

UK Guide to Shareholder Resolutions

This resource provides guidance on the legal and technical requirements of filing a shareholder resolution in the United Kingdom, and on overcoming the associated challenges.



Acknowledgements

We gratefully acknowledge the financial support of the European Climate Foundation for this project.

We also express our appreciation for the efforts made and time given to supply information by the Australasian Center for Corporate Responsibility (ACCR) and the Shareholder Association for Research and Education (SHARE).

Design layout: Colette G. St-Onge

About ShareAction

ShareAction is a UK registered charity working globally to lay the tracks for responsible investment across the investment system. Its vision is a world where ordinary savers and institutional investors work together to ensure our communities and environment are safe and sustainable for all.

In particular, ShareAction encourages institutional investors to be active owners and responsible providers of financial capital to investee companies, while engaging meaningfully with the individual savers whose money they manage. Since 2005, ShareAction has ranked the largest UK asset owners and asset managers on their responsible investment performance. In 2017, they expanded to ranking European banks on their management of climate risk. In 2018, they will also rank global insurers and pension funds.

ShareAction works with players across the investment chain to create a movement for responsible investment. This movement includes savers who all too often feel excluded from the investment system, to the institutional investors that operate within it, and the policy-makers that regulate it.

Contents

1	Foreword
2	Overview
4	Introduction
6	Case Studies
9	Legal requirements
12	Filing a shareholder resolution
14	Towards the annual general meeting
16	How ShareAction can help
17	Appendices
22	References

Contact us about this guide

Jeanne Martin
Senior Campaigns Officer
ShareAction
jeanne.martin@shareaction.org
+44 (0)20 7403 7800

Joe Brooks
Project Officer
ShareAction
joe.brooks@shareaction.org
+44 (0)20 7403 7800



FOREWORD

ShareAction's involvement with shareholder resolutions stretches to 2009. That year, ShareAction (then called FairPensions) was approached by investors and environmental NGOs to co-ordinate the drafting and filing of shareholder resolutions at the 2010 AGMs of BP and Shell.

Those resolutions succeeded in giving huge profile within the investment community to oil sands extraction. Both firms felt compelled to make significant new public disclosures about the financial, environmental and social risks of their Canadian oil sands projects. This experience demonstrated the value of shareholder resolutions as a tool to effect corporate change.

Since then, ShareAction has developed its expertise on shareholder resolutions and shareholder activism more broadly. We have used this knowledge to support many others to challenge the world's biggest companies on their environmental and social performance. We have helped investors and NGOs to navigate the technical and legal requirements of the Companies Act 2006, and built a powerful network of relationships with supportive investors across the world in the process.

Although shareholder resolutions are not as prevalent in Europe as they are across the Atlantic, they are rightly becoming a better used and understood tool with which to hold companies accountable for their strategies and actions.

The power of investors, large and small, to influence public companies is clear. At ShareAction, we believe investors should use that influence wisely and for goals that serve the public interest as well as their private financial interests. This guide is for individuals and organisations that want companies to adopt sustainable business models that provide positive solutions to the world's big challenges. We hope it will help investors to be a force for good.

CATHERINE HOWARTH
Chief Executive, ShareAction



OVERVIEW

This guide sets out, in straightforward terms, the steps which organisations must take to satisfy the legal and technical requirements to file a shareholder resolution in the UK under the Companies Act 2006. The guide also contains advice on drafting the resolution and supporting statement, seeking co-filers, building investor support and overcoming the challenges associated with shareholder resolutions.

By sharing our expertise, ShareAction hopes to increase the capacity for other organisations to make use of this highly effective campaigning tool. Below are key questions to ask when seeking to influence investors as part of a campaign strategy.

Why should NGOs and unions seek to influence investors?

The capital markets - dominated by large “institutional investors” such as fund managers, pension funds and investment banks - collectively own the world’s listed companies (i.e. companies whose shares are listed on a stock exchange), which gives them great influence over company behaviour.

Investors are a powerful stakeholder in this conversation. They have two important rights that NGOs do not automatically have – the right to speak to companies at the highest level at least once a year, and the right to vote on company affairs. As such, investors can be an influential voice of support and make your issue a priority engagement topic on the agenda.

Individual capital market players can wield significant financial power. Some UK pension funds have assets of tens of billions of pounds each and some fund managers control hundreds of billions each. Most institutional investors (especially insurance companies and pension funds) have very widely diversified investment portfolios, and are likely to be invested in most large listed companies, especially if the company is UK-based.

The practices of such institutional investors are particularly relevant for charity investors, which could face reputational risks if asset managers are found to invest in a way which doesn’t align with their charitable objectives.

When should NGOs and unions look to investors?

Seeking to influence investors to exercise their shareholder power to improve company behaviour is relevant where the target of the campaign is a company in which investors have an interest (i.e. not privately-owned companies).

However, it is best to directly approach the target company initially. Why waste energy on other methods if a direct approach will work? Investors are unlikely to listen to anyone who has not already made a direct approach. Furthermore, the target company will often make some token concessions, which may not meet your objectives, but it is wise to make sure the company no longer has these cards in its hand if there is a risk that investors will be placated by them.

It is important to note that shareholder resolutions are not the only tool available to effect change at the corporate level. At ShareAction, we also publish rankings of companies within industry sectors, engage in letter-writing campaigns, and ask the board of directors questions at their annual general meetings (AGMs).

You need to decide whether a resolution is the most suitable action to achieve your overall objectives, and whether you can find strong arguments to support it.



When will investors be interested?

Some investors position themselves as “ethical investors”, or investors with a charitable mission, and may be persuaded to disinvest from a company, or lobby for change, on purely ethical grounds.

However, for most investors (including those with the greatest financial power) you will need to demonstrate that the company has made, or is about to make, a poor decision which is relevant to their position as a shareholder. This decision will usually be one which could have financial consequences either now or in the future for the company and its shareholders, or which will adversely affect other companies in the investor’s portfolio.

Risk is the key term for investors. Possible risks of poor corporate behaviour include immediate financial loss (e.g. losses suffered by BP plc and the dramatic fall in shareholder value as a direct consequence of the Gulf of Mexico oil spill), reputational damage, and legal or regulatory backlash.

Moving Shell Plc out of the Canadian Tar Sands

2009

ShareAction (formerly known as Fair Pensions), the Co-operative Asset Management, Unison and more than 130 shareholders filed a shareholder resolution at BP and Shell asking for greater disclosure on the assumptions made by the company in deciding to proceed with tar sands projects.

2010

At the companies’ AGMs, the resolutions (a first of their kind in Europe) received around 15% management dissent, and led to both companies improving their disclosure on the risk profile of their tar sands assets.

2017

The pressure started by the resolutions steadily increased and Shell divested from its tar sands assets.

Figure 1: The power of shareholder resolutions



INTRODUCTION

What is a shareholder resolution?

In the simplest terms, a shareholder resolution is a proposal submitted by the shareholders of a company to be voted on at the annual general meeting (AGM), directing the board to take some form of action.

One of the most public actions that investors can take is to file a shareholder resolution. Through their own shareholdings and working with investors and other groups, NGOs and unions may be able to use this process to advance their campaign goals.

UK listed companies are obliged to hold a meeting of shareholders on an annual basis (an annual general meeting or AGM). At this meeting, the board of directors proposes a number of resolutions for the shareholders to discuss and vote on. These resolutions deal with matters such as accepting the company's annual report and accounts, electing directors and appointing the company's auditors.

Accordingly, the board stipulates the overwhelming majority of resolutions on which shareholders will vote. However, it is possible for shareholders to take the initiative and add a resolution to be put to the vote of all shareholders with voting rights at the AGM. This is known as 'filing a shareholder resolution'. The procedures for doing so are set out in the Companies Act, 2006.

“

In the simplest terms, a shareholder resolution is a proposal submitted by the shareholders of a company to be voted on at the annual general meeting (AGM), directing the board to take some form of action.

”



Where are the benefits of filing a shareholder resolution?

1. Put your issue on the agenda

- Your resolution will be put to a vote of all shareholders with voting rights at the AGM;
- The resolution and the supporting statement will be circulated to every shareholder with voting rights, and the company will be expected to formally respond to the resolution;
- Pushes your issue to the front of the queue, both on the formal agenda of the company and on the engagement agenda of the investment community.

2. Attract the media spotlight

- The resolution process provides numerous hooks for press releases including: successful filing and the identity of filers, announcements of support by investors, the publication of the company's AGM documents and their formal response to the resolution, and of course the AGM itself!
- It is important to determine with the leading institutional filers the roles to be played by each group and the names of individuals who will be available for quotes and interviews;
- A shareholder resolution also provides NGOs and unions with the opportunity to expand coverage of their issues and activities beyond their traditional media contacts.

3. Prompt company action

- In the months between filing the resolution and the AGM, discussions should be held between the filers and other investors, and between investors and the company;
- With a resolution on the AGM agenda, it should be easier to secure face to face meetings with major investors where the case for votes in favour of the resolution can be made;
- This is a perfect opportunity to raise the profile of your issue among investors and the public, and pressure the company into making certain concessions.



Quick facts

The benefits of filing a shareholder resolution to your campaign could be huge. Here is what else you need to know:

- *Plan this in: Using resolutions as a tactic takes time (3-12 months)*
- *Make new friends: Successful resolutions need allies in the investment industry to back you*
- *Know your objective: It can take more than 1 resolution to win but the press may still feature it*



Climate-related disclosure in the UK

In 2015, an investor coalition called “Aiming for A” filed shareholder resolutions at BP and Shell, calling for increased disclosures of corporate strategy on climate change.^{1,2} The coalition was led by CCLA and Rathbone Greenbank, and supported by over 50 organisations including ShareAction, members of the Charities Responsible Investment Network (CRIN) and a number of UK pension funds.

In an unprecedented move, the resolutions gained the backing of company management at both BP and Shell and passed with 99% of the vote. The successful filing of the ‘Aiming for A’ resolutions paved the way for subsequent shareholder resolutions on climate-related disclosure at oil and gas companies such as Exxon and Occidental Petroleum, and at other high-carbon companies in the mining and utilities sectors. These pioneering resolutions also set the scene for the establishment of the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2016 and 2017, ShareAction published progress reports to analyse the quality of the disclosure provided by BP and Shell in response to the resolutions.³ The reports found that although the companies had met the minimum requirements of the resolution, disclosures remained weak in many areas.

However, there were many positive impacts of the Aiming for A resolution. For example, BP dropped its Reserves Replacement Ratio (RRR) as a performance indicator and attributed this decision to the shareholder resolution. RRR measures the reserves added to their reserve base during the year relative to the amount of oil and gas produced, encouraging increased exploration of fossil fuel stores.

At the time, these resolutions were step changes to start a dialogue between the companies and the investment community. However, if we are to keep temperatures below 2°C under the terms of the Paris Agreement, we urgently need to shift the focus away from disclosure and towards meaningful action.



Corporate lobbying in Australia

In 2017, the Australasian Centre for Corporate Responsibility (ACCR) filed a climate resolution at mining company BHP Billiton on the issue of corporate lobbying.⁴

Corporate lobbying is a form of political influence to encourage politicians to adopt policies and legislation which are favourable to them. Many companies publicly support the goals of the Paris Agreement, but are members of industry associations that lobby against measures to support this ambition.

Corporate lobbying is a big risk for investors. ACCR executive director Brynn O'Brien commented that BHP's lobbying activities "not only expose our company to grave reputational risks, but also undermine its economic interest."⁵

The 2017 resolution asked BHP to review its own positions on climate change and energy, identify any material differences between its positions and that of its trade associations, and act in cases of strong misalignment. The resolution specifically challenged BHP's membership of the Mineral Councils of Australia (MCA), which has a history of obstructive climate lobbying.

Although the resolution did not pass, BHP published an audit of 'material differences' it has with its key lobbying groups and formally left the World Coal Association in March 2018 due to "material differences" between their stances on climate change. However, while BHP's methodology is sector-leading, the company seems to have applied it selectively and the company remains a member of obstructive associations such as the MCA and the American Petroleum Institute.



Human rights risk reporting in Canada

Shareholder resolutions are not limited to climate action. In 2018, the Shareholder Association for Research and Education (SHARE) filed resolutions at mining company First Quantum Minerals and automotive parts manufacturing company Linamar, on their failure to report how they identify and mitigate human rights risks.⁶

In both cases, SHARE withdrew the resolution and achieved important progress without going to a vote. First Quantum Minerals agreed to provide clearer reporting on oversight and performance in human rights risk areas, and expand its due diligence to their supply chains. Linamar committed to report annually on policies, oversight, management and performance metrics related to human rights.



LEGAL REQUIREMENTS

Section 338 of the Companies Act 2006 provides that members (i.e. shareholders whose names are entered on the register of shareholders) may require the company to give notice of a resolution to be considered at the next AGM if one of the following requirements are fulfilled:



Route 1 to filing a resolution

The concerned members represent not less than 5% of the total voting rights of the members entitled to vote on a shareholder resolution.

Route 2 to filing a resolution

The concerned members number at least 100, holding shares on which there has been paid an average sum per shareholder of not less than £100.

NGOs and unions are likely to rely on the second route, i.e. 100 members with shares having an aggregate value of at least £10,000 in nominal value. The nominal value of a company's shares is different to the market value, and will be stated in the company's Articles of Association.

Where all of the 100 persons wishing to file a shareholder resolution are members of the company, each shareholder should complete a resolution requisition in the form set out in Appendix 1.



Indirect investors

It is unlikely that all 100 persons will be registered shareholders. It is likely that many of them are “indirect investors” who hold their shares through nominees such as stockbrokers.

Section 153 of the Companies Act 2006 provides a mechanism whereby such indirect investors can be included within the 100 members once certain conditions are met. The shares must be held by a registered shareholder on behalf of the indirect investor in the course of a business and the indirect investor has the right to instruct that registered shareholder how to exercise the voting rights attaching to those shares. Indirect investors wishing to co-file a resolution should complete a resolution requisition in the form set out in Appendix 2. A letter confirming the statement should be provided on the headed notepaper of the registered shareholder who holds the shares on behalf of the indirect investor.

Where the resolution filers include both registered shareholders and indirect investors, Section 153 of the Companies Act 2006 applies. In these circumstances those resolution filers who are registered shareholders should complete a resolution requisition form set out in Appendix 3. ShareAction's *Improving the Conversation: What Charity Investors Expect from their Asset Managers* paper offers asset owners a framework of core expectations for internal communication with their fund managers with a focus on voting, engagement and escalation.⁷ Although it was initially designed for charities, its key takeaways can be implemented by any asset owner.

Conditions for a shareholder resolution

A company is not required to give notice of the resolution or circulate the supporting statement unless certain conditions are met:

1. The resolution must not be ineffective if passed (e.g. it cannot direct the company to do something which is unlawful or inconsistent with the company's articles of association); frivolous or vexatious; or defamatory of any person
2. The resolution and supporting statement must be received by the company at least six weeks before the AGM, or before the company gives notice of the AGM to its members

However, if you want the company to bear the costs of circulating the resolution and supporting statement to shareholders, the Companies Act 2006 provides that the resolution and supporting statement must be received by the company before the end of the financial year preceding the AGM. Some companies specify a later date, for example BP specify that it must be received on or before 21st January.

Company secretary

As the requirements for successfully filing a shareholder resolution may vary between companies it is advisable to contact the company secretary's office at the earliest opportunity to discuss the applicable requirements and deadlines and their preferred form of paperwork. It is also advisable to seek formal legal advice on the proposed resolution.



Shareholder rights across Europe

It is also important to note that shareholder rights vary across different jurisdictions. ShareAction's *A guide to shareholder rights across six European countries* report outlines the different rights in the major European countries, summarised in the table below.⁸

Please note that this information is not intended as legal advice, and anyone considering filing a resolution in the below jurisdictions should consult local lawyers before doing so.

Table 1: Shareholder rights in the major European countries

France ⁹	Shareholders holding at least 5% of share capital can request to add resolutions to the agenda. Shareholders can organise together so that they collectively represent the minimum 5% and so can file a resolution together.
Germany ¹⁰	Shareholders representing at least 1/20th of share capital, or equivalent to €500,000, can request for resolutions to be put on the agenda. Shareholders can organise together, so that they collectively represent the minimum 1/20 or €500,000 of capital.
Italy ¹¹	Shareholders representing 1/40th of share capital may request to add a resolution to the agenda. Shareholders can organise together, so that they collectively represent the minimum 1/40 and so can file a resolution.
Netherlands ¹²	Shareholders representing at least 1/300th of share capital can request in writing for a resolution to be added to the agenda. Shareholders can organise together, so that they collectively represent the minimum 1/300th of share capital and so can file a resolution.
Spain ¹³	Shareholders must represent at least 3% of share capital to be able to add items on to the agenda. There is no provision for shareholders to organise together.

FILING A SHAREHOLDER RESOLUTION

Drafting a resolution

Under UK legislation, a resolution must direct the board of directors to take a particular action (e.g. to make certain disclosures, to set certain targets, or to stop doing something). Such a resolution is referred to as a special resolution, meaning it requires the support of 75% of votes cast to be passed.

In order to secure institutional investor support, it is advisable that the resolution:

- Focuses on one single issue;
- Directs the company to do something which is achievable within a reasonable timeframe;
- Directs the company to do something which is not overly burdensome or costly;
- Be based on the protection of shareholder value over the long-term.

The resolution should be drafted together with the leading resolution filers. Even where big institutional investors will not agree to co-file a resolution, their input on draft wording is very useful. The wording of the 2015 “Aiming for A” shareholder resolution is set out in Appendix 4. Further examples of climate-related resolutions filed in Europe can be found in our [Resolution Tracker](#),¹⁴ while ACCR also have a database for resolutions in Australia.¹⁵

Ceres also has a database for climate shareholder resolutions filed in the USA.¹⁶ The requirements to file a resolution are more stringent in the USA, requiring the shareholder to own at least \$2,000 or 1% of the company’s shares, and have held the shares for a period of one year. US resolutions only require 50% of the votes for it to pass, compared to 75% in the UK. However, once passed a US resolution is only advisory, whereas it becomes legally binding on the company in the UK.

Supporting statement

Under Section 314 of the Companies Act 2006, the filers of a shareholder resolution can request the company to circulate to all shareholders a copy of a supporting statement prepared by the resolution filers (not exceeding 1,000 words).

The supporting statement provides the filers with an opportunity to state their case. It should focus on:

- Convincing investors why the resolution should be supported;
- The financial implications for the company and its shareholders of the issues covered by the resolution;
- Using independent references in support of the resolution (as far as possible).

Practical challenges

1. Securing 100 shareholders

The most immediate challenge is securing the 100 separate shareholders needed to successfully file a resolution.

To help in overcoming this obstacle, ShareAction has a database of individual shareholders in a number of UK companies who will potentially act as co-filers of shareholder resolutions on a range of environmental and social issues.

However, it may also be necessary for individuals to purchase certificated shares through an execution only broker in the relevant target company to ensure that the 100-person threshold is met.

By purchasing a certificated share, the purchaser’s name will appear on the company’s share register as a registered member and, accordingly, the paperwork to be completed to act as a co-filer is more straightforward.

2. Knowing your paperwork

The second challenge is to ensure the timely completion of the relevant paperwork to ensure a successful filing.

Different forms are required to be completed depending on the nature of the shareholding and many shareholders are unaware of how their shares are held.

Institutional shareholders often hold through a complicated chain of agents and it can take many conversations to identify the entity to appear on the shareholder register.

Investor and policy support

While legally it is possible to file a shareholder resolution with 99 individuals holding a single share and one institutional investor holding sufficient shares to meet the nominal capital threshold, it is preferable to have a number of institutional shareholders (ideally both UK and international investors) among the co-filing group.

The presence of respected institutional shareholders lends the resolution greater credibility with the investment community, the media and the company. Accordingly, although the focus will be on the immediate challenge of reaching the shareholder and nominal value thresholds, it is important to try and secure the support of as many institutional investors as possible.

It is also important to establish whether other NGOs, unions or other groups are working on the same issue albeit perhaps from a slightly different perspective. Such groups should seek to work together to ensure that the widest range of investor contacts is available and that all relevant arguments in support of the resolution are known to the parties leading the resolution process.



Key steps to filing a shareholder resolution

Start early! You'll need at least several months to prepare all the paperwork and secure the co-filers. The deadline may be as much as six months before the AGM!

Review the company's articles of association for resolution requirements and to confirm the nominal share value.

Contact the company secretary as early as possible to enquire as to any particular requirements for resolutions, to confirm the filing deadline and seek approval of the paperwork you're using.

The resolution must be worded in the form of a direction to the board requesting action.

You will need 100 individual shareholders holding shares with an aggregate nominal value of £10,000.

Ensure correct paperwork is used depending on the nature of the shareholding (i.e. registered member or indirect investor).



TOWARDS THE ANNUAL GENERAL MEETING

Securing votes and raising awareness

While finding 100 different shareholders including a number of institutions and finishing all of the paperwork may have seemed difficult, in truth the work of a shareholder resolution starts now!

Engaging with investors

Having successfully filed the shareholder resolution by the deadline, attention now turns to meeting with major investors to encourage them to engage with the company on the particular issue and to convince them that if the company does not react adequately, they should vote in favour of the resolution or at the very least abstain.

An abstention is a conscious voting decision made by an investor as opposed to simply not casting a vote and is considered effectively as a vote against management. While such votes are not included in the official for/against results issued by companies, abstentions are reported by the media and regarded as very important by both investors and companies.

In securing wider support, the institutional co-filers may want to participate in investor roundtables so that they can set out the case in support of the resolution. Investors are more likely, at least initially, to be influenced by their peers within the investment community rather than NGOs.

It is unlikely that institutional co-filers will have the resources to commit to many one on one meetings with other investors. It is likely to fall to NGOs and/or unions involved to attend such meetings. These meetings are important: they will enable you to discuss issues of concern to particular investors; allow you to demonstrate the shareholder value basis of the resolution and most importantly allow you to counter any arguments being put forward by the company.

Investor briefings

The preparation and dissemination to UK and international investors of a briefing document setting out the arguments in support of the resolution (in more detail than the 1000 word supporting statement permits) is important in keeping the issue at the forefront of consideration and provides an opportunity for interaction with international investors.¹⁷

Coordinated action

Consideration should be given as to whether other companies are facing resolutions on similar issues. If so, it is important to contact the lead filers of such resolutions to discuss mutual support and coordinated media. This is particularly important in the USA where two similar resolutions can cancel each other out!

Mobilising pension fund members

Mobilising people to contact their pension provider regarding an environmental or social issue at a company within its portfolio can be a highly effective tactic. It contributes to informing the general public of the link through their pensions to the world's largest companies and of their right to express views about the environmental and social practices of those companies.

Monitor the company

The AGM papers, once circulated, will include an official written response from the company. Unlike the filers, the company is not limited to 1,000 words. It is important that this response is read in detail by as many people involved in the resolution process as possible and including other NGOs who may be expert in particular areas covered in the response.

If the company's response is considered inadequate or is misleading, it is important that the resolution filers formally respond to the company pointing out the problems remaining. This response should be made publicly available. Particular problems with the company's response should be pointed out to any investors with whom you have meetings.

Preparing for the AGM

Logistics

Contact should be made with the company secretary several weeks in advance to discuss the logistics for the AGM. A decision will need to be made as to who will propose the resolution. This is likely to be one of the larger institutional co-filers. To attend the AGM, you must either be a shareholder or the appointed proxy for a shareholder.

Further questions

In addition to the formal proposing of the resolution by one of the resolution filers, consideration should be given as to whether questions will be asked at the AGM.

Often a shareholder resolution will be the final item on the agenda and the chairman will ask that any questions relating to the topic of the resolution be asked when the item has been reached on the agenda. This can mean that individual answers to questions are not given by the board and that instead the company's formal response is simply reiterated to the general meeting. It is therefore worth considering whether questions could be asked in such a way as to also relate to another agenda item (e.g. the remuneration report) so that the likelihood of receiving a specific response is increased.

Media coverage

The overwhelming majority of attendees at the general meeting will be individual shareholders in the company. For the most part, institutional investors cast their votes in advance and do not turn up. Nonetheless the media (depending on the company) will be present so the AGM provides another opportunity for media coverage and post AGM interviews.

Image: BP Plc shareholders, 2015





HOW SHAREACTION CAN HELP

ShareAction has significant experience of successfully filing UK shareholder resolutions. We can offer a wide range of assistance to organisations interested in filing a resolution (provided their objectives are aligned with our own).

Campaign planning

ShareAction can help with the preparation of a campaign timetable through to the AGM.

ShareAction can provide insight into the key campaign moments within that timetable.

ShareAction can help identify realistic campaign goals for a shareholder resolution.

Getting a resolution on the ballot

ShareAction can provide guidance with drafting the resolution and supporting statement.

ShareAction can use its extensive database of contacts to identify and secure co-filers.

ShareAction can provide assistance with the preparation and collation of paperwork.

Securing support for the resolution

ShareAction has strong relationships with a number of investors so can arrange meetings.

ShareAction may be able to help prepare briefings for the investment community.

ShareAction can provide guidance on the crucial role of media in the process.



APPENDIX 1

Requisition for shareholder resolution: Registered shareholders

To be completed by a registered shareholder where all 100 resolution filers are registered shareholders. Where the resolution filers include both registered shareholders and indirect investors, registered shareholders should complete a requisition in the form set out in Appendix 3.

[Name of Company]
REQUISITION FOR SHAREHOLDER RESOLUTION

Name of member

Address

In accordance with sections 314 and 338 of The Companies Act 2006, I/we hereby request [Name of Company] p.l.c to give to members of the company entitled to receive notice of the [year] Annual General Meeting of [Name of Company] p.l.c, notice of the attached resolution and the text of the supporting statement (which I/we have signed for the purposes of identification),¹⁹ which resolution is a resolution that may properly be moved and is intended to be moved at that meeting.

I/we confirm that:

1. I/we am/are [a] member[s] of the company (that is the person whose name appears on [Name of Company] p.l.c's Register of Members);
2. I/we hold [number of] Shares in account number (URN): [account number];
3. The total amount paid up on the shares is: [amount];¹⁹
4. I/we do not hold these shares on behalf of someone else;
5. All these shares confer voting rights that are relevant for the purposes of making requests under sections 314 and 338 of the Companies Act 2006.

Signature

Date

APPENDIX 2

Requisition for shareholder resolution: Indirect investors

To be completed by an indirect investor who holds shares through a nominee. It must be accompanied by written confirmation on the nominee's headed notepaper.

[Name of Company]
REQUISITION FOR SHAREHOLDER RESOLUTION

Name of indirect investor

Address

In accordance with section 153 of The Companies Act 2006, I/we hereby request [Name of Company] p.l.c. to give to members of the company entitled to receive notice of the [year] Annual General Meeting of [Name of Company] p.l.c., notice of the attached resolution and the text of the supporting statement (which I/We have signed for the purposes of identification),²⁰ which resolution is a resolution that may properly be moved and is intended to be moved at that meeting.

Statement made pursuant to section 153(2) of The Companies Act 2006

I/we confirm that:

1. The full name and address of the person who is a member of the company (that is the person whose name appears on [Name of Company] p.l.c.'s Register of Members) - "the member" - and who holds the shares on my behalf is: The member holds the shares on my/our behalf in the course of business;

Full name

Address

Account number (URN)

2. The member holds the shares on my/our behalf in the course of business;
3. The number of shares held on my/our behalf is: [number of] Shares
4. The total amount paid up on those shares is: [amount]²¹
5. These shares are not held on behalf of anyone other than myself;
6. Some or all of these shares confer voting rights that are relevant for the purposes of making requests under sections 314 and 338 of the Companies Act 2006;
7. I have the right to instruct the member how to exercise the voting rights referred to in paragraph 6 above.

Signature of indirect investor

Date

APPENDIX 3

Requisition for shareholder resolution: Registered shareholders and indirect investors

To be completed by a registered shareholder where the 100 resolution filers include both registered shareholders and indirect investors.

[Name of Company]
REQUISITION FOR SHAREHOLDER RESOLUTION

Name of member

Address

In accordance with section 153 of The Companies Act 2006 I/we hereby request [Name of Company] p.l.c. to give to members of the company entitled to receive notice of the [year] Annual General Meeting of [Name of Company] p.l.c., notice of the attached resolution and the text of the supporting statement (which I/we have signed for the purposes of identification),²² which resolution is a resolution that may properly be moved and is intended to be moved at that meeting.

Statement made pursuant to section 153(2) of The Companies Act 2006

I/we confirm that:

1. I/we am/are [a] member[s] of the company (that is the person whose name appears on [Name of Company] p.l.c.'s Register of Members);
2. I/we hold [number of] Shares in account number (URN): [account number];
3. The total amount paid up on the shares is: [amount];²³
4. I/we do not hold these shares on behalf of someone else;
5. All these shares confer voting rights that are relevant for the purposes of making requests under sections 314 and 338 of the Companies Act 2006.

Signature

Date



APPENDIX 4

Sample shareholder resolution wording

To be attached to or included within the relevant Requisition Form – confirm with the relevant Company Secretary.

Aiming for A Resolution and Supporting Statement – BP plc

Special Resolution – Strategic resolution for 2035 and beyond

That in order to address our interest in the longer term success of the Company, given the recognised risks and opportunities associated with climate change, we as shareholders of the Company direct that routine annual reporting from 2016 includes further information about: ongoing operational emissions management; asset portfolio resilience to the International Energy Agency's (IEA's) scenarios; low-carbon energy research and development (R&D) and investment strategies; relevant strategic key performance indicators (KPIs) and executive incentives; and public policy positions relating to climate change. This additional ongoing annual reporting could build on the disclosures already made to CDP (formerly the Carbon Disclosure Project) and/or those already made within the Company's Energy Outlook, Sustainability Review and Annual Report.

Supporting Statement


It is our intention that this is a supportive but stretching shareholder resolution. It has been prepared by the "Aiming for A" coalition of UK asset owners and mutual fund managers for a larger co-filing group.

The "Aiming for A" coalition includes the £150bn Local Authority Pension Fund Forum and the largest members of the £15bn Church Investors Group. The coalition was convened by CCLA Investment Management in 2011/12. The group is undertaking in depth engagement with the ten largest UK-listed extractives and utilities companies, with a particular focus on the companies' CDP performance bands.

There are several reasons why UK asset owners and mutuals have come together under the "Aiming for A" initiative to support extractives and utilities companies in their preparations for the low-carbon transition. These range from systemic risk management and our collective fiduciary duty to engage in economic transformation, through to amplifying longer-term investor voices and involving ultimate beneficiaries.

We believe that supportive but stretching shareholder resolutions can play a positive stewardship role in the UK. They could amplify the need to balance the short- and longer-term aspects of shareholder value creation.

The wider co-filing group includes asset owners and some of their fund managers, from both the UK and overseas. The asset owners span charitable foundations, Church investors pension funds and individuals (including clients of Rathbone Greenbank Investments). All the co-filers have been ably assisted by Client Earth and Share Action as part of their ongoing programme work.



Thanks to Mercer and Carbon Tracker's research, horizon-scanning investors are aware of the portfolio risks of public policy uncertainty and potential asset stranding. Major technology transitions are rarely smooth, and draconian policy action that has to be introduced quickly after prolonged delay increases risks to investors. The resolution covers five related areas:

1. Ongoing operational emissions management

In 2014 BP reached a "B" carbon performance band (on an A-E scale) through CDP. Within the performance banding methodology considerable weight is given to operational emissions management, alongside strategic and governance issues like those below. The "Aiming for A" coalition and other investors are interested in how the company is maintaining progress towards reaching an "A", including across companies where BP has a major shareholding. For further details, see <https://www.cdp.net/en-US/Programmes/Pages/CDP-Investors.aspx>

2. Asset portfolio resilience to post-2035 scenarios

BP has a diverse portfolio of assets (operational and in reserve). The role of gas as a transitional fuel is well reflected in this portfolio, and the current resilience of the company's overall portfolio compares favourably with other oil and gas majors. We ask that an assessment of the portfolio's resilience against the range of IEAiv, and any other relevant post-2035, scenarios be outlined to investors in routine reporting from 2016. Investors are also interested in the role exploration, disposals and cash distributions to investors will play in the nearer term.

3. Low-carbon energy R&D and investment strategies

BP has an Alternative Energy business, and \$8bn has been invested ahead of schedule. In addition, 20% of BP's R&D is already directed towards the low-carbon transition. Investors are interested in BP's post 2015 plans in these areas, including any for carbon capture and storage (CCS).

4. Strategic KPIs and executive incentives

BP was one of the first oil and gas majors to signal a strategy of "value not volume." Transitions that span decades are complex to manage and often require lead indicators and incentives. Investors are interested in BP's evolving approach to KPIs and executive incentives, in the context of the transition to a low-carbon economy, including the role played by the reserves replacement ratio (RRR).

5. Public policy interventions

BP has co-ordinated its approach to public policy at group level since 2011 and recently joined over 70 countries and over 1000 companies in signing the World Bank statement for a price on carbon. Investors are interested in BP's public policy programme, including positions on key policy measures, especially for the critical 2015 to 2020 policy making period.

Finally, we'd also like to highlight the global investor coalition on climate change's document outlining their expectations for oil & gas majors, which is available from: <http://globalinvestorcoalition.org/>. This builds on their carbon asset risk (CAR) initiative.

REFERENCES

1. BP Plc (2015). "Notice of BP Annual General Meeting 2015," *BP Plc*. Available online at: <https://www.bp.com/content/dam/bp/pdf/investors/bp-agm-notice-of-meeting-2015.pdf> [accessed 20 December 2018].
2. Royal Dutch Shell Plc (2015). "Notice of Annual General Meeting," *Royal Dutch Shell Plc*. Available online at: https://www.shell.com/investors/retail-shareholder-information/annual-general-meeting/_jcr_content/par/expandablelist/expandablesection.stream/1445265421059/d4d65499e21f0ebb5f947aa555e1618138ed98343c5b75ba15ea346c7a4ff436/2015-shell-notice-of-annual-general-meeting.pdf [accessed 20 December 2018].
3. ShareAction (2017). *Two Years After 'Aiming for A': Where Are They Now? BP Plc*. Available online at: <https://shareaction.org/wp-content/uploads/2017/10/InvestorReport-AimingForA-BP.pdf> [accessed 20 December 2018].
4. BHP Billiton Limited (2017). "Limited Notice of Meeting 2017 Addendum – Resolutions Requested by Members," *BHP Billiton Limited*. Available online at: <https://www.bhp.com/-/media/documents/investors/annual-reports/2017/bhpnoticeofmeetingltd2017addendum.pdf> [accessed 20 December 2018].
5. Thomson, J. (2018). "BHP formally leaves World Coal Association over climate change stance," *Financial Review*. Available online at: <https://www.afr.com/business/mining/coal/bhp-formally-leaves-world-coal-association-over-climate-change-stance-20180405-h0yd0j> [accessed 20 December 2018].
6. SHARE (2018). "Shareholder proposals result in better transparency on human rights due diligence," *SHARE*. Available online at: <https://share.ca/shareholder-proposals-result-in-better-transparency-on-human-rights-due-diligence/> [accessed 20 December 2018].
7. ShareAction (2018). "Improving the Conversation: What Charity Investors Expect from their Asset Managers," *Charities Responsible Investment Network*. This paper was not published publicly on the ShareAction website when this civil society guide was published. Please visit the CRIN page on the ShareAction website for any updates: <https://shareaction.org/crin/> (accessed 20 December 2018).
8. ShareAction (2017). "A Guide to Shareholder Rights Across Six European Countries," *European Responsible Investment Network*. Available online at: <https://shareaction.org/wp-content/uploads/2017/03/ShareholderRightsEurope.pdf> [accessed 20 December 2018].
9. Government of France (2006; updated 2016). *French Commercial Code*. Available online at: <https://www.legifrance.gouv.fr/affichCode.do?cidTexte=LEGITEXT000005634379&dateTexte=20130701> [accessed 20 December 2018].
10. Norton Rose Fulbright (2013). *German Stock Corporation Act*. Available online at: <http://docplayer.net/4833637-German-stock-corporation-act-aktiengesetz.html> [accessed 20 December 2018].
11. The Cardozo Electronic Law Bulletin (1942; updated 2017). *The Italian Civil Code*. Available online at: http://www.jus.unitn.it/cardozo/Obiter_Dictum/codciv/Lib5.htm [accessed 21 March 2017]. It should be noted that the edition of the Code used here is out of date, as it pre-dates the transposition of the 2007 Shareholder Rights Directive. Therefore it has been cross-referenced with Legislative Decree 27 January 2010, n. 27. This Decree lists all the amendments made to Italian law to implement the 2007 Shareholder Rights Directive, including those made to the Italian Civil Code. The Decree is accessible here: Official Gazette of the Italian Republic. Legislative Decree 27 January 2010, n. 27. Available online at: <http://www.gazzettaufficiale.biz/atti/2010/20100053/010G0045.htm> [accessed 21 March 2017].
12. Dutch Civil Law (1992). *Dutch Civil Code*. Available online at: <http://www.dutchcivillaw.com/civilcodebook022.htm> [accessed 21 March 2017].
13. Official State Gazette (2010). *Capital Companies Act*. Available online at: https://boe.es/diario_boe/txt.php?id=BOE-A-2010-10544 [accessed 21 March 2017]. It should be noted that the version of the Act used here is out of date, as it pre-dates the transposition of the Shareholder Rights Directive. Therefore it has been cross-referenced with Law 25/2011 of 1 August. This law lists all the amendments made to Spanish law to implement the 2007 Shareholder Rights Directive, including those made to the Capital Companies Act. The Law is accessible here: Official State Gazette. Law 25/2011 of 1 August on the partial reform of the Capital Companies Act and the incorporation of Directive 2007/36 / EC of the European Parliament and of the Council of 11 July on the exercise of certain rights Of the shareholders of listed companies. Available online at: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13240 [accessed 21 March 2017].
14. ShareAction (no date). "Tracker: Shareholder Resolutions on Climate Change," *ShareAction*. Available online at: <https://shareaction.org/fossil-fuels/resolutions-tracker/> [accessed 31 January 2019].
15. Australian Centre for Corporate Responsibility (no date). "Shareholder - Resolution Voting History," *ACCR*. Available online at: <https://accr.org.au/shareholder-action/resolution-voting-history/> [accessed 31 January 2019].
16. Ceres (no date). "Engagement Tracker," *Ceres*. Available online at: <https://engagements.ceres.org/> [accessed 16 January 2019].

17. In 2018, ShareAction published an investor briefing on Shell Plc and a report for investors in Rio Tinto Plc. ShareAction (2018). *Comparative Analysis of Shell's November Ambition and the 2018 Follow This Resolution*. Available online at: <https://shareaction.org/wp-content/uploads/2018/03/InvestorBriefing-FollowThisResolution.pdf> [accessed 20 December 2018]. ShareAction (2018). *Still Digging: Recommended Investor Response to 2018 Shareholder Resolutions on Rio Tinto's Climate Lobbying*. Available online at: <https://shareaction.org/wp-content/uploads/2018/04/InvestorReport-RioTinto2018AGM.pdf>) [accessed 20 December 2018].
18. Check with relevant company secretary if it is necessary for co-filers to sign the supporting statement.
19. For example, the number of shares multiplied by the nominal value of the shares.
20. Check with relevant company secretary if it is necessary for co-filers to sign the supporting statement.
21. For example, the number of shares multiplied by the nominal value of the shares.
22. Check with relevant company secretary if it is necessary for co-filers to sign the supporting statement.
23. For example, the number of shares multiplied by the nominal value of the shares.

The Small Print

This publication and related materials are not intended to provide and do not constitute financial or investment advice. ShareAction makes no representation regarding the advisability or suitability of investing in any particular company, investment fund or other vehicle or of using the services of any particular entity pension provider or other service provider for the provision of investment services. A decision to use the services of any pension provider, or other entity should not be made in reliance on any of the statements set forth in this publication. While every effort has been made to ensure the information in this publication is correct, ShareAction and its agents cannot guarantee its accuracy and they shall not be liable for any claims or losses of any nature in connection with information contained in this document, including (but not limited to) lost profits or punitive or consequential damages or claims in negligence. ShareAction did not assess asset owners according to financial performance or metrics. The research in this report was carried out between January and April 2018. During the period of analysis, the entities surveyed were given the opportunity to comment on or ask questions on relevant sections to make additional disclosures or to provide clarification. Any notifications of changes, information or clarification not drawn to ShareAction's attention prior to the deadlines are not included in the report.

The opinions expressed in this publication are based on the documents specified. We encourage readers to read those documents. Online links accessed before 20 December 2018.

Fairshare Educational Foundation (ShareAction) is a company limited by guarantee registered in England and Wales (number 05013662 and registered address Ground Floor, 16 Crucifix Lane, London, SE1 3JW) and a registered charity (number 1117244). VAT registration number GB211 1469 53.

Find out more:
shareaction.org/fossil-fuels | shareaction.org/agm-activism

shareaction.org 16 Crucifix Lane
info@shareaction.org London United Kingdom
+44 (0)20 74037800 SE1 3JW

ShareAction»