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Ertharin Cousin: View from the Boardroom



»EINE INTELLIGENTE HÖLLE WÄRE BESSER
ALS EIN DUMMES PARADIES.«

Victor Hugo



KI/Digitalisierung

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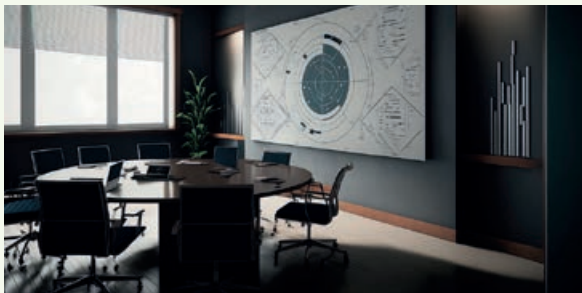


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Ertharin Cousin currently serves as the CEO and Managing Director of Food Systems for the Future, a nutrition impact investment fund; a Distinguished Fellow at the Chicago Council on Global Affairs; a Bosch Academy, Robert Weizsäcker Fellow; and a Visiting Scholar at the Stanford University, Center on Food Security and Environment.

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View from the Boardroom Author: **Ertharin Cousin**

By now, everyone should recognize the mounting science and anecdotal evidence of an accelerating global climate crisis. Yet the role of corporations in addressing our climate challenges is evolving – too often at best unclear and at worst controversial. However, the data clearly suggests that as a function of its risk and oversight responsibilities a public corporation’s board of directors maintains a duty to help management navigate these complicated backwaters, including guiding thoughtful approaches to environmental, social and governance (ESG) considerations – not only in response to societal demands, but more importantly as a means toward proactively ensuring long-term stakeholder value.



As a corporate board member, I was elected by shareholders to provide fiduciary duties and care about the long-term value of the business. This includes addressing concerns regarding ESG—including in the climate space. Indeed, in the last few years, there has been a marked increase in shareholders demanding more intentional ESG practices from corporations. Additionally, many of the largest sovereign funds and fiduciaries have increased their expectations of their shareholdings on the issue of climate change. We see a growing number of large and influential investors—from Temasek Holdings in Asia and Norges Bank Investment Management (both sovereign funds), as well as BlackRock—demanding measurable decarbonization action plans from companies in which they are invested. In fact, a group of investors acting under

the banner of Climate Action 100+ have managed to unite 700 investors behind a call for climate action.

These and many more examples of shareholder actions resoundingly convey a message that boards of directors—and the businesses they oversee—must heed. We maintain a defensible, stakeholder-supported opportunity to prioritize ESG strategies, including overseeing meaningful sustainability action plans as a means of proactively delivering for all of society as well as our shareholders. Development and achievement of ESG goals requires inclusion in management’s operational plans. Of course, these plans must be supported by proper encouragement and oversight from the board. Following this tried-and-true pathway for successful board and management interaction, corporations will, as a part of business operations, implement the requisite innovations and activities necessary for generating financial returns while employing solutions that allow more humans to live healthier, more sustainable lives and support achieving global climate goals.

Lastly, setting goals, requires coupling with the equally important tracking of the corporation’s progress. Follow the old maxim, “What gets measured is what counts.” In addition, measuring the progress on ESG goals supports an important component for success, including ESG results as a factor in management’s remuneration. Why? As Upton Sinclair pointed out in his 1906 book *The Jungle*, “One can’t make a man believe one thing if he is rewarded for believing the opposite.” It is imperative for boards of directors, using all our tools, to appropriately embrace our role of responsibly encouraging and overseeing development as well as delivery of management’s meaningful sustainability action plans. ←

Opinions expressed are solely my own and do not represent the opinions of companies on whose boards I sit.
