

Stephen Viederman, Vice Chair, Network for Sustainable Financial Markets; Chair, Finance Committee of the Christopher Reynolds Foundation; Former President, Jesse Smith Noyes Foundation; Shareholder Advocate; Author; Speaker

United States



Where do you see opportunities for powerful, effective investing today?

Mr. Viederman: Opportunities will grow when we stop using adjectives—responsible, impact, social, sustainable, even ESG-- and start by identifying ourselves, simply, we are “investors!” We seek competitive returns. We are future-oriented, risk-adjusted, and opportunity-directed in our investing. We consider macro-and micro- issues that the market does not now take into account. This is our fiduciary duty. Between the conventional wisdom of the market and reality, we choose reality.

Opportunities will arise also when we begin better to understand and create processes to change the systemic and psychosocial barriers that can breakthrough market orthodoxies.

Basically, our community of investors, spawned by socially responsible and its various children, is insular. There is a tendency to believe our own reports. Witness the US SIF report on of November 20, 2014, suggesting that in the US 1 of every 6 dollars under

professional management is invested sustainable, responsible and impact investing, up from 1 of nine dollars in 2012.

Presently we are locked in the past. At an Opal Conference recently the opening speaker, Gary Schilling, rated as a top financial economist by Forbes and others, said that you couldn't predict the future. Reality, said he, was the last twelve months. Over the course of three days at this foundation and endowment investment meeting, I heard "climate" mentioned twice, by me in a session on Sustainability and Fiduciary Duty, and in another panel specifically on Impact Investing. I heard "environment" mentioned once, related to the financial environment.

We have a future both for investing and for corporate engagement we need to clarify who we are and where we are going.

Debates about environmental issues and solutions are common among the public and governments. What role do you think investors could play in establishing active working relationships with all stakeholders to effectively address environmental challenges?

Mr. Viederman: Investors can and should, play a very important role, but they seem to be loath to act for a variety of reasons.

Many are discouraged from investing 'sustainably' by their investment consultants. In too many intuitional settings board members and finance committees prefer business as usual. Change is difficult.

Consider, for example, shareowner activity and voting. Some members of the "sustainable" community actively pursue companies on important issues of climate, water, and other assaults to the environment through dialog and filing shareowner resolutions. Votes in the 20th, 30th, and sometimes 40th percentiles are described by the press as being defeated. But given the holdings of the companies—the large mutual funds, and Wall Street—anywhere from 20 to 40 percent of the voters side with the company's recommendation to vote against the resolution. Problematically, the supporters of resolutions almost always vote for board members who almost always receive votes in the high 90s. By voting for the board members, activists seeking environmental change diminish the impact of their engagement.

Investors do not reach out to affected communities and workers for information and support. In fact, investors are often seen as a problem. Witness the divestment of coal discussions where the displacement of jobs and communities are rarely, if ever, mentioned by the divestors. Coal mining is a lousy job, but it is a job.

Mutual fund investors, including institutions, do not exert pressure to get the funds to vote their proxies on environmental issues.

The list can go on.

What we who care need to do is develop a better, fuller understanding of barriers to change. More data, better research on performance, etc. are all good. But the deeper understanding of psycho-social-organizational barriers is still a virgin territory.

BIOGRAPHY

My vocation is Grandparenting, doing what I can to leave options open for my grandchildren and all children.

I am involved in advocacy, writing, speaking, and consulting on a wide range of issues. These include: sustainable investing and fiduciary duty; philanthropy and democracy; higher education and public policy; the limits of corporate responsibility; and economic and environmental justice and community governance.

My primary focus now is to develop a holistic understanding of fiduciary responsibility consonant with not-for profit organizations' obligations to serve the public benefit.

Current affiliations include:

- *Vice-Chair (US)*, Network for Sustainable Financial Markets
- *Chair, Finance Committee*, Christopher Reynolds Foundation
- *Advisory Council*, Sustainable Accounting Standards Board (SASBE)
- *Advisory Committee*, Inflection Point Capital Management
- *Advisory Board*, Strategic Philanthropy
- *Fellow*, Governance and Accountability Institute
- *Advisory Board*, Ethical Marketplace
- *Leadership Advisory Committee*, Mission Investors Exchange

Recent published papers include “The Philanthropic Fiduciary” (with Keith Johnson) (2014), “Fiduciary Duty” (2008), “After the Credit Crisis—The Future of Sustainable Investing” (with Nick Robins and Cary Krosinsky) (2009), “Philanthropy’s Bermuda Triangle” (2011), “Barriers [to sustainable Investing]” in *Evolutions of Sustainable Investing* (Wiley 2012), and “Investing as if the Future Matters” (2012).

I am an active shareowner, both personally and as a representative of the Christopher Reynolds Foundation, leading discussions with ExxonMobil and Chevron on the financial risks of climate change, and with Pfizer and Accenture on transparency of political contributions.

I retired in 2000 from the presidency of the Jessie Smith Noyes Foundation where, in the early 1990s, I developed and guided the effort to harmonize our asset management with our grant making, including some of the first “impact investments” in “responsible-growth companies.” I also served as a board and finance committee member of the Needmor Fund.

My wife and I, native New Yorkers, did our undergraduate and graduate degrees at Columbia. We have two children and four grandchildren, ages 11 to 20.