Making a stand

Extinction Rebellion, along with other recent high-profile campaigns on plastics and fracking, indicate that the environmental movement is getting impatient with politicians. Robert Blood argues that this will increase pressure on businesses to respond, so it's more important than ever for investors and trustees to stay ahead of the activist curve

The mass protests in London by Extinction Rebellion and the tour of European capitals by Norwegian activist Greta Thunberg recently are just the more visible signs that environmentalists are losing their patience with politicians. While disruptive actions and articulate teenagers get the attention of the media, behind the scenes, big business and financial institutions have been experiencing a rising level of pressure on the climate change issue for some years. Already this has triggered a radical shift in how investment funds treat fossil fuels. Many of Europe's biggest banks and insurers have announced new or strengthened anti-coal policies in the past 24 months, as have several major banks in the US, despite (or because of) the blatant hostility to the issue shown by their government.

High profile, often embarrassing campaigns by determined environmental activists are effective. This is not a new discovery. The model for the climate divestment campaign were the politically charged campus divestment battles of the 1980s, which were intended to undermine the economy of apartheid South Africa. Politically they helped to make South Africa a pariah investment in the US until the release of Nelson Mandela in 1990.

The rise in influence of activist groups is not confined to climate change. The fact that ESG-directed investing has moved from fringe to mainstream is largely down to NGOs, particularly

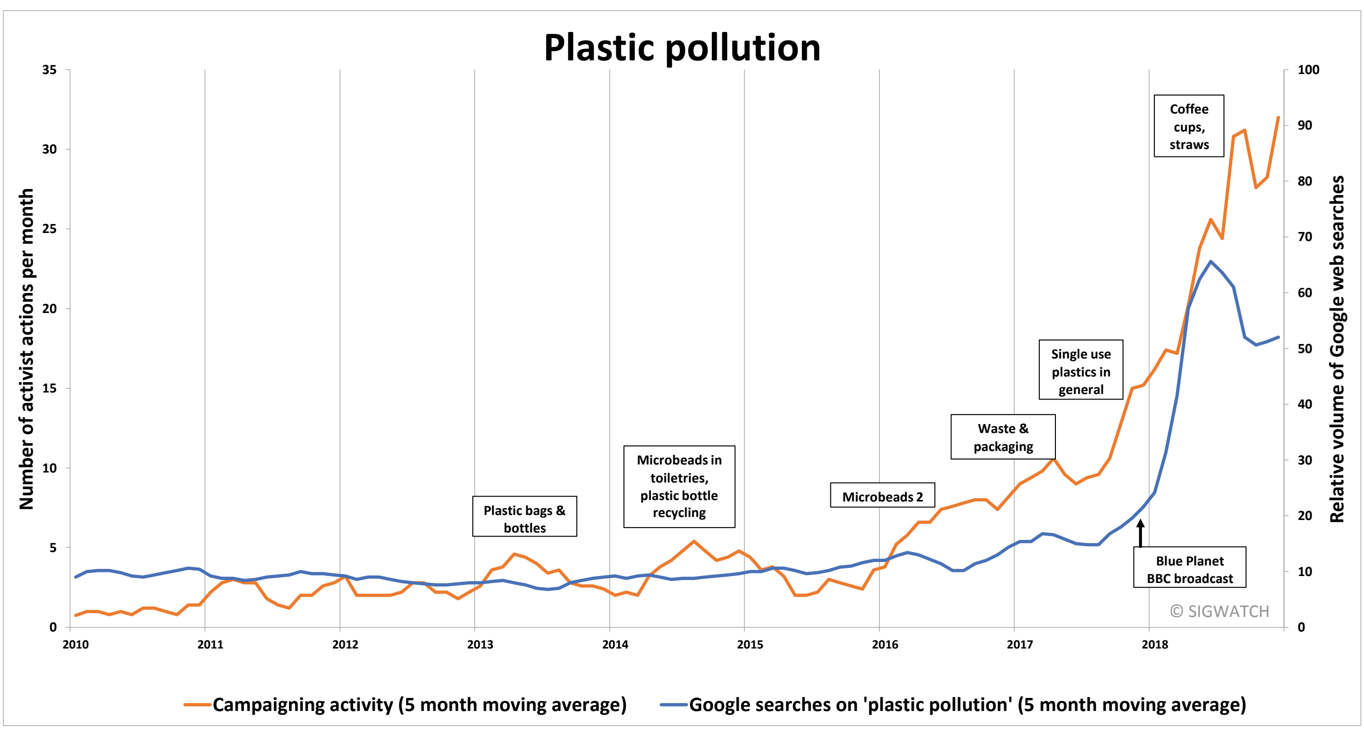

Chart 1: Plastic pollution issue - increasing NGO campaigning anticipates rising public concern

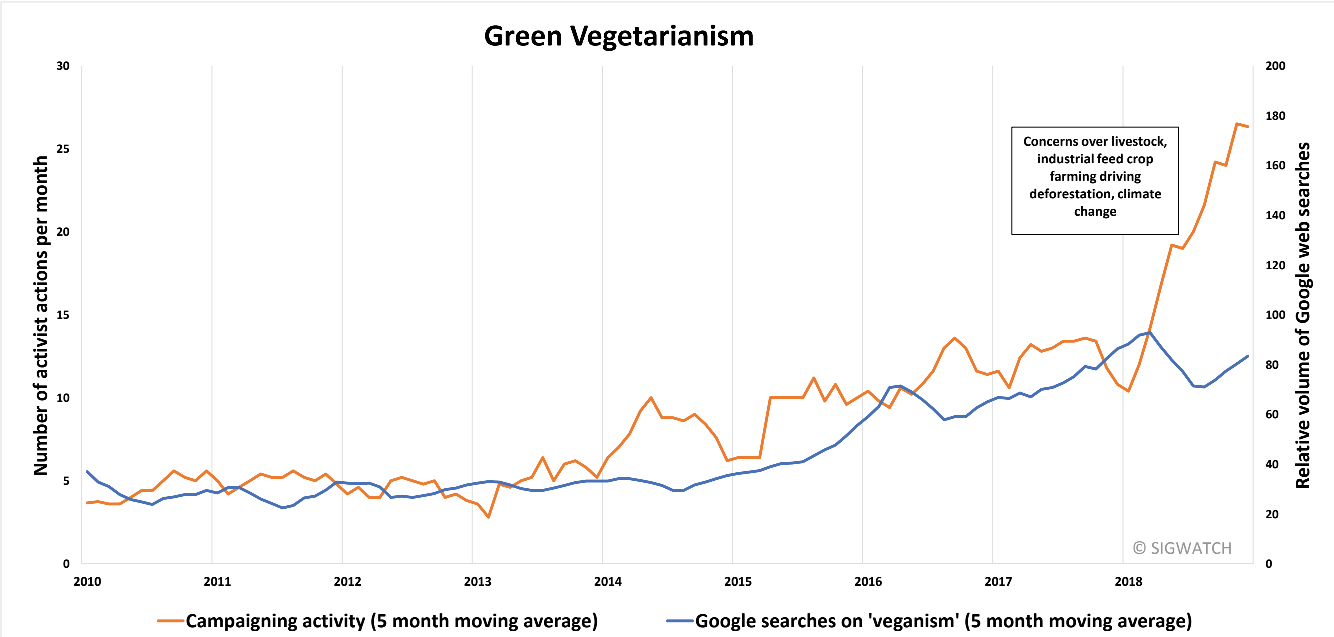

Chart 2: Rise of Green Vegetarianism

since the 2008 financial crash. Post-crash financial institutions realised they had to show visible change to answer charges that they were out of touch with the needs of society. Engaging with activists allowed banks and investors to show they were listening, and it chimed with the needs of more 'sensitive' clients like pension funds, under pressure from employees and labour unions to consider the social and environmental impact of their investment choices.

But with activists expecting action on a wide range of pet concerns as diverse as indigenous rights and sustainability, circular economies, supply chain labour standards and animal rights, how should investors prioritise policy action?

The good news is that activist groups' own campaigns provide reliable pointers as to the issues likely to catch fire with the public and other stakeholders.

Take plastics. Three years ago plastic pollution was an issue, but only rumbling in the background. Experts were aware of the problem but there was little public interest except on the largely aesthetic concern of plastic carrier bag litter. This started to change with NGO pressure over plastic microbeads in toiletries, and exploded in early 2018. David Attenborough's *Blue Planet* BBC TV programme showing turtles swimming in plastic waste was a factor here, but so was a massive increase in NGO campaigning on single-use plastics in the months before, which had already begun to put major corporations and politicians on the spot.

As Chart 1 shows, this almost overnight change in public sentiment correlates with the earlier rise in activist campaigning, which SIGWATCH tracks through logging their major campaigning actions, tagged to the key issues. With a series of well-focused and increasingly insistent campaigns, NGOs effectively forced the plastics issue into the public consciousness (as measured by the relative volume of Google searches).

We can see a similar correlation with shale gas (fracking) in the US, and currently, with 'green vegetarianism' – vegetarianism and veganism inspired by environmental concern *[see Chart 2]*.

We are probably only in the early stages of the issue cycle, but the same 12-18 month lead of rising campaigning over public response is already visible.

We know NGOs 'make the weather' on ESG. The predictive power of their campaigning reveals that their impact is no accident.

Rather, it is a result of creating overwhelming public attention that almost inevitably drives a public response, and through cooperative businesses and financial institutions, this influence is being translated into tangible economic fact.

While public attention (or inattention) should not be the only criterion for action, knowing in advance where activists are pushing next allows investors and trustees to intelligently set their priorities. It also makes it possible to engage with stakeholders from a position of calm knowledge rather than collective crisis.

Written by NGO tracking and issues analysis firm Sigwatch's managing director, Robert Blood