



Capital Action

Using investments to ensure sustainable value for London's shareholders and citizens alike

ShareAction

the movement for **Responsible Investment**



We work to **transform** the investment system to serve savers, society and the environment.

We do this through public-facing campaigns, research and policy work, and engaging with the investment industry and companies

We are funded by charitable trusts, supporter donations, and member organisation fees; we are independent from the investment industry.

Issues we have worked on include:

- **E**nvironment: Arctic drilling, tar sands
- **S**ociety: Living Wage
- **G**overnance: Excessive executive pay, board diversity

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Awareness of investments as a crucial arena for long-term societal and environmental sustainability is rising:

- **Charity investors** – seek to align grant-giving goals & investment activities
- **Faith investors** – increased media scrutiny after Wonga scandal
- **Pension funds** – understanding that long-term liabilities require a sustainable approach to company value
- **Individuals** – realising the links; concerns heightening about climate and after major humanitarian events such as Bangladesh

What is responsible investment? And what is it not?

Responsible investment is not about changing what you invest in; it is about using your **voice** as shareholders in companies.

In practice, it means **engaging** with companies about their policies and practices to ensure:

- Value is created sustainably
- Social impacts are positive
- Environmental impacts are not detrimental



Demystifying engagement

Engagement = pursuing constructive corporate dialogue

In practice, it often takes the following forms:

- Attending AGMs
- Letter-writing
- Direct meetings with companies

Joining **collaborative initiatives** is a popular method of magnifying impact.

Engagement can be light or heavier, depending on resources.



Responsible investment in action

Living Wages

- Calculated annually as the minimum wage needed to cover the bare essentials of life
- Increasingly adopted by FTSE100 & companies that care about corporate citizenship
- Applies to both employees and onsite contracted workers such as cleaning staff.

RI methods used:



- Investor letters
- AGM questions
- Face-to-face meetings
- Investment managers made aware of client concern



Thousands more now take home enough pay to support themselves.

Political Donations

- Ensuring companies pursue political lobbying programmes which do not contradict public statements on issues such as emissions reduction
- Calling to companies' attention potential conflicts
- RI methods used: investor letters / AGM questions



AstraZeneca no longer funds controversial legislation group ALEC.

Modern Day Slavery

- Child labour, sex trafficking, and forced labour (UN definition)
- Government commitment: Modern Slavery Bill
- RI methods used: investor letters



Joint committee recommends company reporting on mitigation efforts.

Why London?

London is home to many financial institutions, yet has major inequality and environmental issues.

Shareholdings can be a prudent and **effective lever for change**:

- protecting long-term company value
- promoting societal and environmental sustainability

This is the **first time** that responsible investment focused on a specific geographical locale.

Using **tried-and-tested methods**, we'll bring tangible benefits to the capital.



What does it mean for London's asset owners?

- **Minimal burden** – ShareAction researches companies and issues
- Choice over which **issues** to be involved with
- **Sliding scale** of involvement, from private letter signatories to public AGM questions



What issues is Capital Action focusing on?

Issues need to:

- Have clear potential to **benefit the capital** and its citizens
- Have **clear 'asks'** for companies, in line with best practice
- Not be detrimental to **company value**, and ideally, enhance it

We're open to suggestions, but so far we've identified the following as meeting our above criteria:

1. **Living Wages**
2. **Air Quality**
3. **Human Trafficking**
4. **Apprenticeships**

Companies to focus on > **major London operations** (not necessarily HQ)

4 letters to kickstart Capital Action

Letter 1: Home Retail Group

- What: FTSE250, owns Argos, Homebase and more
- Issue: air quality – HGVs in fleet
- Context: some measures undertaken but much more to be done
- Ask: further measures & timescales?



Letter 2: Millennium & Copthorne Hotels Plc

- What: FTSE250, hotel chain
- Issue: trafficking (wide definition)
- Context: not part of hotel initiatives to tackle the issue; weak policy and no evidence of implementation
- Ask: how addressing? Staff training?



Letter 3: Foxtons

- What: FTSE250, estate agency
- Issue: Living Wages – major workforce across London and onsite contractors
- Context: alleged basic rate of pay of £10k/year, no clear CSR presence
- Ask: what assessment has been made of paying Living Wages?



Letter 4: Big Yellow Group

- What: FTSE250, self storage
- Issue: Living Wages
- Context: FTSE4Good constituent, strong on environment; weak on pay
- Ask: what assessment has been made of paying Living Wages?

What next?

1. Investor signatories collected (see deadline)
2. Letters sent off
3. Constructive dialogue begins



Investors:

- Have flexible levels of involvement
- Are always kept abreast of developments
- Never have their name used without prior permission

In conclusion...

Capital Action is a light burden, innovative project bringing benefit to London and its citizens.

By choosing to become a signatory to 1 or more of these letters, you will be encouraging companies to adopt best practice on a range of salient issues.

We're looking forward to building this initiative with your collaboration.



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