
DE BRAUW BLACKSTONE WESTBROEK

A blog by Arne Grimme – Stepping up

As Bob Dylan so eloquently stated, “times, they are a changin’”, but this month’s blog isn’t about music, but the increasing expectation for corporations to ‘step up their game’. Society challenges corporations to move away from a profits-only dogma, and embrace an holistic and long-term view on what’s good for both people and planet, not just their own shareholders.

Just take yesterday’s news.

Contemplating my annual post-New Year diet, I read the online report from the EAT-Lancet Commission on Food, Planet, Health. The Lancet, (a medical journal) and the EAT Forum NGO commissioned a report from thirty well-known scientists from all over the world. They suggest radical changes to our diet linking the poor food eaten by billions of people and the upcoming global environmental catastrophe. Amongst other changes it demands a huge cut in the amount of red meat which western countries consume. *“Food is the single strongest lever to optimise human health and environmental sustainability on Earth.”*^[1] Corporations are expected to take a major role in achieving these radical changes, both in production and consumption.

On the same day, Larry Fink issued its annual CEO letter^[2]. Fink urges companies to re-examine their purpose. *“Purpose is not a mere tagline or marketing campaign; it is a company’s fundamental reason for being – what it does every day to create value for its stakeholders. Purpose is not the sole pursuit of profits but the animating force for achieving them.”* Fink identifies the link between society pushing companies to step up and address social and political issues, and governments which are failing to do so. He firmly asserts that this obligation does not mean that companies should not be producing profit. Blackrocks refers ^[3] to a McKinsey study ^[4] where companies which have this long-term mind-set are shown to experience superior financial performance, with lower volatility, creating more jobs, and able to invest more in their businesses.

My day also ended online with my favourite outdoor clothing company, Finisterre. Finisterre answered Fink’s call for purpose years ago. Their focus of being a business for positive change defines its culture. Not too long ago, it formalized this by becoming a B Corporation ^[5]. What are B Corps? B Corporations are for-profit companies who voluntarily meet high standards of social and environmental performance, accountability and sustainability. Interestingly, corporations who achieve B Corp status have legally committed to a triple bottom line, in which they must maximise benefits to the environment and society, as well as to their stakeholders, – from their employees to their suppliers. This commitment is set out in Finisterre’s Articles of Association; a legally binding commitment which drives all of their decisions.

Times are indeed changin’ and one day our grandchildren may thank us for making it

happen - just in time.

[1] https://eatforum.org/content/uploads/2019/01/EAT-Lancet_Commission_Summary_Report.pdf.

[2] <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

[3] <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-strategy-purpose-culture.pdf>.

[4] <https://www.mckinsey.com/~media/mckinsey/featured%20insights/Long%20term%20Capitalism/Where%20companies%20with%20a%20long%20term%20view%20outperform%20their%20peers/MGI-Measuring-the-economic-impact-of-short-termism.ashx>.

[5] <https://finisterre.com/pages/sustainability-bcorp>.