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Introduction
What this Strategic Framework Provides

Our Strategic Framework is a forward looking document which sets ShareAction’s (formerly FairPensions) direction of travel for the next five years. In it we explain the values and operating principles that guide what we do and introduce four themes of work which will house campaigns, research projects and educational initiatives.

This Framework sits alongside other documents with complementary functions. At the start of each year the board signs off a 12 month Operational Plan with performance indicators against which the staff team is monitored. In addition, our Theory of Change document explains the methods we use to make an impact on the investment world and sets out evidence and supporting information in favour of the approaches we employ.

The financial crisis of 2008/9 posed a dramatic challenge to the institutional investors whom we scrutinise. Since the crisis, ShareAction has orientated its work to make a strong contribution to proposals for regulatory reform and more robust investment governance. Similarly, we reacted in just a few weeks to the explosion at BP’s Macondo well with a campaign for improved disclosure by pension providers of their monitoring and management of environmental and social risks.

We pride ourselves on being a nimble organisation that can react rapidly and effectively to changes in the external environment. At the same time, we believe in being explicit about our key objectives and our core values.

KEY ACHIEVEMENTS AND LESSONS LEARNED (2006-2010)

<table>
<thead>
<tr>
<th>Our Achievements</th>
<th>The Lessons we have Learned</th>
</tr>
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<tbody>
<tr>
<td>• ShareAction is today positioned as the leading NGO scrutinising and challenging</td>
<td>• Single-issue campaigns that the public relate to and can act on (e.g. Global access</td>
</tr>
<tr>
<td>the investment sector. We are recognised as such by the investment industry,</td>
<td>to medicines, Canadian tar sands, Living Wages) bring responsible investment alive.</td>
</tr>
<tr>
<td>financial media, the union movement, major charities and, increasingly, by</td>
<td>These campaigns are critical to building our power and credibility to secure more ‘systemic’</td>
</tr>
<tr>
<td>Government and regulators.</td>
<td>changes in policy and investor behaviour.</td>
</tr>
<tr>
<td>• Our research and publications have made the responsible investment performance</td>
<td>• Persistence pays. Institutions that seem immovable can be influenced over time.</td>
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<tr>
<td>of major asset managers transparent to the public and have thus made RI an</td>
<td>• Understanding and acting on the self-interest of target institutions is critical to</td>
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<tr>
<td>increasing factor of competition in the investment industry.</td>
<td>success.</td>
</tr>
<tr>
<td>• We co-ordinated the UK’s first environmental shareholder resolutions at BP and</td>
<td>• Our relationships with asset managers who have substantial holdings in companies across</td>
</tr>
<tr>
<td>Shell in 2010. ShareAction’s work on BP and Shell was recognised in the</td>
<td>the globe makes ShareAction a valuable ally for NGOs at home and abroad.</td>
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<tr>
<td>prestigious Charity Awards 2010.</td>
<td>• Voluntary codes of practice see a handful of leaders emerge within the investment</td>
</tr>
<tr>
<td>• We have trialled and tested on-line campaign tools that enable individuals to</td>
<td>industry but leave a long tail of poor performers when it comes to management of</td>
</tr>
<tr>
<td>make direct contact with their own pension provider.</td>
<td>environmental, social and governance (ESG) risk.</td>
</tr>
<tr>
<td>• We are rapidly building a powerful network of supportive investors, NGOs and</td>
<td></td>
</tr>
<tr>
<td>unions inside and now outside the UK.</td>
<td></td>
</tr>
<tr>
<td>• In Spring 2011, we published a groundbreaking report on investors’ fiduciary</td>
<td></td>
</tr>
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<td>obligations.</td>
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ShareAction’s Charitable Purpose

ShareAction is a registered charity whose three charitable purposes are:

1. The promotion of responsible and ethical investment for the public benefit in order to advance: the relief of poverty, protection of the environment, promotion of human rights, sustainable development, and compliance with the law and ethical standards of conduct.

2. To advance the education of the public in the principles and effects of responsible and ethical investment.

3. To undertake and promote research relating to responsible and ethical investment, making the results publicly available.

This five-year Strategic Framework has these core purposes firmly in mind.

ShareAction’s Vision

ShareAction’s vision is that, across the world, companies’ contribution to human and environmental wellbeing will grow year by year, triggered by demand for responsible behaviour from their major global investors and the millions of people whose savings are entrusted to capital markets.

We have defined success as a world in which:

- People see their invested pensions and savings as an arena for the expression of their values. Pension savers and other investors drive demand for responsible standards of conduct throughout the investment chain.
- Pension funds, charities, asset managers and other large collective investment schemes report publicly every year on action taken to secure social and environmental returns as well as sustainable financial returns.
- Companies contribute positively to the human and environmental well-being of the communities in which they operate; their senior executives report on corporate practices which still require improvement as well as action planned to address such practices.
- Regulatory authorities require responsible investment, promoting robust standards for action and reporting by companies and their investors.
- A well-informed civil society/NGO sector subjects companies and their investors to independent scrutiny, maintaining pressure for continuous improvement in the social and environmental impacts of companies.
- Pension savers and retail investors can see where their money is invested, how shareholder votes have been cast, and what action has been taken on their behalf to improve financial, social and environmental sustainability.

DEFINITIONS

- Responsible investment recognises that corporations’ impacts on the environment, workers and communities affects the value of investments in them. It offers an opportunity to improve corporations’ environmental and social impacts whilst protecting the financial performance of investments, including pension savings.
- Responsible investment involves investors using their shareholder power by voting at shareholder meetings and by communicating directly with company senior management.
- Ethical investment, unlike responsible investment, typically focuses on positive or negative screening of companies from an investment portfolio.
- Impact investments aim to solve social or environmental challenges while generating financial profit. Impact investors actively seek to place capital in businesses and funds that place a high premium on measurable social and environmental returns.
About Us, Our Values, Our Assets

ShareAction has a small staff of committed and highly skilled individuals. Overseeing our staff team is a board whose members have expertise in the fields of investment management, regulation of pension providers, labour rights, environmental activism, measuring social return on investment and philanthropy.

Founded in London in 2005, ShareAction (then FairPensions) today has a membership of leading charities, trade unions, faith groups and other organisations. Our member organisations seek, together, to catalyse change at each level of the investment chain.

In the last two years we have attracted significant levels of interest overseas. We are already now working productively with organisations and investors in North America, Continental Europe, Africa and Australia. In 2011 we recruited our first international NGO to join ShareAction. A key objective for the coming five years is to establish a global membership base and to enhance the offer we make both to civil society organisations and institutional investors outside the UK.

ShareAction has a growing number of individual supporters who want to think differently about their savings and are willing to activate their money (not just donate it) to create change. Our individual supporters already include people outside the UK but, as with overseas organisations, we now want to formalise the opportunities we provide to ‘citizen investors’ in other countries whilst continuing to build the size and commitment of our supporter base in the UK.

Our speciality of working with and through large investors and their stakeholders to secure social and environmental change makes ShareAction genuinely distinctive among civil society organisations. This distinctiveness of approach, as well as the expertise and investment industry networks we have developed, is our greatest asset. Over the last five years we have earned a reputation for high quality, high impact research on institutional investors. Our views are now sought and taken seriously by senior policy makers and regulators.

ShareAction acts as a bridge between the world of institutional investment and broader civil society. We seek to facilitate a deeper understanding in each camp of the other’s perspective and priorities, and to foster relationships between major investors and civil society leaders. In particular, we have become ‘the place to go’ for civil society organisations in the UK (and increasingly abroad) who want advice on shareholder resolutions and shareholder activism.

Values and Operating Principles

**PARTICIPATION**

We believe that people taking action individually and collectively is key to unlocking responsible investment. We favour a democratic model of change.

**CONSTRUCTIVE ENGAGEMENT**

We seek to work constructively with the investment industry. We believe this is more likely to bring about positive change than purely ‘outsider’ tactics.

**INDEPENDENCE**

Our financing is fully independent of the investment industry. Whilst seeking the respect of the industry our role is be an objective outsider that can ‘speak truth to power’.

**EVIDENCE-BASED CAMPAIGNING**

Thorough research and conscientious use of data must underpin the case we make for change and our campaigns to achieve it.

**RECIPROCITY**

We believe that generosity with information, know-how, and relationships will be rewarded.
Observations Underpinning Our Work

What companies do and the way they go about their business affects us all. Large, publicly listed companies make significant contributions to society in a host of ways. Nevertheless, ShareAction believes that major listed companies often can and should do more for the communities in which they operate. In law, companies are accountable first and foremost to their owners. For this reason, ShareAction sees owners, particularly pension funds, as key to any systemic and sustained improvement in corporate impacts on society and environment.

At present pension funds and other major investors are not routinely held accountable for negative downstream impacts of the companies they invest in. As a consequence of this accountability deficit at the investor level the retirement savings of millions of citizens sustain a variety of irresponsible corporate practices. Our mission is to change this.

Our work is underpinned by a number of interconnecting beliefs and observations:

1. Companies will respond positively to sustained pressure for responsible behaviour from large shareholders. Conversely, when investors fail to signal that profits should be generated in the context of socially responsible corporate behaviour, company management will tend to focus on short-term profit generation in isolation.

2. A critical mass of mainstream institutional investors must adopt and enact responsible investment policies to produce the sustained shareholder pressure required for meaningful corporate behaviour change.

3. Many pension fund members and retail investors would be unhappy with the lack of attention given to ESG issues if they knew about it. Furthermore, people are unaware of the potential power of their savings and investments to influence corporate behaviour. Savers’ views are not sought by their trustees or asset managers, contributing to this lack of awareness. Consequently popular demand for responsible investment (and impact investment) has, historically, been weak. That lack of demand is not a given but can be overcome.

4. Transparency is a powerful catalyst of change: transparency drives responsible investor behaviour.

5. Conflicts of interest and misalignments of interest are widespread in the investment industry and are not dealt with adequately by existing regulatory structures.
Objectives & Capabilities 2011 - 2016
## Objectives for the Period 2011 - 2016

<table>
<thead>
<tr>
<th>Audience</th>
<th>Objective</th>
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<tbody>
<tr>
<td><strong>INDIVIDUAL</strong></td>
<td><strong>1: BUILD AN ACTIVE MOVEMENT OF CITIZEN INVESTORS</strong></td>
</tr>
<tr>
<td>‘CITIZEN INVESTORS’</td>
<td>We are nurturing a ‘fighting force’ of citizen investors who make use of their financial assets both to challenge irresponsible companies and to invest for positive social and environmental returns. We will continue to provide information and tools that empower individuals to act on their values in the capital markets arena and also secure them a better deal. We aim to <strong>grow our individual supporter base 20% year on year</strong> (2011-2016). We will design and deliver a new programme of <strong>outreach to individual supporters outside the UK</strong>.</td>
</tr>
<tr>
<td><strong>ASSET OWNERS</strong></td>
<td><strong>2: NURTURE A NETWORK OF PROGRESSIVE ASSET OWNERS</strong></td>
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<td></td>
<td>Our historic focus on UK occupational pension funds will broaden to include <strong>diverse asset owners inside and outside the UK</strong> (sovereign wealth funds, faith investors, charitable foundations, and insurers). We will offer <strong>practical support and ideas to progressive asset owners</strong> who want to work collaboratively to make use of their shareholder power and/or see a portion of their capital invested for ‘blended return’.</td>
</tr>
<tr>
<td><strong>ASSET MANAGERS</strong></td>
<td><strong>3: DRIVE UP THE RESPONSIBLE INVESTMENT PERFORMANCE OF ASSET MANAGERS</strong></td>
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<td></td>
<td>We will continue to drive up the responsible investment performance of asset managers using a mix of methods and levers: research and publications (particularly our performance rankings); direct engagement with senior executives; influencing what institutional and retail clients demand and expect; influencing what regulators demand and expect. Until now our rankings have covered UK-based investors exclusively but in response to demand to subject overseas investors to the same public scrutiny, we will now take up opportunities to work with local partners in other markets to <strong>replicate our research and engagement with major investors overseas</strong>.</td>
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4: SHIFT THE BEHAVIOUR AND DECISIONS OF SPECIFIC COMPANIES

In partnership with organisations that have expertise on problematic corporate activities, we will deliver carefully targeted, time-limited shareholder campaigns that result in companies changing what they do. Currently we have internal capacity for just one significant campaign each year. This limits the impact we are able to deliver given our capital markets expertise and global network of relationships with investors. During the period 2011-2016 we will grow our capacity so we can run at least two major campaigns simultaneously and up to three additional smaller campaigning projects each year.

5: INFLUENCE REGULATION IN FAVOUR OF RESPONSIBLE INVESTMENT

We are already active and influential in the UK in advocating enhanced regulatory standards that require transparent, accountable behaviour in capital markets. However the European Commission is increasingly dominant in setting globally relevant standards for investors and companies. During the period 2011-2016 we will expand our work to EU level and, where relevant, to the G20, UN and other international bodies. A major theme will be fiduciary obligation. We want the duties owed by investment industry professionals enhanced to give savers greater protection and to break down the barriers that see fiduciary duty invoked against responsible investment.

6: EDUCATE & ORGANISE CIVIL SOCIETY ORGANISATIONS TO BE CHAMPIONS OF RESPONSIBLE INVESTMENT

Many powerful civil society organisations with progressive values have minimal understanding of the investment industry’s influence on the people and issues they care about. ShareAction will undertake a structured programme of civil society outreach to improve understanding of responsible investment, impact investment and the use of capital markets strategies as a tool for social change. We are already in touch with at least a dozen NGOs and unions outside the UK. A key objective for the period 2011-2016 is to enhance our offer to these organisations and to establish a global membership base.

7: DEVELOP MEDIA PROFILE FOR RESPONSIBLE INVESTMENT CAMPAIGNING

Using both mainstream and social media outlets, ShareAction will raise the profile of capital markets campaigns and the power of investors (both large and small) to shape what companies do. The media is critical to shining a spotlight on corporate malpractice and investor inertia. As our campaigns and investor engagement become more global, so must our outreach to journalists and media outlets.
Capacity to Deliver these Objectives

Securing the change we want to see in the investment world and amongst listed companies calls for a blend of methods and tactics. Our Theory of Change (http://shareaction.org/strategic-framework) provides more detail on many of these.

Key areas of competence required to deliver our ambitious 5-year objectives are as follows:

- Research and Analysis
- Campaign Development and Execution
- Public Policy Advocacy
- Public Education and Civil Society Capacity Building
- Investor and Corporate Engagement/Negotiation
- Coalition building amongst Major Investors and Civil Society Partners
- Media and Communications
- Fundraising
- Finance and Operations (internal)
- Governance

ShareAction already has capacity in all these areas but to achieve our ambitions for the period 2011-2016 we now seek to strengthen our capabilities and capacity in several areas. Additional detail about our needs and plans are outlined on page 29 (Organisational Capacity).
Themes of Work for the Period 2011 - 2016
Overview of Themes

ShareAction’s work in the last three years has begun to fall naturally into a number of coherent thematic areas. This framework gives those areas clearer definition so that individual projects have an obvious home and rationale within our overall work programme.

MAJOR THEMES FOR 2011 - 2016

ENVIRONMENTAL PROTECTION & THE CRISIS OF RESOURCE SCARCITY

Page 18

SOCIAL JUSTICE, HUMAN RIGHTS, HEALTH & WELL-BEING

Page 20

ACCOUNTABILITY & ETHICS OF THE INVESTMENT SECTOR

Page 22

BUILDING THE MOVEMENT FOR RESPONSIBLE INVESTMENT

Page 24

In the following pages, each thematic area is explained and potential projects in each theme are illustrated.

Whilst ShareAction adopts a pro-active approach to project development, we also welcome approaches by potential partner organisations who are working on issues where investor engagement would add value.

As an example of this, in 2007 ShareAction was approached by Oxfam to assist with their Access to Medicines campaign by engaging institutional investors to press Swiss pharmaceuticals company, Novartis, to drop a legal case against the manufacture of generic medicines in India. This investor tactic proved successful, bringing significant pressure to bear on Novartis. Within three months of ShareAction and Oxfam engaging the investment community, Novartis announced a decision to drop its court case in India.
Theme 1: Environmental Protection and the Crisis of Resource Scarcity

BACKGROUND

The crucial role of finance in enhancing or inhibiting environmental integrity is well recognised. As early as 1991 the UN’s Environment Programme launched UNEP-FI to “promote the integration of environmental considerations into all aspects of the financial sector’s operations and services”.

Despite this, institutional investors acting on behalf of millions of savers across the world continue to be major financiers of environmentally destructive projects. Climate change poses a particular challenge. Many of the largest global pension funds and asset owners acknowledge that, as long-term investors, they have a strong interest in preventing rapid rises in global temperatures, but in practice these institutional investors remain heavily invested in fossil fuel extraction and are failing to allocate assets to accelerate the transition to a low carbon global economy.

Examples of our Work to Date in this Thematic Area

RESEARCH

Since the publication in 2009 of ShareAction’s asset manager survey, ‘Preparing for the Storm? UK Fund Managers and the Risks and Opportunities of Climate Change’, we have established a credible voice challenging the inertia of institutional investors.

In 2010 we co-ordinated the UK’s first climate change shareholder resolutions at BP and Shell, forcing both companies to account for actions and plans in the Canadian Oil Sands. The resolutions forced issues arising from oil sands extraction onto the radar screen of the world’s largest investment houses. The 100+ shareholders we brought together to co-file included significant institutional investors.

CAMPAIGNS

In the period leading up to BP and Shell’s AGMs in Spring 2010, over six thousand people used ShareAction’s dedicated web-tools to contact a pension provider urging votes in support of the resolutions. This was the largest mobilisation yet of ‘pension fund people power’, creating a strong precedent for further grassroots participation in the investment universe on this and other topics.

PUBLIC EDUCATION AND MOBILISATION

Through 2009-11, we have been a leading player in pressing the UK government for mandatory carbon emissions disclosure by listed companies. In addition, following BP’s Gulf of Mexico disaster, we mobilised our individual supporters to press the UK’s Pension Minister for robust pension fund disclosure requirements on their management of social and environmental risk. Both these projects remain live in mid 2011.

PUBLIC POLICY ADVOCACY
Developing and Strengthening this Theme (2011-2016)

We will continue to advance this theme using all of the above strategies. Indeed, we would welcome employing these strategies on new topics to extend the range of our environmental impact:

- the protection of biodiversity
- chemical pollution
- waste management
- energy efficiency
- water use
- forest stewardship
- environmental standards in mining and other high impact industries.

In the meantime we will maintain focus on areas where we have established a strong reputation as well as effective networks amongst investors and in civil society.

FRONTIER OIL

We are in close contact and act informally as an advisor to a global group of asset owners who are concerned about both operational risks and longer-term environmental impacts of frontier oil projects including tar sands and arctic drilling.

CORPORATE AND INVESTOR REPORTING REQUIREMENTS

Both at UK and EU level we will continue to work with sympathetic parliamentarians and expert NGOs to secure stronger official guidance and law requiring transparency and more effective management of environmental risk. Corporate carbon emissions will be a particular focus. We are developing strong links with accountants (ACCA; KPMG) who are experts in non-financial reporting.

ENVIRONMENTAL IMPACT INVESTING

Building on dialogue and interaction with players in the newly emerging field of Impact investing, ShareAction now seeks to play a part in encouraging flows of capital from institutional asset owners, high net worth individuals and retail investors into investment opportunities which are designed to deliver positive environmental results as well as financial return.
Examples of our Work to Date in this Thematic Area

ACCESS TO MEDICINES

Our first single-issue campaign in 2007 was a successful joint project with Oxfam engaging investors in the City to challenge Novartis on patents in India.

IMPACTS OF MINING

In 2008 we worked with CAFOD to raise investor awareness of mining operations which damage communities in the developing world, particularly those run by junior local partners of Western multinationals.

LIVING WAGES

In 2011, we are co-ordinating an ambitious campaign to press FTSE 100 companies to adopt Living Wage standards across UK operations. This involves:

- an international asset owner collaboration;
- on-line mobilisation of supporters to contact FTSE 100s;
- attendance and questions at the AGMs of FTSE 100s;
- dialogue with major holders of FTSE 100 shares and with senior executives of FTSE 100s.

For fuller details visit: www.shareaction.org/justpay

HUMAN RIGHTS AND THE TELECOMMUNICATIONS INDUSTRY

In 2011, ShareAction is working with ACCESS, a US-based NGO which supports human-rights and pro-democracy activists who depend on internet and phone networks. We are advising ACCESS on their engagement with Vodafone and co-writing an investor briefing to raise awareness amongst major institutional investors of the human rights challenges in the global telecoms industry.

BACKGROUND

The origins of ethical investment campaigning lie in this thematic area with seminal campaigns challenging companies trading with apartheid South Africa and exposing sweatshop conditions in the supply chains of multinationals. Polling reveals that issues such as child labour remain hugely resonant with the public.

The scope of issues under this theme is large and growing: bribery, land rights, health and safety, tax justice, obesity, food scarcity and inflation, marketing to children, migrants’ rights, living wages, indigenous people’s rights, equal pay and many more.

Companies’ social impacts have strong political resonance around the world. We anticipate that high-profile campaigns under this theme will help build political support for responsible investment at UK and EU level. As such, our projects under this theme will complement our work to improve the legal and regulatory environment for responsible investment.
Developing and Strengthening this Theme (2011-2016)

Below are areas where future work is already in development or where discussions are taking place with UK and overseas partners to explore potential projects.

2012 OLYMPICS & LIVING WAGES

The Olympic Development Authority made an early pledge to make 2012 the world’s first ‘Living Wage Olympics’. From late 2011, we will tie our Living Wage campaign into the London Olympics given the large number of FTSE 100 companies who are corporate sponsors of the Games (but not yet Living Wage employers).

HUMAN TRAFFICKING

The 2012 Olympics Games in London will also provide a timely opportunity to engage major investors in the struggle against human trafficking. An estimated 800,000 people are trafficked annually across international borders for the purpose of enforced labour. Sectors that will profit from the Games - clothing, food and beverage, travel and tourism, and retail - are amongst those where human trafficking is a particular problem. US investors who are taking a lead on human trafficking have invited ShareAction to pick up the issue with major European investors.

TAX JUSTICE

The 2008 financial crisis forced tax havens and aggressive corporate tax planning up the international agenda. However, the key problems remain unresolved to the detriment of vital public services in poor countries. In 2011, we have provided advice to two large international development NGOs (ActionAid and Christian Aid) on how to bring proposals for change to the attention of institutional investors. Further work on this topic is now in preparation.

EXECUTIVE REMUNERATION & PAY DISPARITY

Our work on low pay has established us as an authoritative new voice on remuneration. The huge disquiet amongst shareholders, politicians and the public about excessive executive remuneration and the widening pay gap, coupled with the inability (or unwillingness) of asset managers to challenge the trend, creates an opportunity for a more popular campaign of shareholder activism to address the problem. This would certainly require a broad coalition of partners. At the time of writing we are in discussion with several large UK and overseas players about the potential to undertake a focused initiative on this subject.

FOOD SECURITY

Price rises and price spikes in staple food commodities create opportunities for short-term profits for speculators but put serious pressure on the living standards of poor households across the world. The rapid growth of commodities as an asset class amongst major pension funds poses urgent questions which ShareAction is exploring in conjunction with international development NGOs.

CHILDREN’S RIGHTS & WELL-BEING

From the persistence of child labour in multi-national supply chains to sophisticated on-line marketing techniques targeting young consumers, the ethics of big business remains an enduring concern in relation to children’s well-being. ShareAction monitors this field and is building links with expert academics and organisations with a view to a future stream of work tackling known abuses through the use of shareholder power.
Theme 3: Accountability and Ethics of the Investment Sector

BACKGROUND

We are committed to channelling a significant part of our resources to influencing the embedded policies and practices of institutional investors with a view to making responsible investment mainstream and ensuring that pension providers and commercial investors operate with integrity towards their members and customers. To be successful in this area, we need a sophisticated analysis of the barriers to change and the sources of resistance. This theme is both more research orientated than the other three and more concerned with public policy and the regulatory frameworks that govern the investment industry.

Examples of our Work to Date in this Thematic Area

RESEARCH

Since 2007, ShareAction has undertaken an annual survey of investment industry participants and published rankings of their performance on responsible investment. For asset managers in particular, our rankings have made responsible investment a factor of competition between firms, and this has led many to allocate greater resources to environmental, social and governance analysis and to engagement with companies.

INVESTOR ENGAGEMENT

ShareAction has developed productive relationships with individuals in asset management firms and large occupational pension funds. We regularly present to boards of trustees of pension schemes. More recently, we are working closely with endowed foundations and faith investors in the UK and overseas. All of these relationships are invaluable for single-issue campaigns when we need to persuade investors to adopt a particular course of action.

POLICY ADVOCACY

In Spring 2011, ShareAction published a groundbreaking report on fiduciary obligation, analysing the extent to which prevailing interpretations of fiduciary obligation present a barrier to responsible and ethical investment. The report explores the divergent fortunes of savers and their financial intermediaries, making recommendations for trustees, asset managers, investment consultants, and regulators. It has given us a clear focus for activity in the regulatory sphere for at least two years.

PUBLIC CONSULTATIONS

Post the financial crisis, we have submitted over 25 written responses to public consultations on corporate and investor governance. These can be found at [www.shareaction.org/policy#Consultations](http://www.shareaction.org/policy#Consultations)
Developing and Strengthening this Theme (2011-2016)

Below are areas where future work is already in development or where discussions are taking place with UK and overseas partners to explore potential projects.

FIDUCIARY OBLIGATION

Our 2011 report, ‘Protecting Our Best Interests: Rediscovering Fiduciary Obligation’ has been well received and widely acknowledged as a major contribution to the field, not only in the UK but in North America. Nevertheless, if we are to be successful in securing adoption of our recommendations, much work is now needed to build a broad, vocal base of support behind them. We have mapped out a structured programme of activity through 2012 to build this support, not least amongst legal experts, and to engage the wide range of decision makers to whom the recommendations are directed.

COMMERCIAL PENSION PROVIDERS

Our 2011 survey on retail pension providers will take account of whether insurance companies and other commercial providers are treating customers fairly, listening to the views and preferences of savers, as well as operating as responsible shareholders with regard to the companies held in their portfolios.

BREAKING DOWN BARRIERS TO IMPACT INVESTING

Unduly narrow interpretations of fiduciary obligation are an important barrier to attracting capital from pension providers and mainstream investment institutions into the emerging impact investing space. Public polling and evidence from other countries (for example Les Fonds Solidaires in France) suggests that a significant proportion of the population would like to see a portion of their retirement assets and other savings in investments designed to deliver a blend of social, environmental and finance return. ShareAction now seeks to work with key players in the impact investment world to break down both conceptual and practical barriers to realising that possibility.
Theme 4: Building the Movement For Responsible Investment

BACKGROUND

The history of ethically motivated shareholder action has seen small numbers of pioneering individuals and NGOs working alongside values-based institutional investors to hold accountable corporate power. This blend of individual and institutional activism is a strong combination that ShareAction intends to support and encourage into the future. More recently, it is clear that significant appetite exists for investment opportunities which deliver a true blend of social, environmental and financial returns.

This theme is about capacity building. It recognises that the latent power of ordinary savers, faith investors, philanthropists and civil society networks to transform the global investment industry into a force for good will only be realised with a strategic and co-ordinated approach that is appropriately resourced.

Examples of our Work to Date in this Thematic Area

DIGITAL CAMPAIGNS

ShareAction maintains a strong focus on empowering individuals to press their pension provider for responsible investment, typically in relation to single-issue campaigns. The numbers of people taking action is growing with each fresh campaign but levels of activity remain relatively modest with much room still to build a truly popular movement. In 2010, just over 6,000 people used ShareAction’s email tool to urge votes in favour of the BP/Shell resolutions.

ACTIVIST TRAINING & AWARENESS RAISING

In Spring 2011, ShareAction ran a training day for individuals who want to ask questions at corporate AGMs. Attendees thoroughly enjoyed the event which has led to a strong level of follow up activity by trainees – see www.shareaction.org/justpay/agms. ShareAction’s staff are frequently invited to speak at civil society conferences though which we identify new supporters and build awareness of responsible investment.

ACTIVATE YOUR MONEY: BEYOND PENSIONS

In 2011, for the first time, we have invited individuals to communicate with other financial services companies than their pension provider. Our www.activateyourmoney.org web tool invites action by customers of banks, insurance companies and mortgage providers. In addition, we are now working closely with institutional investors outside the pension sphere including philanthropists, faith investors and SRI fund managers. We are finding these values-based investors increasingly open and interested in ShareAction’s mission.

INVESTOR COALITION BUILDING

In 2010, ShareAction successfully brought together over 100 institutional and individual shareholders to co-file resolutions at BP and Shell on tar sands. We have provided on-going advice since Spring 2010 to a network of US based institutional investors with a particular interest in BP’s management of operational and environmental risks. In 2011, we coordinated a collaborative investor engagement project (with investors holding over £13bn in assets) on Living Wages in the FTSE 100.
Developing and Strengthening this Theme (2011-2016)

Below are areas where future work is already in development or where discussions are taking place with UK and overseas partners to explore potential projects.

PENSIONS AUTO-ENROLMENT

2012 will see pensions auto-enrolment begin in the UK. 5-7 million additional working people will start saving for retirement through the capital markets. Most will be low paid workers; a high proportion will be women. Auto-enrolment creates a new impetus to ensure that UK pension provision is accountable and transparent to members whilst pro-actively encouraging investee companies to operate in a socially sustainable manner. We are talking to major UK unions about the implications for their members and the need to ensure pension providers who benefit from auto-enrolment act in the best interests of savers.

One of our key assets is the database of pension providers and asset managers which underpins our web-tools. This began with UK providers but now includes hundreds of overseas pension schemes. We will continue to expand and update this database, and ensure it is regularly used for different campaigns and in different areas of the world by ‘citizen investors’ who want to engage the institutions which take care of their savings and pensions.

With several notable exceptions the philanthropic world has been slow to engage with responsible investment techniques and with impact investing. For example, a relatively small number of foundations and faith investors are signatories to the Principles for Responsible Investment. Ethical investing (screening) is more common amongst these investors and awareness of the effectiveness and advantages of responsible investment is growing quickly. We are already working with a growing global network of philanthropists and faith investors on specific campaign issues (human trafficking, frontier oil, living wages) but now seek to build capacity in a more sustained and structured way. Discussions are underway with a number of foundations to examine how this might best be achieved.

ShareAction’s membership base of civil society organisations grows year on year in the UK and, for the first time in 2011, now includes overseas organisations. We will continue to provide these players with expert advice on how to engage the investment community in an effective way and introduce capital markets strategies to their campaigning repertoire. NGOs working for social and environmental justice, as well as unions, have millions of supporters and members around the world. Activating a tiny proportion of that global base on a sustained basis could catalyse a significant shift in the expectations and culture of the professional investment industry. We now intend to build systematically on the relationships and good reputation we have earned to create a global network of civil society institutions who are mobilised to drive responsible investment into the mainstream of the investment industry.
Evaluation, Capacity & Resources
Measuring Success

ShareAction prepares an Operational Plan each financial year, which is reviewed and signed off by the board. Every project in the plan (there are 15 in 2011) has performance indicators that allow board and staff to monitor progress. This is the core mechanism by which ShareAction sets goals and evaluates its success as an organisation.

In addition, for major projects/campaigns we provide partner organisations and funders with a set of measurable objectives against which success can be monitored. See example in box below.

The organisational objectives to 2016 outlined on pages 12-13 lend themselves to both qualitative and quantitative indicators. A paper on Indicators of Success will be presented to member organisations at ShareAction’s 2011 Annual General Meeting.

ShareAction’s method of working through investors to secure positive change in corporate behaviour presents challenges for demonstrating the causal relationship between our work and what companies ultimately do. We are focused on this challenge and are working towards better ways of demonstrating and pinpointing the value we add.

As an organisation we are committed to being both accountable and transparent about our impact and the level of success we achieve. Not only is this consistent with what we demand of the investment industry but we believe that organisations that develop and demonstrate a culture of accountability inspire strong external support and, ultimately, are more effective as a result. Our model of work is highly dependent on engaging other players (government; business; non-profits; investors) with our mission and campaigns.

Towards the end of the upcoming five year period we hope to identify an academic department to undertake an independent evaluation of our work which assesses our effectiveness in influencing major investors and companies.

2011 LIVING WAGE CAMPAIGN

In 2011 ShareAction is undertaking an ambitious shareholder campaign to encourage adoption of Living Wage standards across the UK operations of FTSE 100 companies. We have given our partners and funders a set of clear targets for this campaign as follows:

- Mobilisation of 10,000+ individuals to email a financial services firm or pension provider.
- At least 1000 low paid workers working for FTSE 100 companies secure higher wages as a result of the campaign.
- ShareAction supports campaign partners and individuals to speak at 15 FTSE 100 AGMs.
- At least 10 FTSE companies commit to the campaign’s core demand by mid 2012.
- 5 UK and 5 overseas institutional investors in FTSE 100 companies support the campaign by directly engaging with FTSE 100 board members on the subject of the campaign’s demands.
- 100 politicians (MPs and local councillors) sign up in support of the campaign by mid 2012.
Organisational Capacity

ShareAction is a small NGO with an ambitious mission. The Theory of Change we operate is inspired by Crutchfield and McLeod Grant’s 2007 book, ‘Forces for Good: The Six Practices of High Impact Non-Profits’. The following excerpt from the book summarises how ShareAction aspires to operate:

“The secret to success lies in how great organizations mobilize every sector of society -- government, business, nonprofits, and the public -- to be a force for good. In other words, greatness has more to do with how nonprofits work outside the boundaries of their organizations than how they manage their own internal operations..... Great organizations work with and through others to create more impact than they could ever achieve alone.”

Success in delivering our objectives depends on the quality of our staff and board (www.shareaction.org/team) and our effectiveness in leveraging the networks, members and resources of other, bigger players. In its first five years, ShareAction has made a very real impact inside and outside the UK despite having only a maximum of 5 full-time staff members during that time. We now need to grow our team to take advantage of opportunities and offers being made to us, particularly overseas.

An analysis of our existing capacity when set against the objectives to 2016 on page 12-13 has led us to identify the following key gaps:

**RESEARCH**

Until now, our Director of Engagement has overseen our published surveys and analysis of major investors. Meanwhile, issue-based research (e.g. on corporate tax arrangements or frontier oil) has often been undertaken by volunteers. This is not sustainable, particularly as we aim to expand the scope of our research and analysis to cover overseas investors. The organisation now needs a dedicated research team.

**DIGITAL CAMPAIGNING AND OUTREACH**

Our use of on-line campaigning tools is an existing strength but the potential to build a truly popular movement of citizen investors remains unrealised both in the UK and overseas. We want to strengthen our campaigns team by bringing in people with a strong grasp of digital campaigning techniques and technologies.

**PUBLIC POLICY AND REGULATION**

The financial crisis created a new raft of opportunities to reshape the regulatory framework for finance. We have greatly strengthened our competence and output in this area and are now recognised as a leading voice and expert on investment governance in the UK. We have one full-time team member who is already working at full capacity in covering the UK. If we are to expand the scope of our work on public policy and regulation to the EU and other international institutions, we will need to grow this team also.

**CIVIL SOCIETY OUTREACH**

Currently, civil society outreach is undertaken by varied staff members, not least the CEO. Whilst it will always be important for the CEO to put considerable time into our partnerships with civil society organisations and their leaders, additional dedicated capacity would allow us to secure more from existing member organisations whilst reaching out in a systematic way to overseas organisations who support our vision. Whether at home or outside the UK, civil society organisations need our sustained support and attention if we are to get the most from their knowledge and networks.
Resourcing the Journey

Our principal sources of funding to date have been:

- campaign and project grants (35%)
- general purposes grants from foundations and trusts (50%)
- membership fees (5%)
- donations from the public (10%)

Of these four sources, the last three give us broad discretion to allocate funds according to our organisational priorities. We have been fortunate in securing a high proportion of unrestricted income and will work to maintain that balance going forward.

As our work becomes increasingly global in scope through to 2016, we anticipate securing funds from overseas member organisations, individual donors and grant givers. By 2016, we envisage a significant proportion of our income will come from sources outside the UK.

Looking ahead through the period covered by this Strategic Framework (2011-2016) we hope to secure a mix of general purposes funders, funders of one or more of our four thematic areas, and project funders.

To find out more about any of the themes or projects outlined here, for further information about ShareAction’s budget and finances, or to enquire about supporting ShareAction financially, please contact Catherine Howarth, ShareAction’s CEO:

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