



# OUR MISSION, VISION, & 2022 PLANS

## TSC'S MISSION AND VISION

Our economic, social, and environmental systems are all at risk from the same market model upon which we rely for our material wellbeing. These systemic risks can be traced directly to the fact that businesses and their investors are not accounting for the true costs of their activities. By measuring success through financial returns alone, they are excluding critical costs that are depleting our common resources and shared future. This exclusive focus on finance creates a market model that values all profits equally, without any regard to the costs those profits impose on people and the planet. This investment model threatens all investors' returns and our quality of life, because continuing to fund businesses that produce negative social and environmental impacts degrades the very systems upon which all businesses, investors, and beneficiaries rely.

We envision an economic order that rejects this profits-only strategy while preserving competition and the profit motive. Our mission is to catalyze the development of accountability systems that align free-market forces with human and ecological needs. Only when all businesses compete on a level playing field of just and sustainable practices will we be able to create a shared and durable prosperity.

## OUR WORK

[TSC](#) is challenging the status quo relationship between investors, capital markets, and sustainability. We recognize that investors would be better served if social and environmental impact were prioritized over financial return at individual companies. By shifting investors from a "company-first" investment model that drives profit maximization at the company level to a "systems-first" investment approach that prioritizes value creation across a portfolio and the economy at large, we seek to catalyze creation of a level

### Our Broken System—The Lives Not Counted

On April 24, 2013, 1,129 workers died in the Rana Plaza factory fire, simply because profits had been prioritized over workers' safety. Most 401(k) investors would be horrified to learn that they were profiting from such inhumane practices. Similarly, most investors don't want earnings from the sale of opioids that addict their own family members. Underemployed workers don't really intend to invest in companies that destabilize communities and decrease resilience by offshoring jobs while turning a blind eye to human rights abuses and child exploitation in their value chains. Almost no investor wants her savings to render our natural environment inhospitable. Not only do these practices offend investor sensibilities, but they also ultimately damage their portfolios as exploitative practices weigh down the global economy.

How is it that ordinary human beings' savings are deployed so callously, without regard for the investors' own interests?

playing field for sustainable competition on which all companies can operate and people and planet can thrive. This will be achieved when investors act collectively to define and enforce societal and ecological boundaries through guardrails to which all companies must adhere. These guardrails will ensure that beneficiaries prosper financially by preserving common goods such as quality jobs, lives with dignity, and healthy ecosystems. To realize this goal, we take a systemic approach across three streams of work:

1. **Shareholder Stewardship**, where we engage directly with investors around the globe to promote desired behaviors;
2. **Policy and Litigation**, to change the rules that govern investors in support of this more sustainable approach; and
3. **Public Advocacy and Field Building**, where we catalyze the development of infrastructure that will be needed to inform, uphold, and reinforce this system stewardship approach over time.

We have been fortunate to capture the interest of major foundations: both Ford Foundation and Omidyar Network have been early supporters, and we have been named a grantee of the Tipping Point Fund for Impact Investing. We have a crack team of ESG, corporate governance, and systems change veterans driving this work—Rick Alexander (Chief Executive Officer), Sara E. Murphy (Chief Strategy Officer), and Sophie Faris (Chief Operating Officer)—and plan to partner widely to leverage our unique offerings within organizations that are best poised to integrate these ideas into the mainstream.

## TSC 2022 PLANS

In 2022, TSC is eager to build upon the lessons we've learned to deepen our practice across our three streams of work.

### SHAREHOLDER STEWARDSHIP

As we move into the 2022 proxy season, TSC is poised to build upon our accomplishments, the lessons we learned, and the connections we made in 2021, deepening our work with companies, regulators, and investors. The 2021 proxy season confirmed that shareholder proposals are an effective way to launch conversations about the extent to which companies impose externalities on diversified shareholders. By filing proposals, TSC has engaged numerous companies and shareholders in direct conversation about what value they pursue, and the limitations of the conventional investor focus on individual company performance ("alpha") and neglect of overall market performance ("beta"). In doing so, we have deepened relationships around the globe with leading investors including LGIM, Amundi, and HESTA, as well as collaborative partnerships with ICCR, Majority Action, Share Action, and the Cambridge Centre for the Study of Existential Risk.

Our shareholder proposals are designed to force investors and companies to confront the uncomfortable truth that some limitations on company activity that are necessary to preserve a sustainable economy will be detrimental to some companies' alpha. Understanding this reality is a necessary first step toward a deeper exploration about the need for investors to champion ecological and societal guardrails that apply to all companies, whether or not financially beneficial to each company that is subject to them.

Examples of proposals underway include:

- Marriot International, focused on inadequate, unequal, and racially disparate pay and its effects on our economic system;

- Facebook (Meta Platforms), for knowingly promoting misinformation that damages critical social and environmental systems; and
- Pfizer Inc., for limiting sharing of vaccine technology, which undermines diversified shareholders' portfolio value.

Alongside this shareholder proposal strategy, we will continue our work supporting system stewardship practices among asset managers, asset owners, and advisors. Our work in 2021 allowed us to develop a [suite of tools](#) that help investors to work toward system stewardship. To promote adoption of those tools, TSC will:

- Hold 1:1 conversations with the 100+ investors in our network, working with their organizations to take measurable steps.
- Partner with conveners of asset owners and managers (such as the Charities Responsible Investment Network (CRIN) or the Council of Institutional Investors (CII)) to present to and engage groups of investors.
- Publish an informative newsletter, which currently gets >45% readership each month.
- Manage a PR and social media approach to promote this tool set more broadly.

As the market acclimates to this system-first approach, we also look forward to collaborating with investors, content experts, peer organizations, and others to catalyze the development of early-stage guardrails and then pilot their use as soon as we can. By focusing on topic areas with existing interest and momentum (such as public health, media and misinformation, or climate), we will be able to develop and then point to a guardrail precedent, creating a model that can then be replicated elsewhere in more industry-specific ways.

## POLICY AND LITIGATION

Our ability to influence shareholder behavior is either enhanced or limited by the legal and regulatory environment in which shareholders operate. To accelerate the transition to system stewardship practices in the United States, TSC will collaborate with B Lab and partners to implement recommendations outlined in our [2020 White Paper](#). TSC is also exploring how to support efforts across Europe to broaden notions of fiduciary duty (via statute or directive) based a track record of passing benefit corporation regulation in the United States.

Complementing our efforts to influence policy directly through legislative and regulatory change, TSC believes that a litigation strategy would leverage the substantial ambiguity and flexibility in current law and regulation.

In the United States, for example, federal disclosure law defines "materiality" by reference to the information desired by a reasonable investor. To date, there has been an assumption that such an investor would only consider the effect of a company's activities on its own financial performance. Without any change in statute or regulation, it might be possible to persuade judges or regulators that this interpretation is too narrow, and that a reasonable investor would want to know what effect a company's activities had, for example, on climate crisis or erosion of democracy through misinformation, because that effect would ripple through to the investor's entire portfolio.

At a tactical level, TSC believes that the most efficient litigation strategy will start in the United States in FY 2022 while we explore partnerships in other regions for work the following year. This year's goal is to file lawsuits in Delaware (potentially against Facebook, Chevron, or both) challenging the assumption that shareholder primacy

limits directors to considering internal financial return to shareholders. Because shareholders are generally diversified, their portfolios are likely to be equally or more susceptible to spill-over effects, both positive and negative, from corporate activity than by individual company returns. At the same time, we hope to monitor litigation in other jurisdictions involving investor protection to look for appropriate amicus opportunities to make arguments on behalf of universal owners. See our most recent amicus brief [here](#).

## **PUBLIC ADVOCACY AND FIELD BUILDING**

The work above will drive desired behaviors while removing barriers to a system stewardship approach. Simultaneously, it will be critical to develop market infrastructure that supports investors in making this shift. In the long term, we know that investors will need one or more clearinghouse-style institutions (e.g., proxy advisors, publications, consultancies) that offer guidance to investors as to when and how to focus on beta. This transition will also require internal structural changes within the investment community to long-standing norms, including compensation, incentives, and professional specialization within institutions. We will continue to partner with leading researchers and academics, as their support in enhancing the evidentiary basis for our approach is essential.

A critical aspect of our work will be changing cultural expectations. Today, just as a singular focus on “alpha” is assumed to be best practice in pursuing value for beneficiaries, the broader culture views financial return and the power that wealth generates as the final measure of business success. To create an ecosystem that eschews profits obtained from activities that exploit common resources and vulnerable communities, TSC will continue educating and influencing key players in the field through convening, knowledge creation, and communications. In aggregate, these activities will continue our systematic approach to building an authentic new paradigm around value creation.

Through these three intertwined initiatives, TSC will grow awareness and acceptance of a system stewardship approach in the market, driving asset owners and asset managers to recognize the role they can play in providing *authentic* value to beneficiaries: financial wealth that is created through quality jobs, healthy ecosystems, and vibrant communities. By creating a level playing field that operates within the confines of ecological and societal boundaries, TSC will catalyze the emergence of a free-market system that is aligned with common needs and in which shareholder returns serve as an authentic proxy for value creation.

### **For more information, contact:**

Rick Alexander, CEO  
[rick@theshareholdercommons.com](mailto:rick@theshareholdercommons.com)  
+1-302-485-0497 ext. 1

Sophie Faris, COO  
[sophie@theshareholdercommons.com](mailto:sophie@theshareholdercommons.com)  
+1-302-485-0497 ext. 2

Sara Murphy, CSO  
[Sara@theshareholdercommons.com](mailto:Sara@theshareholdercommons.com)  
+1-302-485-0497 ext. 3