, whilst accumulating a range of allies who support our calls for change. We are one of a small number of NGOs with a reputation amongst financial policy makers and regulators for evidence-led submissions and policy recommendations.

One of our aims is to showcase examples of leading practice by large investors. Celebrating and promoting success is essential to encouraging leadership in the next phase of our journey. At the same time, we intend to become more assertive in challenging laggard behaviour. We are developing and will pursue new strategies aimed at transforming the behaviour of lowest quartile pension funds.

From our earliest days, ShareAction has helped to improve Responsible Investment performance by regularly publishing rankings of the standards achieved by the largest investors in the UK. Harnessing the competition between asset management firms in particular has been invaluable in gaining board-level support for stewardship and Responsible Investment.

Our 2015 survey looking at the voting practices of the UK’s 33 largest asset managers found an inconsistency of approach within the industry, with some firms routinely disclosing their voting practices whilst others refuse to do so. Since the publication of the survey at least one asset manager has changed its policy to one of default disclosure.
The financial services sector, not least pensions and asset management firms, invests heavily in lobbying to influence the policy and regulatory environment. We will focus more on exposing the power and resources of this lobby and, at the same time, release popular pressure on financial regulators and policy makers, who have largely been shielded from public scrutiny of their decision making.

Much in our 2014 *Manifesto for Responsible Investment* remains to be achieved. ShareAction will continue to make the case for well-designed regulatory and governance reforms that have emerged from our research in the last five years, and that our movement has yet to win.

We want to analyse incentives for those working in the investment system that undermine sustainable and responsible investment. We aim to understand the metrics and drivers that influence decisions on a day-to-day, quarter-to-quarter basis. This will be vital to understanding how we might shift to an investment system where professionals are rewarded for long-term thinking and responsible behaviour.
Unlocking the potential of investors

ShareAction’s work comes alive for many through the campaigns we run to unlock the potential of the investment system to solve environmental, social and governance problems. We are incredibly proud of the impact we have had and the wins we have chalked up as shareholder activists.

The tools, tactics and relationships we’ve developed over many years enable us to secure substantial change through the investment system.

Ten years into our journey, we are working on an increasing array of topics where the power of investors to make a positive impact is clear to see. We are excited by the opportunities for action on so many fronts and with so many credible partners across the world.

ShareAction works on projects where;

• we see both an investment case and an ethical case for action
• we see potential to catalyse growth in our movement for Responsible Investment
• we see opportunity to leverage deeper reform in the investment system

Our work now fits under three thematic programmes:

• encouraging companies to be good employers
• promoting ethical business practice, transparency and strong corporate governance
• protecting the environment
Encouraging companies to be good employers

Companies’ treatment of their own people, and the well-being of workers in their supply chains, have far-reaching impacts on society. Our investor collaboration on the UK Living Wage has demonstrated the positive influence shareholders can have on boardroom thinking and corporate policies on labour practices. When our work in this area began, just two of the FTSE 100 were Living Wage employers. As of early 2016, 30 are formally accredited and even more apply Living Wage standards. In the next five years we will expand our focus on workplace practices, drawing together the investment case for enlightened human capital management in the global North and South, and mobilising shareholder power to drive up standards across the world, not least in supply chains.

Responsible business practice & corporate governance

Big companies have astonishing influence in the sphere of public policy and law making. ShareAction has a track record of securing shareholder support to promote transparent and ethical business practice in respect of corporate taxation and lobbying. We are proud that oil company Total has updated its charter on lobbying ethics following our representation, and both Shell and BP ceased their memberships of controversial US trade association, ALEC. We will continue to use shareholder activism to promote the highest standards of corporate behaviour on everything from supporting vulnerable and disabled customers, and preventing abuse of market power in the pricing of key vaccines, to protecting human rights and eradicating modern slavery.

Left: A hand-stitched hankie made for Marks & Spencer executives and shareholders by the Craftivist Collective and delivered at the 2015 M&S annual general meeting with our AGM Army.
Protecting our environment

ShareAction’s Green Light campaign for a climate-credible pensions system offers a comprehensive programme with companies and investors to accelerate low carbon transition. We see this as a fundamental component of fiduciary duty in the 21st century, enabling the well-being of today’s savers and tomorrow’s retirees. We will continue to champion the allocation of capital to low carbon and green tech sectors, whilst enabling investors to use their voice, not least using shareholder resolutions, to reduce emissions and impacts in high carbon sectors. In the five years ahead we will expand our environmental work with investors beyond the core issue of climate change.

Right: Individual shareholders outside the 2015 BP annual general meeting promoting the shareholder resolution filed.
Our values

- Generosity
- Integrity
- Independence
- Inclusivity

Our principles

- We are a learning organisation
- We support staff to develop their potential
- We are flexible with the tactics required to deliver our mission
- We engage constructively with the investment industry to bring about change
- Our work is evidence-based
Where we work

ShareAction is based in London, the world’s leading financial centre. In our first ten years, our work focused principally on UK asset managers, pension funds and foundations. The UK has a large private pensions sector – second only to the USA in the total assets under management. The power and influence of the UK as a global centre of investment activity has allowed us to secure results that are valuable not only in the UK but to people, communities and environments across the world.

We have already extended our reach overseas, notably by working with civil society organisations across Europe and with a policy programme that focuses on EU law and regulation. We will continue to expand our activities domestically and internationally in the period to 2020.

In 2014 we began work to establish a Europe-wide network of civil society organisations with a shared interest in Responsible Investment of Europeans’ assets. The network will enable sharing of best practice in shareholder activism and capital markets campaigning, equipping people and organisations across Europe with the skills to drive change through and with the investment system. We will be hosting several conferences for Network members in Europe to enable skill-sharing, the exchange of ideas and to encourage collaboration across the countries of Europe.

Building for the future

ShareAction and its mission have come of age. There has never been more of a need to create transparency and accountability in our global investment system. As an organisation we are ready and eager to accelerate our impact. Over the first period of this strategy, we will prioritise the creation of robust organisational processes and systems, and will invest in our people to create a solid platform for growth.
ShareAction has become the premier organisation to give voice to those who wish to invest their values as well as their assets.

Al Gore
former VP of the USA speaking at ShareAction’s annual guest lecture, 2013

This campaign was a test case for how these campaigns should be run.

Robert Swannell
Marks & Spencer Chairman, 2015

ShareAction’s work on the Living Wage really has driven the issue forward over the last two years. The Living Wage is now a recognised marker of good business practice among UK investors... We are proud to be a part of the investor collaborative for the Living Wage.

Richard Keery
Investment manager
Strathclyde Pension fund, 2015

This idea from ShareAction, in its simplicity, borders on genius as a method of initiating dialogues with decision makers.

John
ShareAction volunteer, 2015