



Notes for discussion

Shareholder Action 2024

**A cost-effective means of influencing corporate investment and
policy decisions for commercial scale forest bioenergy**

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Shareholder Action Project 2024

1 Background - why purchase shares?

This document aims to show why purchasing shares in companies that are involved in the forest bioenergy sector can provide a cheap and highly effective way of getting your arguments against forest bioenergy heard in the corporate world that funds so much of the sector.

Experience from trials so far with Drax Corporation (in the UK) and Enviva (in the US) has shown ability to deliver strong messages with potential to sway opinions among financiers and decision takers who are difficult to access via external approaches.

2 The benefits of share owning

Buying a handful of shares in a company automatically makes you one of its owners, entitled to express your opinion on the same basis as a major institutional shareholder.

It can provide you with the following opportunities:

- Representation at an Annual General Meeting (AGM) direct to Board directors in front of their shareholders, bondholders and other interested parties
- The opportunity to meet with and influence those financiers, some of whom have considerations that are not just financial (eg PR: public relations, or CSR: corporate social responsibility), to establish personal contacts before and after the AGM
- To communicate as shareholders, rather than external environmentalists (thus often taken more seriously), between meetings with senior corporate personnel: through general representations, responses to company statements and Press Releases
- Stronger linkage with media, particularly more influential financial publications, as environmentalists with an element of shareholding engagement
- A basis for developing capacity in your NGO to better understand enterprise and its language, thus strengthening the impact of communications

- Improved potential for forming alliances against forest bioenergy beyond the conservation sector: eg with consumer, taxpayer and enterprise associations

3 Representations that could be made as a shareholder

For a minimal cost (Drax shares were priced at c £5.50, \$6.9 or 6.4 EUR each on 4th July 2024) shareholder status can give NGOs a highly cost-effective communication instrument.

The forest bioenergy sector is growing rapidly, and this will accelerate if BECCS is adopted. Yet the sector is highly vulnerable. As shareholders we can exploit its weaknesses:

- Explaining the adverse impact of company's involvement in forest bioenergy with its high emissions on climate change, forest biodiversity, health and the economy.
- Highlighting the problems of the company's bioenergy activities from a shareholder perspective, with risk from:
 - higher CO2 equivalent emissions per kWh than the fossil fuels it is meant to replace
 - rising cost and insecurity of supply
 - low cost-effectiveness of energy production
 - low productivity growth and innovative capacity
 - inherently unprofitable, dependency on subsidy
 - growing effectiveness of public campaigns on health & environment
- These arguments can also be applied to BECCS, which is untried at scale, hugely expensive and will still produce more CO2 equivalent emissions than renewables
- There can be emphasis on the need for the company to divest and diversify rapidly into alternative production, for the sake of its shareholders
- The commercial benefits of switching investment from bioenergy to scientifically sound alternative approaches – creating a more balanced and lower risk portfolio with sustainable profile

4 Key elements of a Shareholder Action Plan

- Identify and list key target corporations in the supply chain for the country/region relevant to your campaign:
 - pellet producers
 - other suppliers
 - commercial scale bioenergy producers
 - ancillary enterprises – forestry, transport, BECCS partners – where shareholding may have useful impact
 - banks
 - investment funds (including pension)
- Create an information file per company: key officers, shareholders, initiatives managed or supported, other information – key issues, threats posed, vulnerabilities, alternatives to solid biomass
- Prioritise and fund the purchase of lots of say a dozen shares in each company, depending on price and circumstance, for each nominated attendee, who can either be an individual acting on behalf of the NGO or the NGO itself (there is sense in not citing NGO names as shareholders).

A proportion of shareholders should ideally be conversant with finance and economics, or able to receive appropriate briefings – and all should be helped to become more conversant.

- Identify dates for key meetings particularly AGMs, company reports etc. Define key objectives in prior liaison between attendees: determining useful questions to ask or points to make

A listing of points and questions to the board is under construction, to be tailored to individual company circumstances, see Appendix III.

- Coordinate with shareholders in other NGOS, promoting appropriate briefings, sharing good practice and ensuring appropriate capacity exists for this to be self-sustaining

V Shareholding action project in a broader context

This shareholding can be operated in tandem with related bioenergy campaigns currently underway. It is one of several initiatives that are developed or planned for engaging the corporate sector:

- Proposals for establishment of Clean Energy Indices in the major Stock Exchanges, modeled on the lines of the Dow S&P Clean Energy Index (information separately available). Trial liaison is currently underway with the London Stock Exchange.
- RECCS (Renewable Energy and Climate Change Strategy). This project, introduced in 2020, proposes reallocation of subsidies from forest bioenergy, geared up with matched funding, for investment in: genuine renewables plus relevant storage, transmission infrastructure, and 'energy efficient' enterprise (recycling, insulation, fuel efficiency, industrial process innovation); protection and restoration of carbon absorbent ecosystems.
- Promoting greatly enhanced linkage between fossil fuel and forest bioenergy campaigners, aiming to ensure the Share Action Plan involves a coordinated approach to corporates under a common and mutually advantageous banner of "End Carbon Fuels"
- Development of a media database, with a key section dedicated to financial and enterprise communication
- Contribute to an international 'map' of corporate targets, ensuring all key countries are covered [obviously there will be overlaps]. Initially it is suggested that some 20 corporations be identified in:

Europe

North America

East Asia

South America

Africa

For the major corporations, the aim would be to have at least 5 NGOs or their individual representatives, each with their own shareholding

APPENDICES

APPENDIX I

Suggested procedure for new shareholders in a meeting

Attendance at AGMs and other key meetings, should be in person rather than online wherever possible, as this will provide the most potent opportunities.

Here are a few tips to consider:

- Dress smart and act respectfully, brief yourself on key lines of approach of relevance to shareholders, depending on circumstance
- You will have more impact if you come across as an individual shareholder and are seen to act independently. Don't show recognition of other activists, arrive separately, ask questions as an individual
- Prepare questions beforehand (liaising with others) – either as an investor or a conservationist.
- After the meeting, talk to individual shareholders, financiers; see if any are skeptical, or will agree to meet separately
- Hold a debrief among yourselves, agreeing follow ups with contacts made, issuing a press release etc

APPENDIX II

Procedure for obtaining shares

Under compilation – will vary with corporation and national legislature. Need to ensure shares have meeting attendance and ideally voting rights

APPENDIX III

List for topics to be covered

TBC – see Section III.

APPENDIX IV

Good practice in correspondence with corporates TBC