Investors Are Waking Up
Forum contribution: *Corporations in the Crosshairs: From Reform to Redesign*

Steve Lydenberg

In the wake of the 2008 global financial crisis, Allen White and the Tellus Institute founded Corporation 20/20, envisioning what giant corporations might look like in a sustainable world.

In a month, 2020 will be upon us. It has been a long decade. Many battles have been fought in a long war, but I believe that the tide has turned, for which Tellus and many others deserve great credit.

Pockets of resistance abound, and local fights are still fierce, but we will be soon be in a period that demands peace and reconciliation and an era of reconstruction. That will be every bit as hard as the battle itself if the opportunity we have fought for is not to be wasted. Allen White is right today to call for redesign. We must not let the moment for transformation slip through our fingers.

What is necessary for that transformation? In my daily work, I am focused on just one part of this puzzle—the financial community—and so will answer the question in that narrow context, hoping that it will also find resonance in the broader corporate world.

Finance has abused its powers, and has been among the slowest in the corporate world to recognize and confront its need to change. That change is happening now. Some call its manifestations “greenwashing”: nothing more than self-interest in disguise.

I take a broader view. Investment professionals are bright people. Despite what some politicians proclaim, they understand that a Spaceship Earth with a crew soon to be nine-billion-persons-strong faces existential challenges.
They can see that, without meaning to, we can melt the polar icecaps just by driving to the mall, and punch a hole in the ozone layer in a simple effort to keep cool. They understand that, as hard as it may be to deal with, the income inequality to which they have so greatly contributed threatens global political stability.

It is not an easy thing to steer that ship and to negotiate these shoals. We in investment need a common purpose, a vision of how we can preserve what is beneficial in what we have built, a mission that all can share.

Investors are a peculiar lot. Many of the largest private corporations in the world are among them—be they banks with global reach, investment houses with their global tentacles, or international insurance firms. But others are the arms of government: sovereign wealth funds and national and state pension funds. And still others are the endowments of nonprofit organizations and civil society organizations intensely concerned with social and environmental well-being.

What is happening in the fiercely competitive world of finance is that investors from all three spheres are learning to work together to tackle issues like global warming and gender empowerment. Collaborative actions by investors such as Climate Action 100+ (a coalition of more than 370 institutional investors with asset of $35 trillion confronting the 100 largest emitters of greenhouse gases with demands for sharp reductions) and the 30% Clubs (coalitions of investor groups in fourteen countries promoting a 30% representation of women on the boards and in management of the largest global corporations) are crucial not only for what they are doing and the impact they are having, but as models for the largest, as well as the smallest, investors in the world.¹

The tension between balancing the short term and the long is inevitable. Slow down. Look far out. It is not always wise to cash in, to maximize your returns, if that means “killing the goose that laid the golden egg.”

Organizations like FCLT Global (a coalition of forty-six of the largest corporations and financial corporations advocating for a long-term investment perspective) are pushing the largest fund companies and corporations to understand how that can be done. But it also means that everyone, from the smallest investor to the largest, must see the benefit in the long term, even when that is
what is best for our grandchildren tomorrow and not for ourselves today. Limit what you expect and what you demand.

And we must practice acceptance and forgiveness—not just for others, but for ourselves as well. We in the investment community have made some terrible mistakes. That is true. But there is a place in this world for the large—inevitably so, because we live in a large world, as well as in small spheres. Finance on a global scale is not going away. But the small that is beautiful is also essential, and needs to be nurtured. It is the model that will help transform the large.

If we can take the road to broad-based collaboration, if we can remain patient with today and wait for the promise of tomorrow, if we can learn from our struggles and mistakes in the past and put them behind us, then transformation will follow. Redesign and reconstruction are never easy tasks. They will take hard work and a clear, practical focus on the future. Because we, as investors as well as individuals, face existential challenges for the world we have created, we have no choice but to act together for the long term with mutual understanding of what each can contribute in pursuit of a stable world.

Endnotes

About the Author

Steve Lydenberg is Partner, Strategic Vision for Domini Social Investments LLC, Founder and CEO of The Investment Integration Project (TIIP), and Founding Director of the Initiative for Responsible Investment. For over three decades, he has been active in responsible investment with the Council on Economic Priorities, Trillium Asset Management, and KLD Research & Analytics. He is the author of several books on responsible investment including *Corporations and the Public Interest* and, with Céline Louche, *Dilemmas in Responsible Investment*. He holds a BA from Columbia College and an MFA in Theater from Cornell University and CFA Charter designation.

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