

Climate Change

Our Climate Change programme seeks to accelerate the transition to a low carbon economy through campaigns focused on the banking and fossil fuel sectors, on promoting renewable electricity use, and on highlighting climate risk in pension fund investments. This briefing outlines how you can help out.

What is the Climate Change programme about?

We live in a time of acute climate crisis. 2016 was the hottest year human beings have ever experienced. From the Philippines to Bolivia to Somalia, ecosystems and communities the world over are facing the devastating consequences of a warming planet. In 2017, floods have already pummelled communities in the Democratic Republic of Congo, Colombia and Thailand. Gargantuan fires have caused one of the worst disasters in Chilean history, swallowing entire villages. Millions across Southern Africa are at risk of hunger and malnutrition, following record-breaking droughts. 2017 needs to be a year of decisive action.

If we want to keep the rise of global temperatures well below 2°C—as agreed by international governments at COP21 in Paris—we need to keep over 80% of known fossil fuel reserves in the ground. We have only a few years before keeping temperatures below 1.5°C becomes impossible. The window is also rapidly closing for 2°C. This will require an enormous transformation of the global economy, but also presents a great opportunity for building a sustainable low carbon economy – one that provides sustainable energy, confronts poverty, and delivers well-being to all communities.

Finance is the circulatory system of the global economy: it allocates resources to build the world of tomorrow. To ensure climate safety, finance must flow away from the sources of global warming, and be redirected to activities that can ignite a low-carbon transition. At ShareAction we seek to mobilize this power of the investment system.

Our campaigning work on climate has three strands: banking, oil & gas, and renewable electricity.

The banking campaign

Our banking campaign is focused on getting banks to align their business with the goals of Paris Agreement. Through the financial services they provide, banks support the activities of high-carbon sectors, such as coal, oil and gas. But by shifting capital and increasingly supporting low carbon sectors, banks can play a crucial role in the transition to a safe and just economy.

ShareAction works with big investors like pension funds and asset managers, who own large shareholdings in publicly listed banks. We are engaging with investors to push banks to assess climate risks, offer more low-carbon products and services, and play a greater role in the low-carbon transformation of the global economy. With your support, we can help determine whether banks will delay or drive forward a response to climate change. Come along to the Annual General Meetings of some of the world's largest banks and hold them to account on their climate strategies!

The fossil fuel campaign

Our focus at ShareAction is to change the strategy of the world's largest oil and gas majors like BP and Shell. We're holding the companies – and their shareholders – to account on the need to ensure their business models are not jeopardising a safe

and just future. At this year's AGMs, we'll be urging investors to challenge policies and practices that prevent us from staying well below 2°C of warming: the goal of the Paris Agreement. We have to be clearer than ever, telling the oil majors: it's time to move, or be left behind. Our particular focus will be the companies' remuneration policies: these determine how much executives get paid and what their incentives are. Currently, the top bosses at BP and Shell are incentivised and rewarded for delivering high-carbon strategies that take us far beyond 2°C.

The renewable electricity campaign

Around half of all the world's electricity is used by the companies and brands you see around you every day. What if the private sector committed to renewable electricity? This would transform the energy market and spark the much-needed energy revolution! This realization led to CDP (formerly the Carbon Disclosure Project) and the Climate Group to launch the RE100 initiative in 2014. 89 world's leading companies have committed to 100% renewable electricity – now creating demand for 112 terawatt hours of renewable electricity. This is equivalent to the same amount of power consumed by the United Arab Emirates or the Netherlands every year. What is ShareAction's role in this? We coordinate large investors, such as the UK's largest pension funds, to encourage the world's biggest companies to switch to 100% renewable electricity. We also attend their AGMs – and since 2014, 5 major companies namely AstraZeneca, Aviva, Land Securities, Pearson and British Land, have committed to 100% renewable electricity.

The campaign to embed climate risk awareness in the pensions industry

Each year, the UK's private pension funds manage and invest £3 trillion worth of our retirement savings. What if this money was invested to create change in a way that positively impacts savers, communities and the environment? This campaign was launched to do exactly just this. In collaboration with other NGOs, faith groups and unions, we engage with pension funds to ensure that our retirement savings are invested responsibly. But how do we do that?

Advocacy work at the EU and UK level

We engage with Members of the European Parliament and UK MPs to ensure that the current regulation is in line with the need to integrate environmental, social and governance (ESG) factors into investment decisions. Last year, we

played a key role in the drafting of the new Defined Contribution Code and guidelines – which now explain how pension trustees should take long-term risks and sustainability into account.

Pension Power teams

We support around 20 Pension Power teams which are scattered all around the UK. These engage with their pension fund to ensure that their retirement savings are invested in a way that is in line with their beliefs and values. We aim to secure annual member meetings at every pension scheme we work with at which members can start a conversation about how their retirement savings are invested – and suggest ways to invest their money more responsibly. AGM Activism is a key complement to our Pension Power work. For example, we had been struggling to set a meeting with Legal and General – until one of our AGM Activists attended their AGM and asked what Legal and General did to manage climate risk. Following from this question, she was able to engage directly with the CEO and other senior management people, and Legal and General now meet with their members bi-annually! The more people engage with their pension funds, the greater our chances of effecting change. So if you're interested in taking ownership of your money and turning your retirement savings into a force for good, please email Lauren Peacock at lauren.peacock@shareaction.org.

How do we do this?

AGM Activism

You've just received a kick-ass training on AGM Activism and should now feel ready for the greatest corporate parties of the year! Here's a brief recap of all the information we've thrown at you in case you need to refresh your memory before jumping into AGM season.

Each year, publicly listed companies (the ones traded on stock exchanges) hold a meeting in which the Board of Directors (the people who run the company) have to answer to the company's shareholders (the people and institutions who own the company). This meeting, called an AGM, is a unique opportunity to engage companies on their sustainability and impact.

We own a share in all of the UK's biggest publicly listed companies, and every year our AGM Activists hold the bosses of these companies to account on their management of climate risk.

The best thing about this? It works! Last year, BP decided it was going to drill for oil into the Great Australian Bight – a beautiful open bay spanning the Southern coastline of mainland Australia. This project not only presented significant financial risks for investors but would also have led to the destruction of an area of exceptional marine significance. We teamed up with other organisations to convince BP that this project presented significant financial risks for its shareholders. We wrote an investor briefing on the topic ahead of their AGM and engaged with them at their AGM. The level of shareholder concern was such that CEO Bob Dudley announced that they wouldn't be pursuing this project because "Well, this investment in Australia is not popular today."

Investor engagement

Much of our work focuses on working with some of the world's largest investors, encouraging them to be more responsive to the risks posed by climate change. We coordinate investor statements or letters, where investors publically push companies to adopt particular policies. Our investor letters have successfully helped dozens of companies commit to sourcing all of their energy from renewable electricity. We also organize shareholder resolutions – these are legally-binding proposals that shareholder submit for a vote at a company's AGM. In 2015, we successfully helped file shareholder resolutions at BP and Shell that mandated the companies to disclose their businesses' risks against climate change.

Reports & resources

We publish reports and create resources that clearly explain why and how investors can engage with investee companies to encourage them to embed climate risk into their investment decisions, align their business models with the goals of the Paris Agreement and source their electricity from renewable energy sources.

Events

We often host events and webinars to share our research findings and discuss with other experts in the field and other interested parties – such as our AGM Activists! Join our mailing list to be kept up to date with our upcoming events:
<http://shareaction.org/#join>

Next steps: How can you help?

- Sign up to our mailing list to keep up-to-date with upcoming AGMs and ways to get involved: <http://shareaction.org/#join>
- Go to an AGM (just let Jeanne know when you're free)
- Join one of our webinars
- Join one of our Pension Power teams (just drop Lauren an email)

Disclaimer

ShareAction is not an investment advisor, and does not make any representation regarding the advisability of investing in any particular company or investment fund or vehicle. A decision to invest in any such investment fund or entity should not be made in reliance on any of the statements set forth in the investor briefing. While the organisation has obtained information believed to be reliable, they shall not be liable for any claims or losses of any nature in connection with information contained in such document, including but not limited to, lost profits or punitive or consequential damages.

About ShareAction

ShareAction (Fairshare Educational Foundation) is a registered charity that promotes Responsible Investment practices by pension providers and fund managers. ShareAction believes that Responsible Investment helps to safeguard investments as well as securing environmental and social benefits.

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