

# Earth day 2022: Changemaker event

## Event summary

Our Earth Day event brought together leaders from three distinct spheres in the sustainability movement: activist, corporate and academic. Together, Erin Brockovich, Dr. Lucas Joppa, and Prof. George Serafeim highlighted opportunities for us all to take action and be changemakers towards a more sustainable future.

### Individual activism

Environmental activist **Erin Brockovich** is perhaps best known as the subject of the Julia Roberts film bearing her name. She related her life-long appreciation of nature growing up in Kansas, and how her childhood feeling of interconnectedness led to her present position.

- When she arrived in Hinkley, California, the town featured in the film *Erin Brockovich*, she witnessed environmental devastation in progress: trees were dying, animals had multiple tumours and the people were sick, due to groundwater contamination from the Pacific Gas and Electric Company.
- While the environment is in worse shape today than when she took on Pacific Gas and Electric, she remains optimistic with people increasingly unwilling to kick the can down the road and recognizing the power they have as a collective
- People can affect change by using four simple concepts:
  - o Logic: Rely on observation skills and trust what you discover. Pay attention to what is happening around you.
  - o Leverage: Gathering and building community; use the power of different perspectives to your advantage. There is strength in numbers.
  - o Loyalty: Remain committed to your cause. Don't assume someone else will get it done.
  - o Love: Your commitment will be strongest if you do it out of love for your family, your neighbours, and the world.
- Companies have the will and the technology to reinvest profits back into the planet by updating outdated infrastructure, policies, and business models.
- "When we do that, the reward will be much greater than just profits."

### The corporate challenge

**Dr. Lucas Joppa**, Chief Environmental Officer at Microsoft discussed how companies can adapt to the challenge by bringing their core competencies to bear.

- Every company needs to be setting sustainability goals that are not just meaningful to the world, but also meaningful for the organization. Many make the mistake of viewing the challenge as "what does the world need?" when they should be asking "what skills can we provide?"
- In the past, the role of the Chief Environmental/Sustainability Officer has focused on the "do no harm" side of the equation, but it is now seeking to solve sustainability-related problems. Microsoft aims to not simply be carbon neutral, but carbon negative by 2030.



- Microsoft is focused on being carbon negative, water positive, zero-waste, and protecting more lands that it uses.
- They commit to being more sustainably operational and innovating new products and services, all with the goal of being recognized as a trusted partner for their clients' sustainability values
- Sustainability is now built into the corporate culture by making it part of every employee's job.

## Profit and purpose

**George Serafeim** is the Charles M. Williams Professor of Business Administration and the Faculty Co-Chair of the Impact-Weighted Accounts Project at Harvard University. He has conducted extensive research into the intersection of capitalism, profit, and purpose.

- Technology and social values are fundamentally changing capitalism. As a result, issues of purpose and sustainability have become core competitiveness strategy issues.
- Purpose-driven companies with strong ESG activities do not view these as peripheral, but as core elements of corporate strategy to be embedded in the governance of the organization and employee empowerment.
- While many companies discuss their ESG policies at a very high conceptual level, it is those that take it down to the management implementation level that can create value.
- Much of the ESG data available looks at policies and goals, and not the outcomes that are achieved.
- Engagement and active ownership will be fundamental to bringing accountability and credibility to the investment companies that offer ESG portfolios.

## Future of sustainable investing

- The data will continue to improve, and we will see more regulation of ESG disclosures.
- More informed role of investors and increased sophistication in understanding engagement.
- An immense amount of investment talent is flowing into the ESG space.

## What should investors look for?

- Intentionality of the investment firm, as evidenced in the data they have based their decisions on.
- Investment in the asset manager's human capital.
- Measurement of outcomes. Does the portfolio exhibit the characteristics that the asset manager believes will affect risks?
- How the asset manager is making a difference, as evidenced in their proxy voting and engagement record.

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