Annual Impact Report 2023

Harnessing the power of responsible investment to serve our planet and its people

ShareAction»

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About ShareAction

ShareAction is an NGO working globally to define the highest standards for responsible investment and drive change until these standards are adopted worldwide. We mobilise investors to take action to improve labour standards, tackle climate change, protect the natural world and address pressing global health issues. For nearly 20 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. Our vision is a world where the financial system serves our planet and its people.

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Fairshare Educational Foundation (t/a ShareAction) is a company limited by guarantee registered in England and Wales number 05013662 (registered address Runway East, 2 Whitechapel Road, London, E1 1EW), UK and a registered charity number 1117244, VAT registration number GB 211 1469 53.

Why we're here

Our Vision:
A world where the financial system serves our planet and its people.

Our Mission:
To define the highest standards for responsible investment and to drive change until these standards are adopted worldwide.

Our strategic 10-year goals

Goal 1:
Major financial institutions take responsibility for their impacts on people and planet

Goal 2:
Investors and companies they invest in act within safe ecological limits

Goal 3:
Investors and companies they invest in sustain fair, just and healthy societies

Goal 4:
The investment system is diverse and inclusive at all levels

Our thematic focus areas

Tackling climate change

Protecting our natural world

Fair treatment of workers

Shaping healthier societies

How we work

We're experts.
We set ambitious standards for truly responsible investment, rooted in rigorous research and in-depth analysis.

We're conveners.
We bring together powerful institutional investors and people impacted by the issues to collectively push companies to improve their practices.

We're reformers.
We advocate for changes to financial regulation in the UK and the EU that will protect people's best interests and encourage a race to the top, not a scramble to the bottom.

Our core values – **independence**, **courage**, **persistence**, **respect** and **inclusivity** – underpin everything we do.

ShareAction»

> *"We're fortunate at ShareAction to have a wonderfully talented and committed staff team, backed by passionate supporters, generous funders and wise trustees."*

Overview

From our Chief Executive, Catherine Howarth OBE

We're living in record-breaking times. Globally, 2023 was the hottest year on record whilst biodiversity is declining faster than at any point in human history.

As the cost-of-living crisis persisted, health inequalities widened and many low-paid workers in precarious employment faced severe hardships. Decisions made in the financial sector influence all these challenges both for better and for worse. Throughout 2023, ShareAction has been hard at work to spotlight the role and responsibility of finance, and to activate its immense power to benefit people and planet.

2023 was an exceptionally busy year for the organisation as we expanded in size and launched an ambitious new three-year strategy designed to ensure we deliver more stronger results than ever.

We cemented our mission to raise ambition across the global investment community by issuing a sector-leading new definition of responsible investment in July (see page 12). To bring the new definition to life, we launched a series of rigorous guidance documents that support major investment organisations to adopt highly ambitious practices. This year we'll publicly evaluate the world's largest investors against the detailed standards that derive from our new definition of responsible investment. I'm extremely proud of my colleagues' work to analyse financial institutions and drive up standards. It doesn't happen without imagination, extensive research and deep expertise.

In 2023, we supported people in our movement to attend more company AGMs than ever before, asking pertinent questions and making well-evidenced proposals to boards of directors to shift their companies' impact on workers and public health, carbon emissions and vulnerable species. This distinctive form of activism continues to make a huge impact, not least because many of those we support to attend AGMs are personally affected by the issues. Our inspiring network of volunteer activists motivate all the staff at ShareAction to go the extra mile. We proudly put people at the heart of our approach, for example by enabling individuals to co-file a shareholder resolution challenging the world's largest coal mining company, Glencore. Meanwhile, our policy teams in London and Brussels worked hard to push for regulatory guardrails to drive good practice and protect people's best interests.

We're fortunate at ShareAction to have a wonderfully talented and committed staff team, backed by passionate supporters, generous funders and wise trustees. I'm grateful to our many allies – the powerful investors in our campaigning coalitions, the members of our formal networks, policy makers, academics, NGOs and people who live day to day with the challenging realities of the issues that we work on. All these people and organisations help ShareAction achieve a collective impact that we could never make happen on our own. My heartfelt thanks to all of you for your role in building a world where the finance system sustains and supports our planet and its people.

I'm excited about what we will achieve together in the year ahead.

Catherine Howarth, CEO

Raising standards for truly responsible investment

At ShareAction we believe passionately that the financial sector can catalyse positive change, by adopting a more responsible approach to investing that has people's best interests at its core. Underpinning everything we do, our specialist research provides an independent, transparent picture of how powerful financial institutions – such as asset management firms, banks and insurance companies – can define social and environmental goals and measure their performance against them. We set out practical recommendations, whilst working within the constraints of financial guidance and legislation, for how they can improve and engage with them to drive adoption.

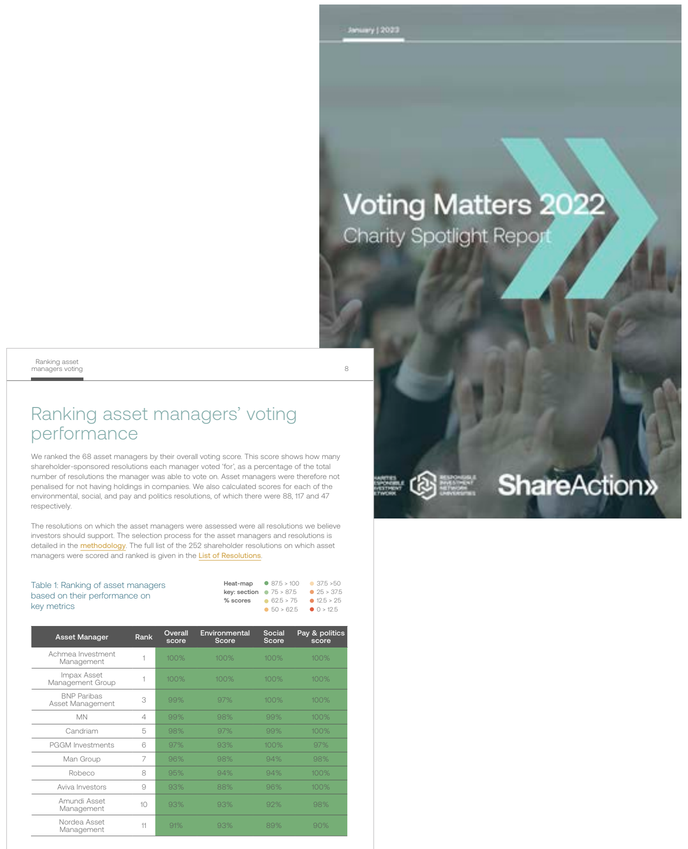
Expert research and thought leadership to drive accountability and raise standards

Our reports and investor briefings are highly regarded by the finance community. They form the evidence base for our experts to engage with executives and push for action to tackle problems caused by unsustainable, exploitative business models.

23,000 downloads of our research and analysis for investors and policy makers

68 bilateral calls or meetings with investors to push for change

>> In January 2023, we published our annual Voting Matters analysis examining how 68 major asset managers used their shareholder rights to address social and environmental crises. This was the fourth edition, covering voting on 252 shareholder resolutions. It revealed which asset managers fell short of responsible investment standards, providing insight for ShareAction and our allies and investors to challenge the sector to do better. It also highlighted how policy makers could raise the bar, with legislation to boost proxy voting transparency and accountability for asset managers whose voting behaviour is at odds with their sustainability claims.



How Voting Matters was used in 2023:

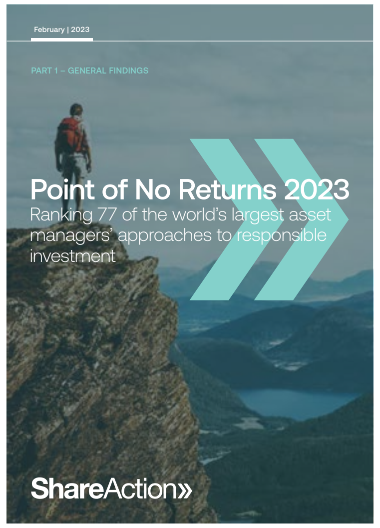
>> Investors leveraged the insights to address the voting trends of the asset managers they work with.

>> One investor discontinued use of funds from specific managers that ranked poorly.

>> Universities across the UK were encouraged to use the insights to engage with their asset managers and challenge their voting records.

>> Our Point of No Returns benchmark, published in February 2023, ranked the responsible investment approaches of the world's 77 largest asset managers. Culminating months of painstaking research this sector leading publication assessed progress since our 2020 report, with detailed insights on climate, biodiversity, social issues, stewardship and governance.

We sent tailored, specific recommendations to each asset manager on how to improve their performance. Over 80 per cent of asset managers engaged with our team to verify the data and we met with executives at more than half of the companies to present the findings, share examples of leading practice and encourage uptake of the recommendations. Of the 38 asset managers which requested individual follow-up calls, at least 20 said they found the benchmark useful, that it helped to influence change in their organisation, or that senior management are watching their performance. We know that asset managers refer to their ranking in our table in their sustainability reports and when speaking at public events. Also clients of asset managers use the benchmark to assess performance.



Asset managers making changes to adopt responsible standards:

>> 17 have proven climate competency at board level

>> 26 with fit for purpose reporting on the Taskforce on Climate-related Financial Disclosures

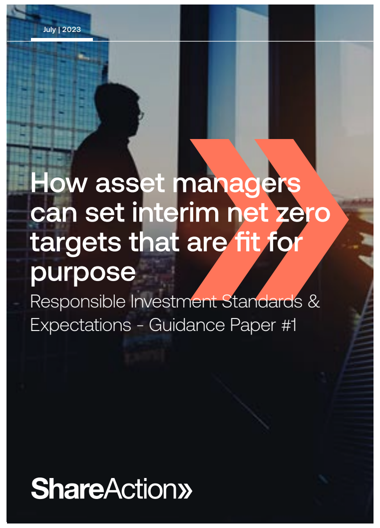
>> 51 have a general responsible investment policy that includes social issues for all portfolios under management

>> 34 have a general biodiversity policy that covers all portfolios under management

>> 39 with net-zero commitments supported by robust interim five-year targets

>> 66 with evidence of forceful stewardship on net-zero supported by robust escalation strategies

>> 13 with net-zero aligned fossil fuel policies



"Responsible investment is falling short. It needs an urgent reboot if we're to address the interlocking environmental and social crises besetting our world."
Catherine Howarth, ShareAction CEO

>> In July 2023, we launched an ambitious new definition of responsible investment, challenging the sector to take impacts on people and planet as seriously as financial risk and return. To bring this to life, our experts are working with a range of NGOs and industry professionals to develop Responsible Investment Standards and Expectations (RISE) guidance papers on specific topics that will span responsible investing themes, asset classes and practices. The **first guide** focused on how asset managers can drive climate action by setting meaningful interim net zero targets. The **second paper** addressed how investors can use their stewardship role to influence companies to improve, through a range of escalation tactics. The guides have been well received by the investment community. We're already seeing progress with the adoption of our new definition; within a month of its launch a £1bn+ foundation confirmed that it was planning to integrate the definition into their business model, and another charity was working on ways they can move their endowment to a responsible mandate.

Our new responsible investment definition:

>> Responsible investment is a transparent approach, embedded throughout the investment process, that takes the negative and positive impacts on people and planet as seriously as financial risk and return.

Reforming the rules to create the conditions for responsible investment

Having the right legal and policy frameworks in place is critical to ensuring the finance sector operates in the best interests of society, and driving the urgent action we need to tackle the climate crisis and protect nature. ShareAction's policy teams engage with the UK Government and EU institutions to advocate for legislative changes that support and enable responsible investment practices.

Improving EU initiatives for the finance sector

>> Our significant advocacy efforts on the new EU Corporate Sustainability Due Diligence Directive culminated in December when EU decision-makers decided to keep the financial sector in the legislation. We had campaigned for this for nearly three years, overcoming fierce lobbying against this from the financial sector. We actively engaged with MEPs across political groups, and supported over 30 charities and investor allies with advocacy and media work. This collective action demonstrated significant support for including the financial sector in the new Directive, and equipped MEPs with compelling arguments to advocate for its inclusion. During final negotiations, our strong position contributed to having financial institutions falling under the application of the Directive and having to put into effect a Paris-aligned transition plan, despite strong resistance from some EU member states.

>> We worked with our European Responsible Investment Network of more than 20 European NGOs on a joint EU sustainable finance manifesto for the June 2024 European elections. We have been busy discussing these recommendations and meeting with policy makers in Brussels, including the Cabinet of Commissioner Mairead McGuinness, who is responsible for financial regulation in the EU, as well as many key officials working on financial regulation and sustainable finance.

Above: Professor Oliver Hart, Nobel Prize Laureate, delivers the keynote speech at our responsible investment lecture in London, October 2023

"The conventional wisdom is that pension and other asset managers should act on behalf of their beneficiaries by maximising risk-adjusted financial return, or shareholder value; this view is flawed."
Professor Oliver Hart, Nobel Prize Laureate

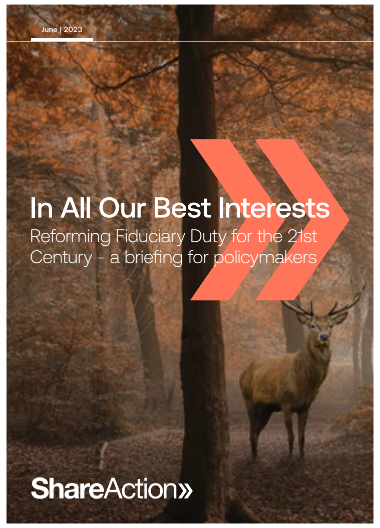
Rethinking UK pension rules

>> Our long-running campaign to ensure that UK pensions are invested responsibly went up a gear in 2023. We published a position paper, **In All Our Best Interests**, calling for statutory redefinition of trustees' fiduciary duties, specifically around how to interpret the duty to act "in the best interests" of pension savers.

>> We engaged a range of expert and influential stakeholders to build support for fiduciary duty reform, including co-hosting a roundtable with Aviva for academics, investors and charities. We were delighted to host Nobel Prize winning economist Professor Oliver Hart for the 2023 ShareAction responsible investment lecture. Professor Hart argued for a rethink of pension law to a packed audience including senior government and regulatory officials, members of the investment industry and civil society.

>> We worked with other experts to make the case to the Department for Work and Pensions for fiduciary duty reform. In response to its call for evidence, we developed a joint briefing with Aviva and the Impact Investing Institute.

This year, we also advised the Environmental, Social and Governance (ESG) Advisory Committee for the Financial Conduct Authority on their role in stewardship and worked with the Competition and Markets Authority to ensure that their updated guidance covers investor collaborations on sustainability initiatives.



Supporting charities and universities to invest responsibly

CHARITIES RESPONSIBLE INVESTMENT NETWORK

RESPONSIBLE INVESTMENT NETWORK UNIVERSITIES

We host two networks – the Charities Responsible Investment Network (CRIN) and the Responsible Investment Network – Universities (RINU) – that share knowledge, enable a community of practice, and work together to champion responsible investment that benefits society. This year our work has included:

Education and thought leadership

We delivered bespoke research to develop skills and knowledge as responsible investors, including a brief on greenwashing and the responsible investment landscape. We supported members to explore big picture issues and to bring their concerns, challenges and hopes to the wider sector.

Financial service provider engagement

We supported members to engage with investment managers and other service providers by providing one-on-one and tailored support to our network members. We also held meetings with six members to discuss collaborative engagements with two asset managers.

Company engagement

We supported members to engage with and influence companies on a range of issues. We gave members the opportunity to support shareholder resolutions, as well as engage their asset managers on key company resolutions.

Policy and advocacy

We offered members opportunities to influence policy makers and advisors on standard setting, including the Financial Conduct Authority consultation on vote reporting where two members inputted.

What members said about working with ShareAction:

"CRIN is like having an extra staff member!"

"Working with you all and the shareholder engagement work has been a massive highlight."

Helping the public to take action

Everybody has a role to play in transforming the finance sector so that it genuinely serves the interests of people and planet. At ShareAction we offer a range of ways for people who share our vision to take action with us.

5,500
actions by our supporters

640
supporters gave us feedback on our approach to campaigns

In 2023:

>> We asked what our supporters are interested in and what motivates them. Using these insights, we created a range of educational content to lift the lid on the workings of the financial system. We shared easy-to-grasp, digestible information designed to resonate with people's lives, so they can use the power of their pound to make informed decisions about where their money goes.

>> We also attracted hundreds of new supporters. Between them, they took more than 5,500 actions, included supporting our campaign to demand Barclays stop financing fossil fuels. We worked especially closely with 61 members of the public who took part in our AGM activism programme with staff and other important allies. We supported them to become shareholders in major companies so they could attend AGMs and directly challenge directors to do better on issues from climate action to workers' rights. This kind of shareholder activism opens the door for ShareAction experts to continue discussions with company leaders to drive momentum after the AGM.

>> We also improved our understanding of what British people care about with a YouGov poll of 2,000 adults. This highlighted the public's concerns for how their capital is invested, and how the majority want to see financial institutions invest in line with social and environmental outcomes. We have used these insights to reinforce our calls for change.

Below: Richard Murphy, ShareAction AGM activist, attending Glencore's AGM in Switzerland in May 2023. We supported Richard and 68 others to challenge its thermal coal production plans.

Speaking truth to power:
ShareAction staff, supporters and allies, including members of our investor coalitions and union representatives, challenged the boards of companies to address major concerns. We attended **99** AGMs to ask **119** questions to board members. **23** of these were outside the UK, in Europe and the US.

What our supporters said about co-filing a shareholder resolution against mining company Glencore to challenge its thermal coal production plans:

"I believe that business has a huge role to play in addressing the global challenge we're facing," **Eliza Preston, a psychotherapist**

"Glencore, like any large company involved in energy supplies, has an over-arching public duty to show how it is taking seriously the existential threat to humanity of the climate crisis."
Guy Johnson, retired GP

"The resolution has the opportunity to make real material change globally. It also encourages others to push companies hard to make strong carbon commitments and deliver on those commitments."
Richard Murphy, Actuary

"I think it is essential that all large corporations should be seriously Paris aligned. If not, they take unacceptable risks with shareholder capital, as regulation will get tighter and tighter. The resolution is a forceful public reminder to management."
Jonathan Seagrave, a long-term small investor

Tackling climate change

The urgent need to decarbonise our economies could not be clearer. Around the world, communities are losing loved ones, homes and livelihoods due to intensifying droughts, floods and heatwaves.

At ShareAction we work to make sure that financial institutions, through their investment and lending decisions, drive action to accelerate the transition to a net-zero future – and stop financing activities that worsen the climate crisis.

Challenging banks to stop financing new fossil fuel extraction

Since the Paris Agreement entered into force in 2016, with the target to limit the global temperature increase to 1.5C, the world's 60 largest banks have together provided $5.5 trillion in finance to fossil fuel companies. This has to stop.

In 2023, alongside asset managers, asset owners, charities, retail investors and representatives from communities affected by huge gas plants and pipelines, we stepped up pressure to demand that Europe's largest banks cease financing polluting activities and redirect capital into low-carbon alternatives.

Above: In January 2023 ITV News share our findings that banks are investing billions in new oil and gas.

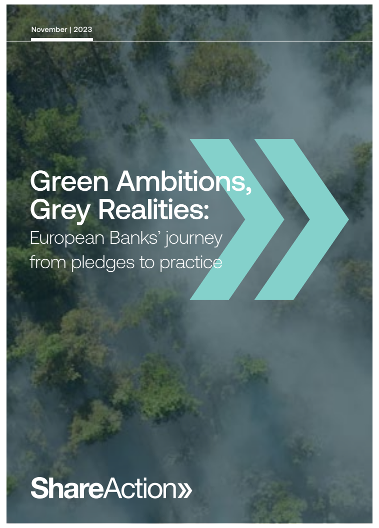
> "Europe's Top 20 Banks Need to be **Clearer, Cleaner** and **Greener.**"
>
> ShareAction, November 2023

In 2023 we:

>> Joined forces to persuade French bank BNP Paribas to strengthen its oil and gas policy. We coordinated 25 investors with $1.4 trillion assets under management to write to the bank demanding it stop directly financing new oil and gas fields. We were pleased that in May BNP Paribas announced new commitments, including financing restrictions, and will no longer directly finance new oil and gas fields. Whilst this is a great start, we continue to push for improvements so that the bank's climate policies fully align with the Paris Agreement.

>> Held banks to account for reporting their full climate impact. When we found out banks were lobbying to water down new industry standards set by the Partnership for Carbon Accounting Financials (PCAF), we argued for a more comprehensive approach. Our work was widely covered by the investment press, including Bloomberg, the Financial Times and Reuters, pushing for banks to take full responsibility for their climate impact. The PCAF eventually recommended banks to report one third of their impact and we'll therefore continue to push banks to report fully.

>> Launched major new analysis of how Europe's biggest banks provide and facilitate finance for low-carbon transition and green industries, finding that green finance targets and reporting risk misleading customers and investors. Our banking team is using this evidence to engage banks on how they can step up to power the net-zero future we need.



ShareAction assessed how the 20 largest listed European banks – including those headquartered in the EU, the UK, Norway, and Switzerland – set green finance targets and report on green financing.

>> Achieved a victory at Barclays, Europe's biggest funder of fossil fuels. Following a long campaign, we welcomed the bank's announcement in February that it will no longer directly finance new oil sands exploration, production or processing. Barclays committed to restricting finance to companies that generate more than 10 per cent of revenues from these activities, however, it is still prepared to finance companies that own and operate oil sands pipelines. While a step in the right direction, we continue to engage with Barclays to close the loopholes and improve its wider climate commitments.

February:
We facilitated **27 investors worth $1.4 trillion in assets under management** to write to Barclays, asking the bank to stop financing new oil and gas fields.

May:
We asked four questions at Barclays' AGM, including a question on behalf of investors, expressing concern about its continued support for oil and gas companies with expansion plans and its impact on local communities.

October:
Over **4,500 people supported our campaign** to demand Barclays stop financing new fossil fuel projects.

Pushing for action to decarbonise the petrochemicals sector

Chemicals are used in 95 per cent of manufactured products, from clothing to shampoo[1]. The petrochemicals sector is the world's largest industrial energy consumer and responsible for 6.3 per cent of greenhouse gas emissions. To put this in context, it's more than the combined global emissions of international and domestic aviation (1.8 per cent), international shipping (1.85 per cent), and cement production (2.6 per cent).[2]

42 investors in our chemicals working group, representing **$8.3 trillion** assets under management.

Shifting the chemicals sector away from fossil fuels is crucial if we're to achieve a net-zero future. But it's complex. Our experts analyse the technical barriers and present practical pathways to decarbonisation that investors can use to push for action.

In 2023 we:

>> Targeted 13 major European chemicals companies to raise ambition and adopt credible transition plans aligned with limiting warming to 1.5C. Together they are responsible for nearly 125 million tonnes of CO2 emissions, which is the equivalent to 33.5 coal-fired power plants.

>> Provided investors with the evidence and arguments they need to engage and challenge companies. These include an investor assessment tool for European chemical companies, technical research, company assessments and briefings. Investors who are part of ShareAction's collaborative investor initiative are now far more knowledgeable about companies' climate performance and are able to pose challenging questions and engage on highly technical issues. Companies frequently comment on investors' knowledge and confidence.

>> Drove several companies to take positive action to reduce their emissions. As a result of our work, several companies have taken positive steps towards reducing their emissions. See infographic on next page.

>> Shone a light on poor performance. Several investors supported our recommendation to vote against the re-election of the chair of a chemical company with a poor climate record. This generated a great deal of interest in local press and was very effective at highlighting the company's approach to climate.

>> Built momentum for further progress. Investors are committed to push companies further. We have built trusting relationships with strategically significant investors, including some of the largest asset managers in Europe, and company engagement leads in the Climate Action 100+ initiative.

6 Companies have set Scope 3 targets[3]
BASF, Solvay, Lanxess, Evonik, LyondellBasell and Yara

2 Companies have made 100% renewable energy commitments
Covestro and Evonik

1 Company has made a commitment to transition to 100% non-fossil feedstocks
Covestro

Several companies are piloting new electrifed processes and taking 100% non-fossil products to market
e.g. Yara International Clean Ammonia in 2023

"Working together with ShareAction enables us to combine technical knowledge and expertise on decarbonisation whilst tackling the bigger picture issues such as governance and strengthening both company climate-related financial disclosures and transition plans."
Claire Berthier, CEO, Trusteam Finance

Supporting people on the climate frontline to speak out

Bekah Hinojosa

Christopher Basaldú

Oliveria Montès Lazcanos

"I think people in the UK need to be made aware that European banks – Barclays, Credit Suisse and others – are bankrolling climate disasters." **Bekah Hinojosa, Anti-fracking organiser**

The climate crisis affects everyone. But people who live close to areas being exploited for fossil fuels are on the frontline. Indigenous activists in the US and Mexico are campaigning against large-scale gas fracking projects in their communities – projects which are funded by major European banks that say they are committed to tackling climate change.

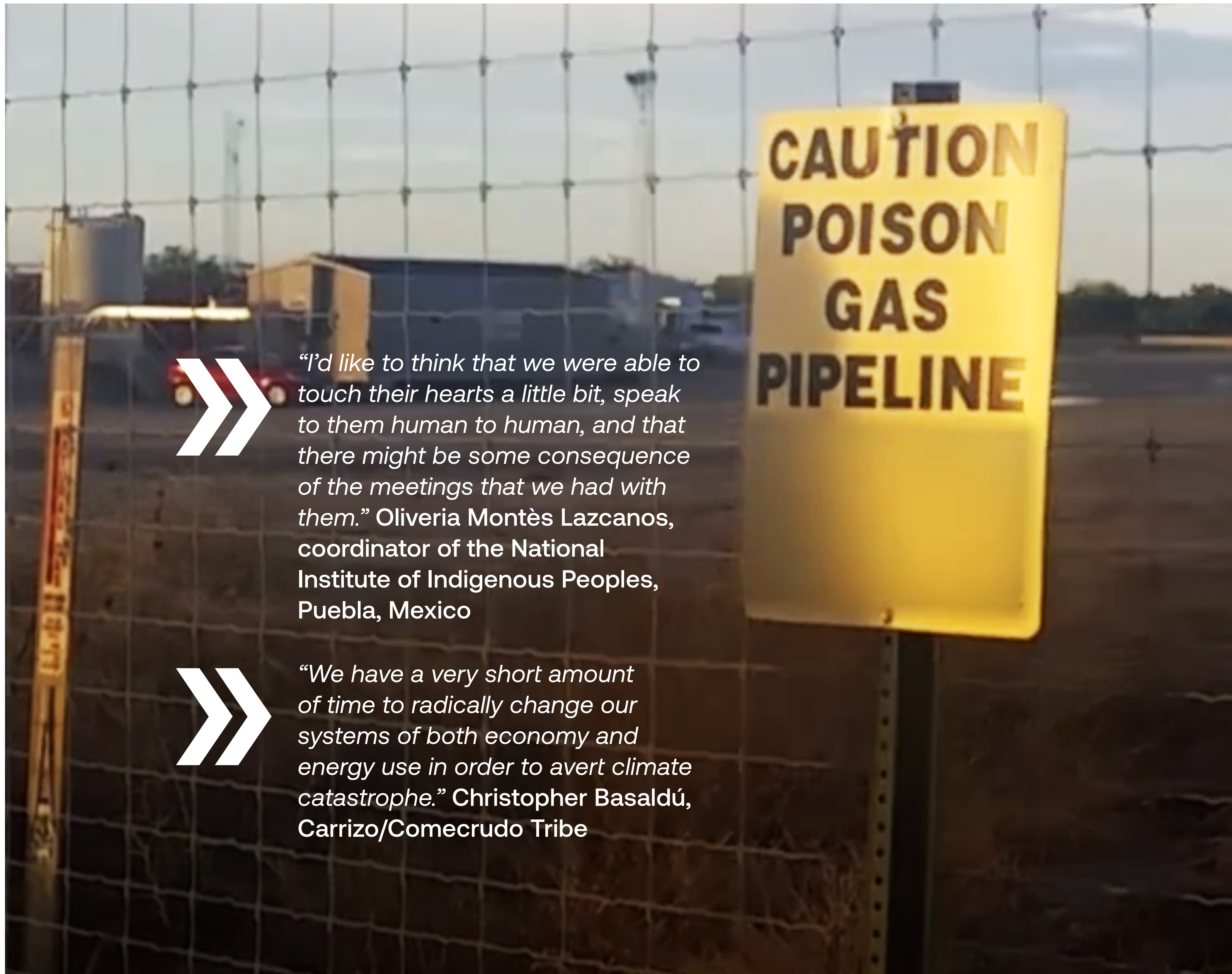
We helped three activists to make their voices heard by decision makers in the UK. We supported Bekah Hinojosa and Christopher Basaldú, from Texas in the US, and Oliveria Montès Lazcanos, from Huauchinango Puebla in Mexico, to meet senior representatives from HSBC, Barclays and Credit Suisse. The banks have policies that require them to consult and respect the rights of communities before approving funding for new projects.

Bekah, Christopher and Oliveria told bank representatives about the harmful effects fracking is having on their communities, and asked them to stop financing the projects. They described how industrial air pollution can lead to health problems, and how water contamination threatens the livelihoods of people who depend on fishing and shrimping. They warned that sacred Indigenous sites and homes could be destroyed to make way for gas pipelines.

We also organised for the activists to meet parliamentarians in Westminster to challenge the UK's double standards: there is a moratorium on fracking in the UK, yet UK companies are allowed to support fracking in other countries.

The activists also connected with anti-fracking campaigners in Preston, Lancashire, and were supported by another NGO to meet bank executives in France and Switzerland. This collaborative effort, centred on people who can share powerful personal experiences, helped to ensure decision makers in banks are aware of the human impact of their financing choices.

Opposite: Indigenous activists and ShareAction staff come together to call out the banks that are funding fracking projects



"I'd like to think that we were able to touch their hearts a little bit, speak to them human to human, and that there might be some consequence of the meetings that we had with them." **Oliveria Montès Lazcanos, coordinator of the National Institute of Indigenous Peoples, Puebla, Mexico**

"We have a very short amount of time to radically change our systems of both economy and energy use in order to avert climate catastrophe." **Christopher Basaldú, Carrizo/Comecrudo Tribe**

Protecting the natural world

Our ability to thrive depends on a world rich in biodiversity – that is the variety of animals, plants, fungi and micro-organisms around us and how they work together. Animals and plants provide humans with the building blocks for life, from fresh water to food and medicines. Plants also improve the physical environment: cleaning the air and limiting rising temperatures.

However, human activity is leading to a rapid decline in biodiversity – through climate change, pollution, the intensification of agriculture and industrial growth. Protecting nature and reversing biodiversity loss requires urgent action by governments, companies and individuals. The financial sector's role in driving change can't be underestimated.

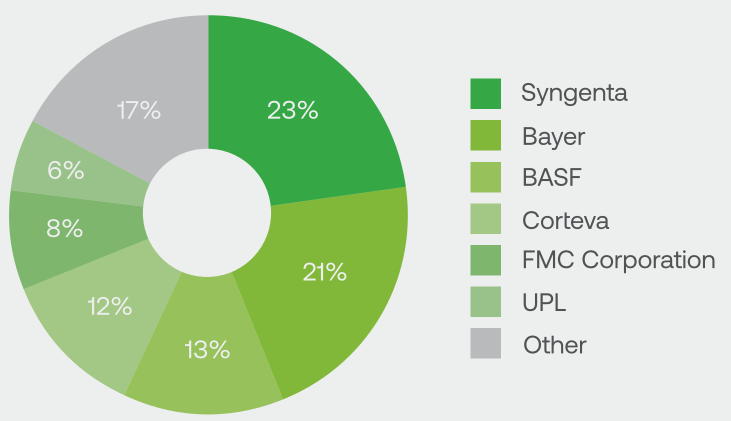
Campaigning for a more sustainable approach to pest control

Our food system is hooked on toxic synthetic pesticides that are a major contributor to global biodiversity loss. It doesn't have to be this way. ShareAction is campaigning for a phase-out of harmful synthetic pesticides and an increase in equally effective and more sustainable approaches to agriculture and pest control, such as agroecology and precision technologies. If scaled up properly, these can allow us to produce enough food for a growing population while reducing impacts on nature.

90 members have accessed our Biodiversity Investor Hub, launched this in 2023

Pesticide manufacturers and their investors must drive this transition. In 2023, we targeted six companies which command 80 per cent of the pesticides market, urging them to take immediate action.

Six companies dominate the pesticides industry



This year we:

>> Built investors' knowledge and understanding to make them powerful advocates for change. Our expert researchers provided specialist briefings to support investors to have in-depth conversations and to push for change. This included working with large institutional investors who are particularly well positioned to influence companies.

>> Published original analysis assessing the performance of pesticide companies in safeguarding the environment. Our March 2023 report A Growing Problem set out how the companies aligned with existing and emerging standards for addressing biodiversity loss – and recommended actions that investors should demand. The report was developed in consultation with scientists, farmers, academics and specialist NGOs. We have already seen three investors use this research in their engagement activities with the companies they steward.

"We appreciate very much your research on the topic, which is instrumental in meeting several key pillars of our biodiversity roadmap."
Feedback from investor

Above: Eve Gleeson, ShareAction Biodiversity Research Manager at the European Business & Nature Summit in Italy, October 2023

>> Challenged pesticides company boards and executives at their AGMs. We attended five AGMs to ask company leadership to commit to phase out the production of harmful synthetic pesticides and to reduce their impacts on biodiversity through a robust strategy.

Driving policy change

It is critical that legislation sets out robust rules that all companies must adhere to. In December 2022 we saw a welcome step forward when world leaders adopted the Kunming-Montreal Global Biodiversity Framework, a global commitment to protect nature. ShareAction campaigns for policy changes to ensure meaningful implementation of this deal at a national level, and works to ensure the finance sector plays its part.

"We've gone organic, which means we've cut out a lot of the pesticides, fertilisers, and soluble fertilisers. Over time we've seen the effect of that on our soils in terms of their productivity, their health, building carbon in the soils and the biodiversity on the farm."
David Finlay, farmer, whose farm is independently audited as being carbon negative

This year we:

>> Responded to the UK Environmental Audit Committee's inquiry into nature and green finance. We argued that it should be mandatory for companies and financial institutions to report their impact on nature against a framework set out by the Taskforce on Nature-related Financial Disclosures. And we recommended what types of business activity could be officially counted as 'green', in order to benefit from incentives.

>> Briefed policy makers on how the pesticides sector and farming could be reformed, to reduce the decline in pollinators and other wildlife and to protect ecosystems.

>> Scoped the growing market for biodiversity offsetting and credits. Biodiversity offsets are conservation activities designed to compensate for losses to biodiversity caused by development elsewhere. We're keeping a watchful eye on this expanding market, to ensure that new schemes such as 'biodiversity net gain' requirements in the UK planning system are credible and provide genuine benefit.[4]

>> Collaborated with others to maximise impact. We coordinated with other NGOs to ensure our policy demands aligned, drawing on a wealth of knowledge and expertise to maximise our collective ability to push for positive actions.

Joining with farmers and scientists to drive forward innovative solutions to reduce reliance on pesticides

The pesticides industry tells us that growing food depends on using their products. Yet there is a huge movement of people and organisations, from farmers to scientists, who want to tackle pesticide-related biodiversity loss and who champion more sustainable approaches to agriculture and pest control. In 2023 our biodiversity team collaborated with experts in food production, pesticide use, and conservation, to ensure our research and campaigning are anchored in their experience.

Our researchers spoke to more than 20 pesticide experts to ensure we had a strong understanding of the risks these products present to biodiversity and what steps pesticide companies should take to address their role in nature loss.

>> We organised a series of seven webinars with global experts on food production to share insights and guidance for investors. The programme concluded with a Scottish fourth-generation dairy farmer and the CEO of a Kenyan enterprise that supports women smallholders discussing 'Investing in Land Use Solutions and Farmer-led Innovations'. The speakers explored agricultural transformation and alternatives to pesticides that safeguard biodiversity and prioritise farmer agency and welfare.

Fair treatment of workers

Creating a fair and healthy society hinges on addressing income inequality and in-work poverty. Unfortunately, the prevalence of insecure work is on the rise. Millions of people worldwide work for less than they can live on. In the UK, Black and ethnic minority young adults are **47 per cent more likely** to have a zero-hours contract than their White peers.

We're working with investors to demand that the biggest companies make substantial changes to their employment practices to ensure that everyone has access to decent work.

Demanding better jobs with better pay

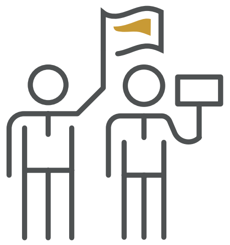
In 2023 we worked with investors to shift the dial on low pay. Together, we asked companies to pay the real Living Wage to both directly employed and regular third-party contracted staff, and to promote secure work through guaranteed working hours.

Our Good Work programme coordinates a **group of 47 investors with £4.6 trillion assets under management** who share our vision and support our engagement with listed companies.

We have now coordinated engagement with all members of the FTSE100 and over 50 of the FTSE250 – the biggest companies on the London Stock Exchange. Since ShareAction began campaigning on the issue, half of FTSE100 companies now pay the Living Wage, up from just two in 2003, resulting in pay rises for millions of workers.

In 2023 we:

>> Engaged with 49 companies on low-pay and insecure work, encouraging improvements to drive up employment standards.



>> Following our engagement with Sainsbury's, we welcomed its commitment to pay security guards the real Living Wage. This uplift will give more than 1,000 workers a pay boost. We had been calling for this since 2022, when the company committed to paying all directly employed workers the real Living Wage. While this gave some 19,000 staff a pay rise, it left out cleaners and other low paid third-party workers.

>> Supported nine Deliveroo riders to attend Deliveroo's AGM to make a powerful personal argument for action on wages, contracts and safety at work, along with the Independent Workers' Union of Great Britain (IWGB).

>> Built connections between workers and shareholders in companies. We worked with IWGB and Unite the Union to create spaces where investors can hear directly from workers about the issues affecting their working lives.

>> Improved the investment policies of leading asset managers. We supported investors in our Good Work coalition, such as Aviva Investors, HSBC Asset Management and Legal & General Investment Management, to include references to the Living Wage and insecure work in their investment policies.

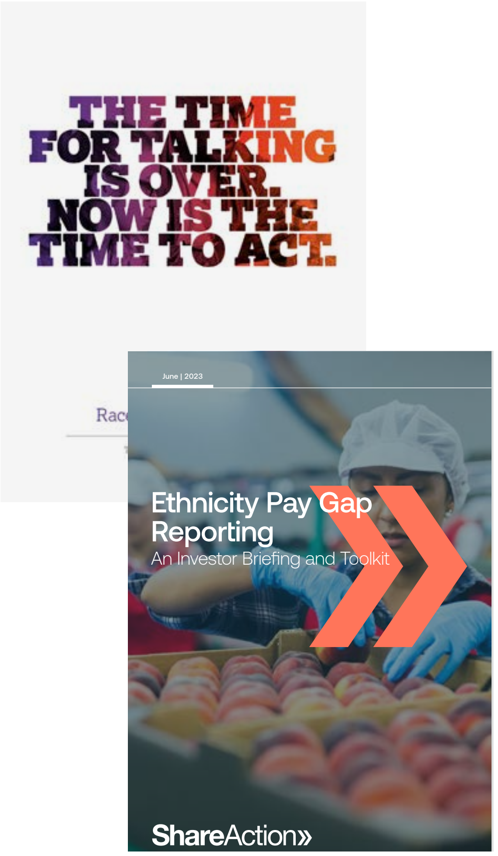
Opposite: Workers come together to demand change at the Deliveroo AGM in London, May 2023

Pushing for greater transparency to tackle racial inequality

The likelihood that Black and ethnic minority workers will earn less and be more affected by insecure work than their White peers is startling. It's not just unfair and unethical, it also makes no economic sense. An independent Government review found that "if Black and minority ethnic talent is fully utilised, the economy could receive a £24 billion boost" each year.

"Asking companies at their AGMs to collect and publish data on their ethnicity pay gap should deliver the transparency that will promote action and an end to the iniquity of differential pay by race that companies have turned a blind eye to for far too long."
Kohinoor Choudhury, Senior Campaigns Officer at ShareAction

We have joined the movement to demand the reporting of the ethnicity pay gap and we believe that tackling racial inequality in the workplace starts with transparency. We called on companies to voluntarily report their ethnicity pay gap, as part of a wider campaign to pressure the government to introduce mandatory reporting on this issue for all companies who employ over 250 employees. We're also working with companies who are already reporting their ethnicity pay gap to improve their disclosures.



In 2023 we:

>> Worked with 24 investors with £2.7 trillion in assets under management who support our ambitions for improved transparency. These investors signed letters to individual companies on ethnicity pay gap reporting, and several attended engagement meetings with companies. Many also signed a letter to the Financial Conduct Authority in response to a consultation to request it includes ethnicity pay gap reporting in its proposals on disclosures.

>> Demanded action at 33 AGMs. We targeted 17 FTSE100 financial sector companies and 16 FTSE350 food products and services companies. Investors, supporters and ShareAction staff asked boards to commit to ethnicity pay gap reporting, or, for those who already report, to improve their disclosures.

>> Published an investor toolkit and briefing on ethnicity pay gap reporting. We're delighted that the GMB union will be using our toolkit to engage workers on ethnicity pay gap reporting with their employers.

Above: Stakeholders gather for a roundtable on the Case for Mandatory Ethnicity Pay Gap reporting, in London, July 2023

>> Called for legislation to make it mandatory for large companies to report ethnicity pay gaps. In September, in partnership with the Runnymede Trust, we published a policy brief setting out the need for action. We held a roundtable at the House of Commons, attended by investors, policy makers and other stakeholders including Aviva, Scottish Widows, Pizza Express and the Chartered Institute of Personnel and Development. We were also one of a handful of charities invited to comment on the government guidelines on voluntary reporting published in April.

Five companies have directly reported their ethnicity pay gap for the first time as a result of our engagement. They are St James's Place Wealth Management, Hargreaves Lansdown, Phoenix Group, London Stock Exchange Group and Admiral Group. NatWest is disaggregating its data according to broad ethnicity categories, and a further five companies have committed to reporting their ethnicity pay gap in 2024.

We targeted **17 FTSE100 financial sector companies** and **16 FTSE350 food products and services companies**.

Speaking truth to power at the Deliveroo AGM

Deliveroo has consistently failed in its responsibilities to support its workers. In 2023, with the cost-of-living-crisis and increasingly challenging working conditions, it was time for their board to hear directly from those most affected.

In May, with the Independent Workers' Union of Great Britain, we supported nine Deliveroo riders to attend the company's AGM to challenge leadership on pay and the job insecurity created by their 'independent worker' status. Among them was Ian Morrison, who has seen no improvements to pay or working conditions since he joined Deliveroo more than five years ago.

"I'm going to confront the company that's been exploiting me for profit for years. £2.90 for a single delivery is a joke. As a full-time Deliveroo courier I was barely scraping a living and my mental health was seriously affected. We risk our lives on the road, and the pay and protections we get in return are insulting. I want to hold Deliveroo to account, correct the false narrative that riders are treated fairly, and expose the grim reality of our situation." **Ian Morrison, Deliveroo rider**

Riders asked the Deliveroo board why their bumper profits are not used to increase wages in line with inflation, whether they understand the mental health issues affecting their drivers, and how they would feel if they lived with the threat that their job could be taken from them at any minute, without warning.

We enabled the riders to make it clear to Deliveroo and to shareholders that more protections need to be put in place for workers, both because it is the right thing to do and because Deliveroo's current business model poses a risk to investors. If the company fails to act decisively to better protect its staff, then they can expect to see greater pressure from shareholders in the future. We'll continue to engage with Deliveroo and escalate our efforts where necessary.

Increasing accountability and transparency with the Workforce Disclosure Initiative

Since 2016 our Workforce Disclosure Initiative (WDI) team have worked with investors to set the benchmark for meaningful disclosures from the world's largest companies on fundamental workforce issues, such as human rights due diligence.

In 2023, as well as analysing company data to produce its sixth annual report on workplace trends, the WDI team championed a more responsible approach at key industry events. These included speaking at Responsible Investment Europe, the ESG Investor Stewardship summit, and a discussion on just transition hosted in Boston by WDI investor signatory MFS Investment Management.

The team also campaigned for higher global ambition, co-ordinating investors to call on the International Sustainability Standards Board (ISSB) to set the reporting baseline for investors to be able to understand and take meaningful action on labour and human rights abuses. The ISSB, whose standards are used or referenced by regulators around the world, is now actively engaging with the WDI on this issue.

WDi
Workforce Disclosure Initiative

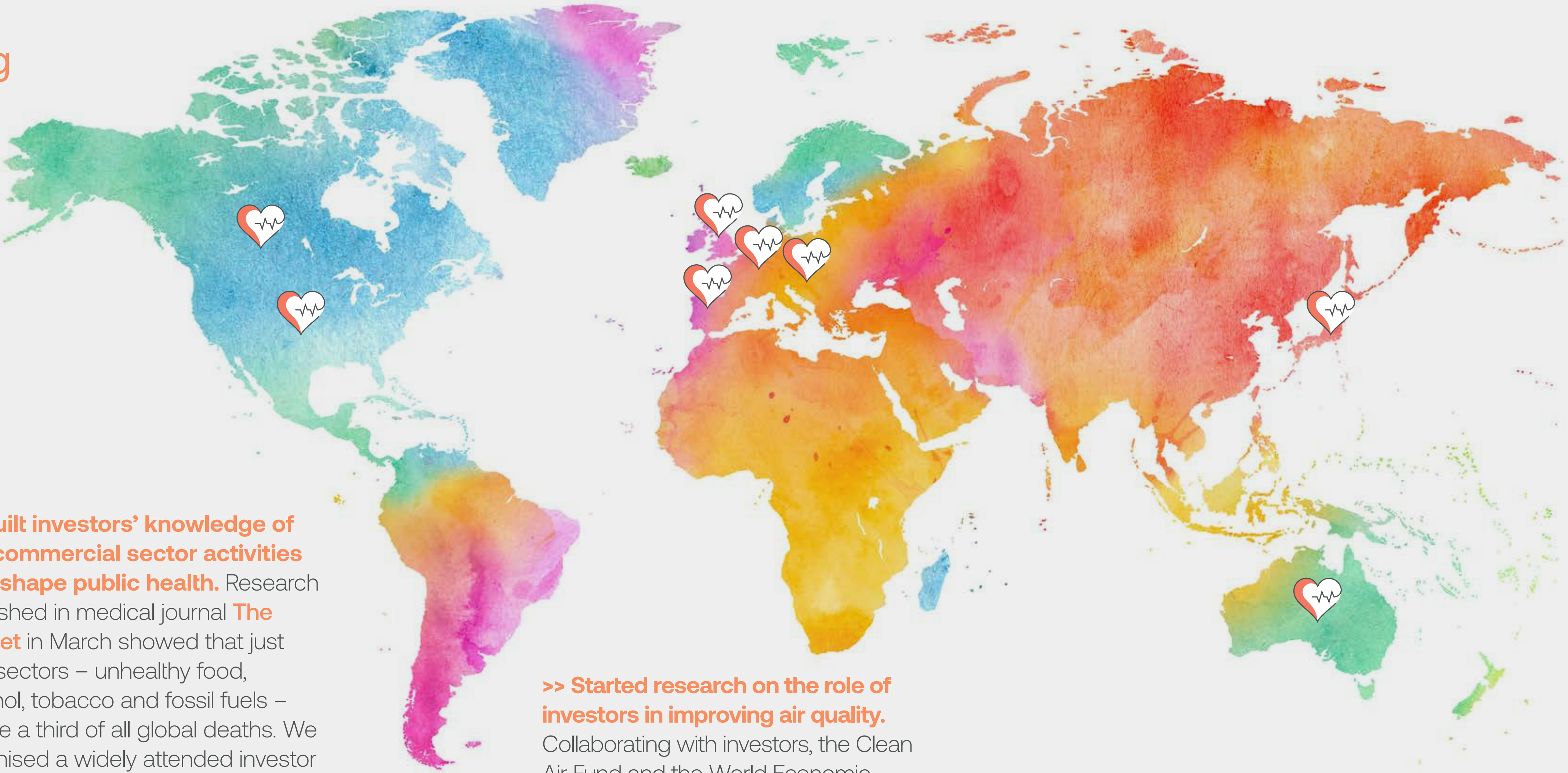
Shaping healthier societies

Good health is essential for a thriving society and economy. Research indicates that improved health could add up to US$12 trillion to global GDP in 2040, with an additional 120 million full-time workers joining the global workforce.[5] The unfortunate reality, however, is that health inequalities are widening.

Investors have an enormous influence over people's health through the companies they invest in, which can shape the wellbeing of their employees, customers and wider society.

Good health is essential for a thriving society and economy

To help investors play their part in building healthier, fairer societies, ShareAction, supported by the Health Foundation and Guy's and St Thomas' Foundation,[6] have convened the Long-term Investors in People's Health (LIPH) initiative. Launched in October 2022, LIPH supports investors to integrate public health considerations into their investment decision-making, voting and company engagement processes.



"The Investor Guide on Heath provides a fantastic framework to help investors think about key health topics."
Feedback from investor

This year we:

>> Evaluated investor initiatives on health issues. We developed a framework to measure how LIPH investors are integrating health considerations into their company engagement and investment practices. We gathered extensive data from 75 per cent of members, which will be used to identify areas of need, provide support, and showcase best practice.

>> Celebrated investors leading the way on tackling health issues. We were delighted to see more investors taking bold action, including 21 LIPH members, with $2.51 trillion assets under management, signing public company letters. Our members have also taken a proactive role in promoting health initiatives beyond LIPH. For example, Achmea Investment Management has been actively urging their peers to endorse the Tobacco-Free Portfolios pledge.

>> Built investors' knowledge of the commercial sector activities that shape public health. Research published in medical journal The Lancet in March showed that just four sectors – unhealthy food, alcohol, tobacco and fossil fuels – cause a third of all global deaths. We organised a widely attended investor webinar with the researchers, leading investors, and policy makers to discuss this research and why shareholders must play their part.

>> Called on the UK government to require companies to report on social and health issues. Ahead of the King's Speech in November we made a splash in the media by recommending legislation that would require companies and investors to report on their social and health impacts and the risks that social issues pose to their business.

>> Started research on the role of investors in improving air quality. Collaborating with investors, the Clean Air Fund and the World Economic Forum, our researchers developed the case for why investors should focus on air quality. We identified which companies and sectors significantly contribute to air pollution, and began developing strategies to encourage improved practice.

>> Challenged food makers to reduce their reliance on unhealthy food sales. Through our Healthy Markets initiative, we worked with 52 investors to enhance people's health by increasing access to healthy food. We focused on household food manufacturers such as Nestlé and Unilever to hold them to account for their impact on public health. In 2023 we were pleased to see investors intensifying their efforts, raising the group's collective ability to advocate for change.

In 2023, the LIPH initiative grew to **44 investors**, in eight countries, representing a total of **$5.07 trillion assets** under management. These investors are based in eight different countries: **27** in the UK / **7** in the US / **5** in the Netherlands / **1** in Japan / **1** in France / **1** in Estonia / **1** in Canada / **1** in Australia

"Participation has driven us to do more. Having access to the networks has provided insight into where it is viable to do more with limited resource and given the confidence to be more ambitious as we develop plans for the future."
Feedback from investor

Challenging Nestlé to shift away from unhealthy food

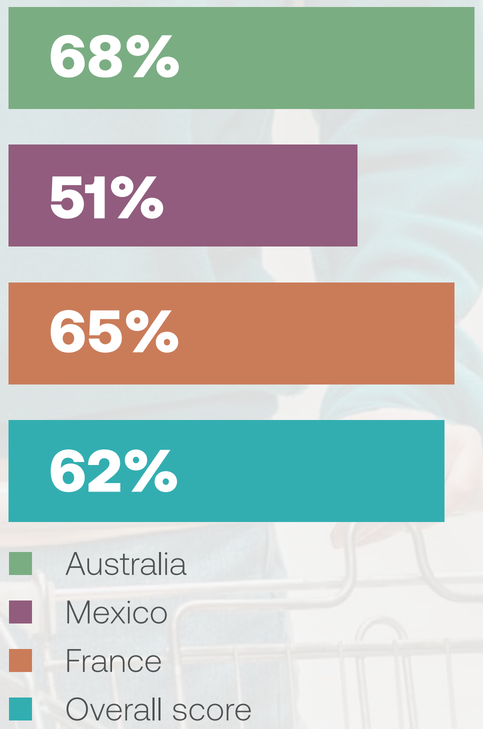
Nestlé is the world's largest food manufacturer. It has an enormous influence on global food environments – making many of the food and drink products available in supermarkets, cafés and corner shops across the globe. Its decisions and business models also have an impact on the practices of other food manufacturers and retailers.

In collaboration with its shareholders, we challenged Nestlé to play its part in boosting public health by increasing the proportion of its sales that come from healthy food. On the day of Nestlé's AGM in April 2023, we coordinated 26 investors, managing over $2 trillion in assets, to call for a target to rebalance its sales towards healthier products, based on a UK government-endorsed nutrient profiling model. Our campaign lead personally delivered a statement at the AGM, urging the Chairman and CEO to fulfil their responsibility to improve public health.

Following the AGM, Nestle committed to publicly report the percentage of sales coming from healthier products each year. However, we were disappointed by the company's nutrition target, announced in September. Alongside investors, we criticised this missed opportunity for Nestlé to make good on its pledge to lead the food industry in ensuring balanced diets are within reach for people around the world.

We'll continue to work with investors to demand Nestlé sets proportional targets to shift away from sales of products that are high in salt, fat and sugar, and towards healthier food options – promoting improved public health outcomes.

The proportion of Nestlé products labelled unhealthy by different governments



Source: World Action on Salt, Sugar & Health (WASSH), 2023

"This flawed approach to designing targets calls into question how committed Nestlé is to driving healthier outcomes for society and the economy. If Nestlé is serious about doing its bit to help people enjoy healthier diets it needs to set targets to increase the proportion of food sales classed as healthier using a government-backed nutrient profiling model." **Simon Rawson, ShareAction Deputy CEO**

Looking forward

We know that investment decisions today shape the world of tomorrow. It's not too late to create a brighter future, where our financial institutions power the transition to low-carbon economies, restore nature, ensure workers are treated fairly and shape healthier societies. Decisions made now by governments, investors and major companies are critical.

In the year ahead we'll continue to demand change.

In spring 2024, we'll publish the findings of a major piece of research into the insurance sector. This benchmark analysis will rank over 50 insurance firms on their approach to responsible investment. Our experts will follow up in person, meeting with insurance company leaders to win support for implementing our recommendations about how they can improve.

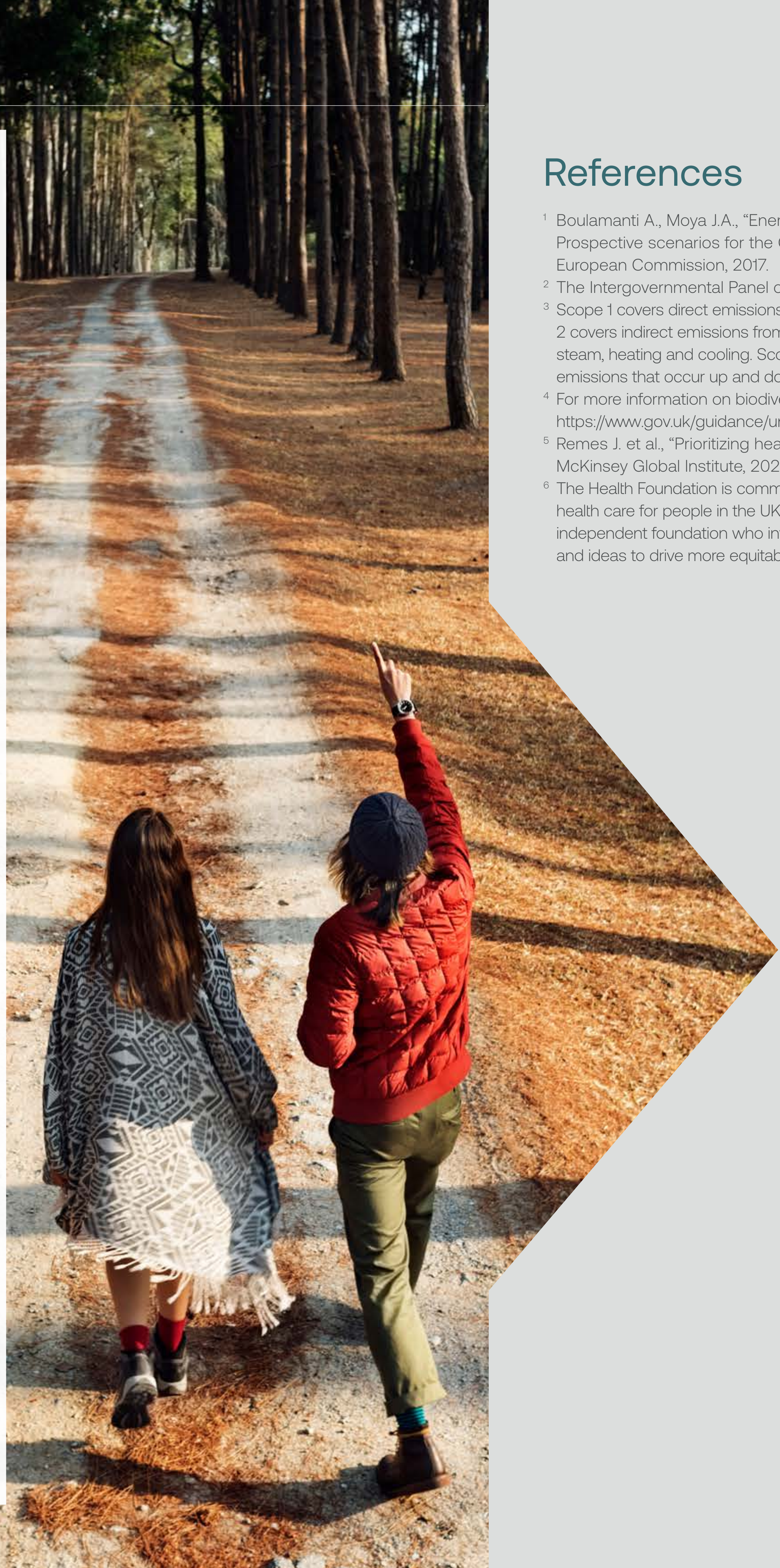
As ever, the run up to peak AGM season in the spring and summer will be a busy period for ShareAction. This is a pivotal time in the year to publicly hold company boards and executives to account for the impact of their decisions on people and planet. Our teams, supporters and the coalitions of investors that share our vision will be attending AGMs, highlighting shortcomings and challenging companies to improve policies and practices. We'll call on our powerful resolution tactic where appropriate.

We'll also seek to amplify the voices of people with lived experience, in particular low paid workers in the retail sector who are at the sharp end of the low wage economy. We'll launch new research and recommendations about how retailers can better protect workers and how shareholders can play their part. We're broadening not only our climate work to push for reduced emissions from real estate but also our work protecting nature to focus on areas of high biodiversity importance. We're also expanding our focus on corporate behaviour to include the impact of fast food outlets on public health.

We'll explore ways to support responsible investing across a broader variety of asset classes. This will include exploring how investors' interactions with investments such as bonds (which are issued by governments or companies when they want to raise money) and private equity (investing in a company that isn't listed on the stock exchange) can help us transition to a net-zero future and tackle other global crises.

Finally, as elections approach in the UK and Europe, we aim to build support for financial regulation that serves people's best interests. In Brussels, we'll advocate for the next EU Commission to prioritise sustainable finance and in the UK, we'll urge all parties to adopt measures that raise standards across the finance sector and promote responsible investing.

We thank all our supporters for your commitment to drive reform at the heart of the financial sector. We're confident that together, we'll make significant strides forward in 2024.



References

1 Boulamanti A., Moya J.A., "Energy efficiency and GHG emissions: Prospective scenarios for the Chemical and Petrochemical Industry," European Commission, 2017.

2 The Intergovernmental Panel on Climate Change, www.ipcc.ch

3 Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the purchase and use of electricity, steam, heating and cooling. Scope 3 encompasses all other indirect emissions that occur up and down its value chain.

4 For more information on biodiversity net gain requirements, please visit: https://www.gov.uk/guidance/understanding-biodiversity-net-gain

5 Remes J. et al., "Prioritizing health: A prescription for prosperity," McKinsey Global Institute, 2020.

6 The Health Foundation is committed to bringing about better health and health care for people in the UK. Guy's and St Thomas' Foundation are an independent foundation who invest in a healthier society, backing people and ideas to drive more equitable health.

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