OWNERSHIP DAY

USE SHAREHOLDER RIGHTS TO IMPROVE YOUR RETURNS

Ownership Day 2015

Bringing together asset owners and responsible investment industry experts

Highlighting investor-led active ownership initiatives

Spotlight on engagement in practice

Produced by UKSIF
UK Sustainable Investment and Finance Association

Voting, Reporting and Engagement Asset Owners Call to Industry

Ownership Day Conference, 10 March 2015

Programme

1 pm - 2 pm **Buffet lunch and attendee registration**

2 pm - 2.15 pm **Welcome and Opening Remarks**
Simon Howard, Chief Executive, UKSIF
Peter Harrison, Head of Investment, Schroder Investment Management

2.15 pm - 3.15 pm **Reporting**

Reporting Panel Discussion: including experiences and insights from the authors of the recent Pension Roundtable Report 'Guide to Responsible Investment Reporting in Public Equity'.

Chair: **Lisa Stonestreet**, Programme Director, UKSIF
Panellists: **Leanne Clements**, Responsible Investment Officer, West Midlands Pension Fund
Daniel Ingram, Head of Responsible Investment, BT Pension Scheme Management
Faith Ward, Chief Responsible Investment & Risk Officer, Environment Agency Pension Fund

Response: 'Industry perspective on RI Reporting'
Jane Goodland, Senior Investment Consultant, Towers Watson

3.15 pm - 4.10 pm **Engagement**

Panel discussion on ESG-related engagement: inluding real-life examples of engagement in practice.

Chair: **Hugh Wheelan**, Editor, Responsible Investor
Panellists: **Vicki Bakhshi**, Head of Governance & Sustainable Investment Team, F&C Investments
Cathrine de Coninck-Lopez, Sustainable & Responsible Investment Officer, Threadneedle Investments
Rick Stathers, Head of Responsible Investment, Schroder Investment Management
Tessa Younger, Engagement Services Manager, PIRC (Research and engagement partner to LAPFF)

4.10 pm - 4.25 pm **Coffee break**

4.25 pm - 5.25 pm **Voting**

Public launch of the Association of Member Nominated Trustees' Red Line Initiative:
What it is? Why is it needed? How can trustees help?

Speaker: **Janice Turner**, Co-Chair of the AMNT

Response: 'Industry perspective on RI Voting'
Abigail Herron, Head of Responsible Investment Engagement, Aviva Investors

5.25 pm - 5.30 pm **Closing Remarks**

5.30 pm - 6.30 pm **Drinks Reception**

Kindly hosted by Schroders

This event is under Chatham House Rule

Introduction

About Ownership Day

Ownership Day is a national UKSIF initiative to raise awareness of the financial benefits of active ownership and encourage investors to value high quality active ownership strategies.

This year Ownership Day takes place on 10 March and includes a half-day conference hosted by Schroder Investment Management in London.

www.ownershipday.co.uk

About the UK Sustainable Investment and Finance Association (UKSIF)

The UK Sustainable Investment and Finance Association (UKSIF) promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment.

Founded in 1991, UKSIF has approximately 240 members and affiliates, including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations.

www.uksif.org

Simon Howard, Chief Executive, UKSIF

"I hope that this year's Ownership Day may mark a turning point.

"At our event, kindly hosted by Schroders, we are promoting two asset owner initiatives. For many UKSIF members that means they are client initiatives and for a successful business what the client wants, the client gets. That's encouraging, but I have a feeling that both moves are a slight rebuke to the responsible investment sector. The guide to responsible investment reporting from the pension fund roundtable shows owners saying what they want and how they want it - has no one asked them before? And the Red Lines Initiative shows concern over voting. The implication that the sector hasn't come up to client expectations in that central area should ring very loud alarm bells.

"We know that a great deal of work has been done by many people in setting standards and in working with companies: there are some great examples included here, but more is needed. One immediate driver is the Government and regulators. The policy page shows that we have a consultation currently under way from DWP focused on redrafting the investment regulations. We need to capitalise on that opening and cement the gains available from the Law Commission work on fiduciary duty.

"The coincidence of a regulatory opening and two asset owner initiatives is a decisive opportunity for responsible finance. I don't think any marketing or business development manager can deny that something is happening. Our obligation is to make that something the turning point it should be."

About the Red Line Voting Initiative

The Association of Member Nominated Trustees (AMNT) has chosen Ownership Day 2015 to publicly launch its Red Line Voting initiative.

The aim of this initiative is ultimately to return control of the votes associated with billions of pounds of assets back to the asset owners.

The Red Lines are tightly drawn voting instructions that would apply to all the companies in which pension schemes invest. They will cover the full range of environmental, social and corporate governance (ESG) issues.

Janice Turner, AMNT Co-Chair commented:
"The basis of Red Line Voting will be to enable pension schemes, particularly smaller schemes and those that invest in pooled funds, to play a more active role in the stewardship of the companies in which they invest."

AMNT has nearly 400 members from pension schemes with collective assets of approximately £350 billion. The organisation will invite pension scheme trustee boards to adopt all or some of the Red Lines and instruct their fund managers to vote accordingly at company AGMs. The fund managers are at liberty to vote at variance to the Red Lines if in individual circumstances they judge that appropriate, but if they do they will be required to report to the trustees in every case why they did so. Red Line Voting makes it easy for pooled fund managers to accept voting instructions from many clients: they may receive voting instructions from a number of pension schemes, but they would all be the same instructions.

AMNT consulted the Secretary of State for Business, Vince Cable, at a very early stage, in mid-2013, and was delighted to receive his encouragement. He agreed to AMNT's request for input from BIS to help develop the proposal, while making clear that the Government would not take a view on the detailed content of the policies, which was a matter for the trustees to decide.

AMNT developed the governance Red Lines by studying how some of the AMNT members' largest pension schemes implement the UK Corporate Governance Code, basing the Red Lines on the consensus they found. The social and environmental Red Lines are being developed in accordance with the 10 principles of the UN Global Compact which has global endorsement.

When finalised, the Red Lines will be put before AMNT members in June for approval and following this they will 'go live' in autumn.

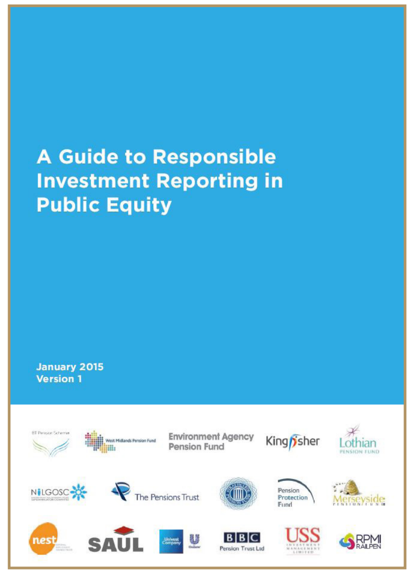
Dr Vince Cable, Secretary of State for Business, Innovation and Skills said:
"I'm pleased to hear that the Red Line Voting initiative is now taking shape. This is a great example of investors taking seriously their responsibility as stewards of the companies in which they invest and coming together to agree standards of good corporate behaviour in relation to matters like executive pay.

"My hope is that the initiative will empower pension schemes and other investors, large and small, to adopt common voting positions on a range of governance issues where these are relevant to their long-term investment objectives. Pension schemes and the investment industry now need to come together to help ensure the proposals become a reality."

Reporting

Responsible Investment Reporting in Public Equity

Sixteen UK pension funds with assets over £200 billion have published *'A Guide to Responsible Investment Reporting in Public Equity'.* This collective group of pension funds believe that Responsible Investment (RI) reporting can help improve the transparency and accountability between asset owners and fund managers. The guide has been developed as part of the supporting pension funds' wider efforts to include RI in fund manager selection and monitoring processes including, for example: requests for proposals, manager searches, due diligence and investment mandate terms.



The pension funds supporting the guide believe better reporting of Environmental, Social and Governance (ESG) data and stewardship activities in public equities could help determine the extent to which these factors contribute to long-term risk adjusted returns. The guide will be utilised by them to help inform their engagement with, and monitoring of, both current and prospective fund managers. It is hoped the guide will also be used by other pension funds.

The guide is available at:
www.uss.co.uk/UssInvestments/Responsibleinvestment/Documents/guidetoRIreportinginpublicequity.pdf

Daniel Ingram, Head of Responsible Investment, BT Pension Scheme Management, said:
"We encourage public equity fund managers to use this guide as an opportunity to take a step back and reflect on their approach to responsible investment. We ask the portfolio managers in particular to share with us their valuable insights on responsible investment at both the portfolio and stock level."

Further Resources and Reading

UKSIF's Ownership Day website
www.ownershipday.co.uk

NAPF Stewardship Central
www.napf.co.uk/PolicyandResearch/Corporate-Governance/Stewardship.aspx

Principles of Responsible Investment: Why be an active owner
www.unpri.org/why-be-an-active-owner/

ShareAction's Responsible Investment Best Practice Guide
www.shareaction.org/trustees

Tomorrow's Company Stewardship
www.tomorrowscompany.com/stewardship

Public Policy for UKSIF Members
Support Active Owners by being Active Members

Ownership Day 2015 is asking policy makers and regulators to realign incentives in the investment chain to ensure good corporate governance, environmental stewardship and social responsibility.

UKSIF is calling on the Government, regulators and others to implement the following key campaign ‘asks’ which can only be achieved through support from the UKSIF membership:

1) **The Department for Work and Pensions (DWP) should introduce robust amendments that require trustees of defined benefit schemes to have a policy on stewardship.** DWP is currently consulting on the Occupational Pension Scheme Regulations (OPSR) and we want it to go further than has been proposed on stewardship. Obliging trustees to have a policy on stewardship within the Statement of Investment Principles (SIP) will ensure all funds are active owners, resulting in better outcomes for scheme members, companies and society.

What can UKSIF members do?
UKSIF will be holding at least one consultation event on changes to the OPSR in April, details of which will be sent in due course. The purpose is to inform the UKSIF response to DWP which will have more impact with as much member input as possible. Members who are interested in this topic or have any comments or questions should contact Fergus Moffatt, UKSIF’s Head of Public Policy at fergus.moffatt@uksif.org

2) **A requirement by The Pensions Regulator (TPR) and the FCA that all large listed and private UK firms report on how their defined contribution pension schemes integrate environmental, social and governance factors.** This should include information on a range of topics, including whether the provider has signed up to the Stewardship Code, if it offers a sustainable pension option and the extent to which the Independent Governance Committee (IGC) considers ESG factors.

Let us know your thoughts!
We are considering issuing a joint letter from UKSIF, members and other influential organisations to urge TPR and the FCA to require schemes to report on how they integrate ESG. Through a targeted message with the full weight of the industry behind it, we hope to put increased pressure on the regulators to take ESG more seriously.

3) **The Department of Business, Innovation and Skills (BIS) should convene members of the voting value chain to establish and address the practical issues involved in corporate voting.** Good stewardship and responsible investment practices can be hindered through a lack of transparency and accountability; BIS should take the initiative and work with the sector to find ways in which these issues can be overcome.

What next?
UKSIF is in the process of consulting with members on the practical issues involved with corporate voting. We would welcome views from any members who have concerns surrounding the process of voting. These concerns will be presented to BIS with whom we are currently engaging on difficulties in the voting chain.

Press Release

Unprecedented UK investor action to reform financial services by setting new standards for fund managers

UK investors worth £350 bn challenge fund managers in call for improved voting, reporting and engagement standards

- Investor-led guidelines will address fund managers' voting, reporting and engagement practices
- First investor initiative of its kind will set 'Red Line' voting instructions
- Growing wave of investor-led activity challenging the industry is unique to the UK
- Investors will meet fund managers to debate standards and practices during event to mark Ownership Day

London, 10 March 2015 – Owners of pension fund assets worth more than £350 bn are meeting fund management industry leaders today to debate voting, reporting and engagement standards in an event to mark Ownership Day coordinated by the UK Sustainable Investment and Finance Association (UKSIF).

The day will feature the launch of the Association of Member Nominated Trustees (AMNT) initiative called Red Line Voting – a project to set 'Red Lines' for companies' environmental, social and governance performance with corresponding voting instructions for fund managers. The event will also review an investor-led guide launched in January to clarify investors' reporting expectations. These initiatives will help re-connect fund managers to pension scheme members. They also show that UK investors are at the centre of innovation in the proper stewardship of assets.

Both the voting Red Lines and reporting guide are intended to be used by asset owners of all types and is the latest in a wave of investor activity to improve industry standards post-Kay Review and the UK Stewardship Code.

Janice Turner, AMNT Co-Chair, commented: *"UKSIF has given great support to AMNT as we have taken our initiative forward. We are delighted to have found so many people within the ranks of UKSIF members who have such a strong commitment to widening responsible investment and who have been prepared to contribute their expertise in advising AMNT as we have developed Red Line Voting."*

Jessica Ground, Global Head of Stewardship at Schroder Investment Management, commented: *"As long-term investors, we view engaging with companies on ESG issues as an important part of our investment processes and a way of creating value for our clients. We are encouraged that more clients are interested in these activities. Asset owners and managers working together in this way have the potential to improve the whole investment system."*

Simon Howard, UKSIF Chief Executive, said: *"UKSIF members recognise that good stewardship of savers' assets, including effective use of owners' votes and top-class reporting to owners, is a key way of building value for future pensioners. Well governed companies tend to be better performing companies.*

"We're delighted that UKSIF members are helping the AMNT draft the Red Lines voting instructions for maximum practical effect. They also helped to draft the reporting guidelines. We are determined to grow the market for properly managed long-term investment and welcome more future collaboration between investors and industry to improve stewardship and long-term thinking. We are very happy that senior members of the Government are supporting Ownership Day."

Engagement in Practice

The following real-life examples of engagement demonstrate the wide range of Environmental (E), Social (S) and Governance (G) issues that asset managers and others are actively addressing with companies on a day-to-day basis.

G

Board Diversity

Lord Davies' report 'Women on Boards' was published in 2011 and we are approaching the end point of its four year target to achieve 25% of women on executive boards by 2015. Despite not being quite on track to meet this target, we are pleased to have seen a great deal of progress over the past few years in UK plc, especially in the FTSE 100. Diverse boards are more likely to be effective boards, better able to understand their customers and stakeholders and to benefit from fresh perspectives, new ideas, vigorous challenges and broad experience. This in turn leads to better decision making. However, it's not all good news. Together with other investors, we sent a letter to Antofagasta plc in Q4 2013 requesting a meeting with the company given the lack of progress on gender diversity. At the time there were no women on the board of this mining company. We were delighted to see the announcement made by the company on 28th March 2014 that Ms Vivianne Blanlot was appointed a Non-Executive Director on 27 March 2014. Ms Blanlot is an economist with extensive experience across the energy, mining, water and environmental sectors.

Source: Aviva Investors

S

Bribery & Corruption

GlaxoSmithKline is a multinational pharmaceutical and healthcare company. In 2014, following allegations of bribery in China, we contacted the company to understand the issue and approach the company was taking. Having previously spent some time with the new management team of GlaxoSmithKline discussing the challenges around corruption and bribery in China and elsewhere, we are for now prepared to give the company time to demonstrate its determination to implement wholesale change across every corner of what is a very large organisation. The incident is a timely reminder of just how hard it is for new management of such large 'supertanker' companies to implement change. Having decided on a new course, it can take years, or even decades, before the supertanker can be turned around properly.

Source: First State Investments

E

Climate Change

We have discussed ESG issues with mining group BHP Billiton on a regular basis for more than 10 years. Our discussions have ranged from board diversity, HIV and AIDS to bribery and corruption. Climate change has been a constant theme, and this is an issue where we believe our influence has made a real difference. In 2010, the company adopted a greenhouse gas (GHG) emissions reduction target of 6% per unit of production by 2012. We did not believe this was sufficiently demanding and made our views known to management. Schroders seeks 'absolute' targets for GHG emissions, consistent with the aim of the Intergovernmental Panel on Climate Change. We therefore welcomed the company's announcement in 2013 that it was adopting an absolute GHG target to keep emissions at 2006 levels. While we celebrate this success, we are aware that the bar is constantly being raised; the company's risk profile is altering, expectations of corporate behaviour rise and the regulatory environment is more stringent. We will continue to press the company to make further progress. We know that maintaining BHP's position as one of the global leaders in a particularly environmentally-sensitive sector helps make it a better investment for our clients.

Source: Schroder Investment Management

Engagement in Practice

S

Employee rights and relations

We have been engaging with the mining company Lonmin on sustainability and governance issues for a number of years. Our dialogue with the company has increased since the Marikana tragedy (which resulted in over 40 deaths during impromptu wage negotiations) and the subsequent change of management during 2013.

In South Africa, multiple socio-economic challenges are contributing to the climate of social unrest within the local population of mine workers. These challenges include: equal opportunities, education, rising inflation, increasing personal debt, immigration pressures and lack of adequate housing. They are exacerbated by falling global commodity demand, which is impacting the country's exports. These factors are further aggravated by the lack of a central bargaining system for wage negotiation within the platinum industry. In addition, the change in majority union representation, from the NUM (National Union of Miners) to the AMCU (Association of Mineworkers and Construction Union), created a volatile environment for companies to engage with employees.

In September 2013, we visited Lonmin's mine in Marikana in order to better understand the company's relationship with its employees and local communities and its attitude to broad sustainability issues. We met the new CEO, as well as most of the senior executives. The conversations focused mainly on the relationship with the newly formed and dominant union, AMCU, with respect to the latest pay negotiations. We also had the opportunity to meet mine workers directly in order to understand their perspective. We talked at length about the safety, community programmes and socio-economic backgrounds impacting the company's operations.

Many of the issues faced at Lonmin are applicable to other mining companies operating in South Africa. We continue to engage with them to strengthen employee relations, accelerate housing improvements and work collectively with other mining companies to address community concerns to encourage more effective processes for wage negotiation.

Source: Legal & General Investment Management

E

Genetic Modification (GM)

We have engaged with several players in the GM market. As well as seeking to address allegations of unethical and opaque marketing and overly aggressive sales methods, we have questioned companies on their long-term vision on GM and urged them to enhance their sustainability performance and reporting. The latter includes disclosure on risk management in order to improve customer perceptions, especially as some US states are considering following in the EU's footsteps by introducing compulsory labelling of GM products.

One company reacted to investor questioning about its risk profile and risk management practices by beginning to publish an integrated report in 2014 to which we provided significant input. At another company, we addressed the responsible marketing, handling and distribution of a hazardous pesticide that is banned in several countries. We urged it to put in place a convincing life cycle risk assessment of its products, from conception and procurement to disposal. We also highlighted the importance of a clear commitment to develop products with lower toxicity and expressed our disappointment at its decision to avoid the GM crops debate in the EU, leaving the company's reputation and its licence to operate damaged.

Due to the polarisation of the debate engagement on GM has been difficult. However, we will continue to push the companies involved for better marketing practices, improved risk management and better disclosure.

Source: Hermes Investment Management

Engagement in Practice

S

Living Wage

A large European clothing retailer we are engaging with has a long history in sustainability and workers' rights, starting with a 1997 Code of Conduct, which specified the conditions factories needed to comply with to produce for the retailer. After experiencing strikes in Cambodia, the retailer recognised problems with the minimum wage rules. The company began collaborating with the governments in its supplier countries of Bangladesh, Cambodia, China, India and Turkey to advocate annual wage revision and enforce labour legislation protecting the freedom of association.

The company has also embarked on a 'fair living wage' project, starting with its strategic garment suppliers – around 750 factory units producing around 60% of its products – who are in countries paying less than the living wage. Its goal is for all of its strategic suppliers to pay fair living wages by 2018, affecting around 850,000 textile workers. Starting from this year, the company will develop its pricing method to reflect the true cost of labour. By doing this, it aims to pay a price which enables its suppliers to pay their textile workers a fair living wage and reduce overtime. It also plans to improve its purchasing plans to reduce its suppliers' production peaks and enable them to better prepare the right capacity in their factories. The living wage roadmap and targets will be reflected in its updated Code of Conduct. In addition, the company will provide textile workers at its supplier factories with access to education and skill enhancement and transparently report its efforts. What is clear from this example is the importance of the 'tone from the top'. This determines the company culture and shows a desire to create a sustainable business model aligned with the thinking of long-term investors.

Source: Hermes Investment Management

G

Mergers and Acquisitions

After first contact in November 2013, Pfizer made an initial indicative bid approach to AstraZeneca to make an offer for the company in January 2014. That process became bogged down in what was characterised as a refusal by AstraZeneca to talk to Pfizer. As the headline number bandied around by Pfizer went from £46.61 a share to £50, and finally to £55, the disconnection between the press headlines and the underlying nature of the talks taking place became ever more apparent.

Amid the furore surrounding Pfizer's approach to AstraZeneca, we made a public statement to the effect that "as long-term shareholders, we continued to be supportive of the AstraZeneca board". Our position and statement of support for the board of AstraZeneca was not a rejection of the possibility of a deal, but rather an endorsement of how, in contrast to the press coverage, we thought the AstraZeneca board had actually been handling the approach from Pfizer.

The prospective transaction was surrounded by considerable 'noise', as well as press reporting that appeared to have been partly orchestrated against AstraZeneca (i.e. suggesting that the board was being unduly intransigent, would not engage and was seeking to sabotage a bid). As expected, the underlying issues and dynamic were discussed and reviewed directly with AstraZeneca's chairman.

It was our view that the criticisms being made did not fairly reflect what was happening, as we saw it, between the two companies, and we felt that there was merit in making the statement. The intended transaction would have been a complicated and contentious one, with significant issues surrounding it, including multi-jurisdictional political, tax and regulatory issues. Such issues can have material implications for the assessment of an offer, generating risks and requiring clarifications and assurances. This is particularly true where the consideration is other than in cash, as it was in this case. We expect boards to consider and engage on approaches that are made on the basis of both shareholders' best interests and proper due diligence, particularly before making a recommendation. Where boards are seeking to do so, we are inclined to support them, which is the position we took in relation to AstraZeneca. Our discussions with AstraZeneca have continued, despite the fact that Pfizer has essentially ruled itself out of further discussions for six months, as the business's plans and strategy remain of considerable interest.

Source: Threadneedle Investments

Engagement in Practice

E

Toxic Chemicals

Over the last eighteen months, WHEB has been leading a collaborative engagement initiative involving several UK institutional investors and focussing on toxic chemicals. Our objective has been to understand the degree to which speciality chemical companies are involved in the manufacturing, processing or sale of chemicals that are considered to be Substances of Very High Concern (SVHC) by the European Commission. These substances are being increasingly tightly regulated in the EU and elsewhere and in some cases are being banned. WHEB has no exposure to commodity chemical companies as they do not fit our social or environmental investment themes, but we do invest in some speciality chemical companies including the UK company Johnson Matthey (JM).

JM is a speciality chemical business whose products offer a range of important environmental and health benefits. Products include catalysts to reduce hazardous air emissions from automobiles and fine chemicals for use in the pharmaceutical industry. In total JM has businesses that handle four substances that are considered to be 'candidates' for treatments as SVHCs by the European Commission. A further four are considered to be controversial by environmental groups. It was clear from our meeting, and subsequent correspondence, that the company has a robust approach to the management of these substances, but did not have a systematic approach for assessing and managing the risks of phase-out for these chemicals and the opportunity for developing less hazardous substitutes. In some cases, the company had successfully introduced alternatives, but in others their efforts had not succeeded.

We followed our meeting with a suggestion that the company make the issue of hazardous chemicals a higher priority, particularly in developing a more systematic approach across the company as a whole to assessing which substances are likely to be regulated, what the commercial implications might be, and what the company should do about it. We were very pleased therefore to read in the company's 2014 annual report a case-study on the work that they have been doing to manage hazardous chemicals and their decision to boost the resources they have within the business to manage these issues and to promote the use of green industry across the group.

Source: WHEB Asset Management

E

World Heritage Sites

We engaged with SOCO International, a FTSE 250 oil and gas company, regarding its operations in Virunga National Park, a designated world heritage site in the Democratic Republic of Congo (DRC). We felt its operations in this protected area and the associated reputational impact was damaging for SOCO and, consequently, a concern for shareholders. In the second quarter of 2014, our engagement intensified.

We commissioned research providers, EIRIS, to produce an independent report into SOCO's activities in the area. It set out six recommendations relating to better governance, transparency and the management of human rights issues, as well as the publication of a biodiversity policy with a commitment not to carry out exploration or production within world heritage sites. We presented this to the board of SOCO, which welcomed the report and its recommendations, and we shared it with other interested investors at a roundtable discussion we hosted in May. Our aim is to work with companies to achieve outcomes that are beneficial to them, its investors and our clients. On 11 June, SOCO announced it would not drill in the Virunga National Park and not conduct any future operations in any other world heritage sites. This breakthrough led to the withdrawal of the World Wildlife Fund's (WWF) complaint lodged at the OECD National Contact Point. SOCO has not yet addressed all the recommendations and there continue to be ESG risks associated with operating in the DRC. Consequently, we remain actively engaged with SOCO to resolve these outstanding concerns.

Source: Aviva Investors

Collaborative engagement success

'Aiming for A' 'Strategic Resilience for 2035 and Beyond': Co-filing Resolutions at the BP and Shell 2015 AGMs

The £160 bn 'Aiming for A' investor coalition* has co-filed supportive, but stretching, shareholder resolutions at the BP and Royal Dutch Shell 2015 Annual General Meetings. These resolutions focus attention on the risks and opportunities that climate change poses for these companies and asks for further reporting on several areas, including:

- ongoing operational emissions management
- portfolio resilience to the International Energy Authority's scenarios
- low carbon energy research and development and investment strategies

Both BP and Shell's Boards have advised shareholders to support the resolution.

"BP and Shell's responses indicate that supportive but stretching shareholder resolutions can play a positive stewardship role. They focus attention on an increasingly complex capital allocation challenge for energy companies, investors and policy makers."
Helen Wildsmith, Head of Ethical & Responsible Investment at charity fund managers CCLA.

"The positive way in which BP and Shell have responded to our shareholder resolutions is completely unprecedented. This represents a step change in engagement between institutional shareholders and the oil and gas industry on the strategic challenge that climate change poses to the industry. The next step is for investors to back the boards of both companies and to vote for the disclosures that we have requested and that the companies have said they will provide. We look forward to seeing the new in-depth reporting from both companies later this year, and to continued engagement."
Edward Mason, Head of Responsible Investment for the Church Commissioners.

***The 'Aiming for A' coalition, built by CCLA, includes the Local Authority Pension Fund Forum (LAPFF), the largest members of the Church Investors Group (CIG) and Rathbone Greenbank Investments.**

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Company No: 02541424 Registered in England VAT Registration Number: 726 4659 11

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