

# Small schemes, powerful voices

✔ **Francesca Fabrizi speaks with ShareAction CEO, Catherine Howarth, and Trustee Sustainability Working Group Chair, Bobby Riddaway, about how collaboration can empower even small pension schemes to drive meaningful corporate change**

**C**atherine, please provide an overview of ShareAction and its mission?

**Catherine Howarth:** ShareAction is a non-governmental organisation working to shape a world where the financial system serves our planet and its people. For two decades, we have worked to raise the bar for responsible investment by setting ambitious standards for financial institutions and mobilising institutional investors such as pension funds to use their power and influence with companies to support an orderly energy transition, protect nature, protect people's rights and welfare at work and improve public health.

✔ **Bobby, please tell us about the Trustee Sustainability Working Group (TSWG) and its role?**

**Bobby Riddaway:** The TSWG is a group of professional and member-nominated trustees formed in a bid to accelerate the implementation of good sustainability investment practice across the UK pensions industry. It contains



representatives from most of the large professional trustee firms, and is chaired by me, its founder. It also has the two co-heads of the Association of Member Nominated Trustees and two other independent sustainability trustees.

The TSWG was formed at the end of 2024 after I, alongside a fellow climate actuary, identified a gap in the sustainability voice. While many of the top sustainability trustees participated in other asset owner groups, there was no group representing all UK pension schemes. Also, most of the discussion was centred around large schemes, so the voice of smaller and mid-sized schemes was missing. The TSWG represents all types of trustees and all sizes of schemes.

✔ **To offer an example of the power of collaboration, please explain how ShareAction, supported by the TSWG, paved the way for significant changes in Nestlé's reporting approach?**

**Howarth:** In late 2023, ShareAction circulated amongst investors a potential shareholder resolution for Nestlé's 2024 AGM. The resolution proposed new

dedicated annual reporting on the health impact of the company's food products and that Nestlé set a target to improve its health impact. The resolution wording was initially supported by a wide range of institutional investors and looked set to be successfully filed.

However, in early 2024, it became

clear that LGIM might back away from co-filing the resolution. ShareAction contacted Bobby to see if there was any engagement that he, and the schemes that he and colleagues were trustees on, could have with LGIM to influence their decision. A few supported this on their individual schemes –

Bobby was chair of a £7 million scheme, Haseltine Lake, and approached them too. He realised that, as they were on the Mobius Institutional Platform, if he could get them onside, it would be a much stronger voice. Bobby spoke to Mobius, and they agreed to engage LGIM.

This interest and pressure from schemes led to LGIM co-filing the resolution, alongside other investors such as Candriam, and La Francaise Asset Management, collectively representing \$1.68 trillion in assets under management. When it went to a vote at the Nestlé AGM, the resolution was supported by 11 per cent of the shareholder vote so it didn't pass, but it demonstrated that coordinated engagement, particularly when directed at asset managers, can shift the position of major market actors.

ShareAction continued to engage Nestlé after the vote. Investors met the company's CEO in December 2024 and again in 2025. In response to this sustained pressure, Nestlé committed to adopting a leading transparency standard on health.

In 2026, Nestlé began reporting on the healthiness of its sales using this new guidance. ShareAction continues to push the company to set a meaningful target to improve the nutritional profile of its portfolio.

### ➤ What challenges did you encounter along the way?

**Howarth:** The Nestlé engagement surfaced several structural challenges across the pensions industry:

- **Underestimation of small schemes' influence:** Many assume they lack stewardship power. This case showed that when small schemes engage their asset managers rather than attempting to influence companies directly, they can have an outsized impact.

- **Health as a material financial issue:** A central challenge was demonstrating to pension savers and trustees that companies' impacts on public health are financially material. Nestlé's failure to address nutrition risks exposes investors to regulatory, reputational, and litigation risks. Health deserves far more attention within stewardship, which is often dominated by climate.

- **A system built around large schemes:** Industry discussions and stewardship frameworks often assume the resources and structures of large schemes. Smaller schemes face barriers including limited consultant capacity, and time poor trustees.

- **Limited innovation in stewardship:** Not many professionals think outside the box on stewardship, and few believe regulatory change is possible. The Nestlé case shows that innovation is both possible and necessary.

**Riddaway:** To expand on that:

- **Lack of understanding of how small schemes operate:** Many pension professionals who contribute to industry discussions work on big schemes or for big firms and may not understand how small- and medium-size schemes work. Many consultants at these firms do, but

they are generally very busy and/or career professionals that are not given the time to contribute.

- **Trustee overload:** Most of the trustees who have a keen interest in sustainability or stewardship are busy with bigger schemes, so don't have the time to work on industry initiatives for small schemes.

- **Consolidation pressures:** The constant talk about consolidation and end game has led to an assumption that it's not worth working with smaller schemes as they will either buy out or be consolidated. There are going to be significant billions invested in UK DB pension schemes for many years to come – if you extrapolate the £50 billion a year in bulk annuity transactions it takes 30 to 40 years to absorb the £1.2 trillion of DB assets.

### ➤ What key lessons can the pensions industry take from the Nestlé example?

**Howarth:** Several lessons emerge from this case.

First, that small schemes can have real influence – when they focus on asset managers. The Nestlé example demonstrates that small schemes, acting collectively and engaging their asset managers, can shift the position of major market players.

Also, stewardship needs clear priorities. Schemes benefit from identifying two or three issues each year where coordinated engagement can drive meaningful change.

Additionally, health must be recognised as a core stewardship issue. Companies whose business models undermine public health create long-term financial risks for pension savers. Health should be embedded in responsible investment policies.

Bringing health into stewardship matters isn't just about mitigating financial risks. Pension funds have a responsibility to act on the key issues that materially shape their members' life outcomes.

Finally, industry structures must

evolve to support all schemes. If stewardship is to be effective across the system, smaller schemes need accessible pathways to participate, not parallel structures that imply endorsement before they are fully developed.

The Nestlé case shows what is possible when the industry thinks differently. If we want a pensions system that genuinely serves people and planet, we must empower every scheme not just the largest to play its part.

**Riddaway:** I agree – this example demonstrates how, collectively, small schemes can have a voice.

You need a forum to decide which two or three issues to go for each year. You also need to give schemes time/money and small schemes don't have that. They currently pay £2,000 to £3,000 per year for generic implementation statements. TSWG is proposing a small scheme stewardship initiative which, if offered as a replacement for implementation statements, can run for a fraction of that, as long as all schemes sign up. It will also provide regular reporting.

### ➤ Could you tell us more about this small schemes initiative from TSWG?

**Riddaway:** The current proposal is for small schemes to sign up to a transition plan that covers how they deal with ALL sustainability and stewardship. This, for schemes under £100 million, will be 90 per cent generic but will have two or three actions small schemes can take. They could cover all of their stewardship responsibilities by signing up to the initiative as part of that transition plan. This would cost schemes under £1,000 per year in total and replace the generic implementation statement plus the other generic stewardship statements in chair statements and statements of investment principles.

If the whole industry backs the small schemes initiative, we can truly drive change.

**Written by Francesca Fabrizi**