

Symbol vs. Substance in ESG : What to measure and act on



Sun Hyun Park

(sunpark@snu.ac.kr)

Seoul National University, Graduate School of Business



Questions...and doubts

고등학생이지만, ESG 경영전략에 대한 궁금증이 있어서 메일 보냅니다.  

 Korean >  English [Translate message](#)

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안녕하세요 박선현 교수님, 저는 경영학 중 기업의 지속가능경영 전략에 관심이 있는 고등학교 학생입니다. 정말 궁금한 점이 있는데 인터넷에 검색해도 답이 잘 나오지 않는 것 같아 이렇게 메일을 보냅니다. 지속가능경영 또는 ESG 경영이라고 불리는 전략은 기업의 이윤뿐만 아니라 환경, 경제, 사회적 쟁점들을 전부 고려해서 평가하는 것으로 알고 있습니다. 그 중에서도 환경적 측면에서 바라볼 때 의문점이 드는 것이 있었는데요. 환경 친화 전략을 펼치게 되면 기업 입장에서 이윤의 손실이 있을 것으로 예측하나 투자회사들이 기업의 재무적 성과만을 판단하던 전통적 방식과 달리, 장기적 관점에서 기업 가치와 지속가능성에 영향을 주는 ESG 등의 비재무적 요소를 충분히 반영해 평가한다고 했는데 장기적으로 보면 과연 ESG 경영전략을 펼치기 전보다 수익성이 우수할지 알고 싶습니다. 환경의 관점에서 본다면 당연히 지속가능 경영 전략을 펼치는 것이 좋고 소비자의 입장에서 바라봐도 기업의 이미지는 좋아질 것 같습니다. 하지만 제가 기업의 생각을 잘 파악하지 못하고 있는 것 같아 교수님께 이렇게 질문을 보냅니다.

1. 기업의 ESG 성과를 활용한 투자 방식은 장기적 수익을 추구하고 지속가능성을 본다고 하는데, 기업들이 ESG 경영 전략을 펼치면 왜 장기적인 수익을 낼 수 있는지 궁금합니다. 장기적인 관점에서 봤을 때 환경을 고려하고 안 하고의 수익 차이가 생기는 것인지와 ESG 경영을 시행하면 재무성고가 악화되지 않는지도 궁금합니다.

2. ESG 평가 지표가 나라마다 상이한 것으로 알고 있는데, 어떠한 기준과 방식으로 평가 지표를 구성하는지와 지표에 따라 국내기업과 국제 기업 중 한 쪽이 불이익이 발생할 수도 있는 것인가요?

마지막으로 정말 근본적인 질문을 하나 드리고 싶습니다. 기업은 정부나 투자회사의 탄소 배출 규제 등과 같은 법칙 때문에 단순히 ESG 경영 전략을 펼치는 것일까요? 아니면 그들 또한 어느 측면에서 이윤을 낼 수 있기에 또는 사회적 책임을 져야한다는 명분때문인 것일까요? 정말 기업의 입장에서 바라보는 ESG 전략이 궁금합니다.

1. What is the relationship between ESG and financial performance (long-term profitability)?

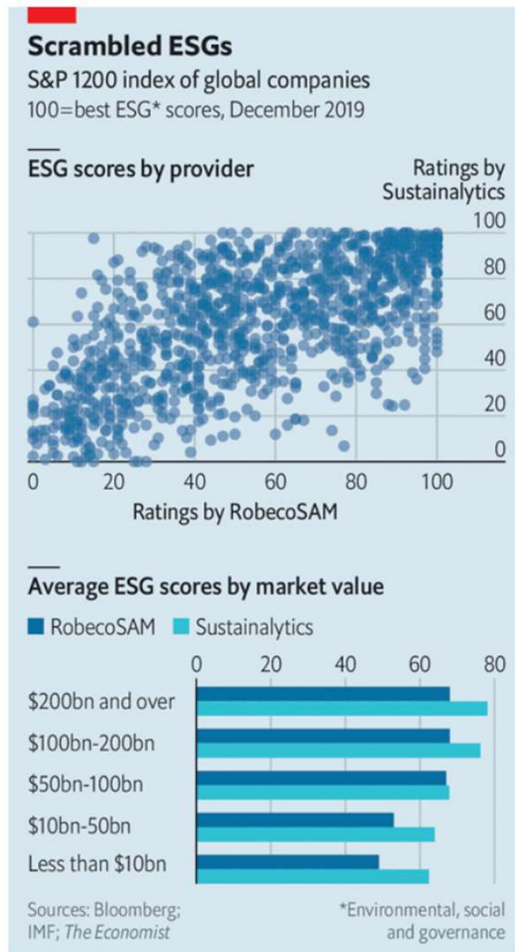
2. Is there any “global standard index ” for ESG?

3. Do firms engage in ESG initiative in order to comply with the. regulation or to “make money”?

Answer from SEC commissioner



Questions...and doubts



The Economist

Economist, Dec 7th, 2019, "Climate Change has made ESG a force in investing"

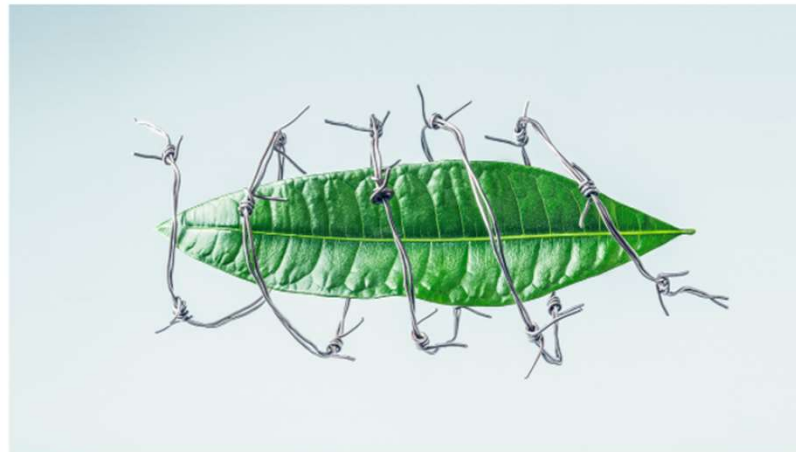
Harvard
Business
Review

Diversity Latest Magazine Ascend Topics Podcasts Video Store The B

How Board Members Really Feel About ESG, from Deniers to True Believers

by N. Craig Smith and Ron Soonieus

April 19, 2019



Daniel Grizelj/Getty Images

From "Friedman Doctrine"

A Friedman doctrine— The Social Responsibility Of Business Is to Increase Its Profits

By MILTON FRIEDMAN

TAMING G.M.—Chairman James Roche of General Motors (right) replies to members of Campaign G.M. (below, wearing "Tame G.M." buttons) at the corporation's stockholders' meeting in May. Representatives of the campaign demanded that G.M. name three new directors to represent "the public interest" and set up a committee to study the company's performance in such areas of public concern as safety and pollution. The stockholders defeated the proposals overwhelmingly, but management, apparently in response to the second demand, recently named five directors to a "public-policy committee." The author calls such drives for social responsibility in business "pure and unadulterated socialism," adding: "Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society."



WHEN I hear businessmen speak eloquently about the "social responsibilities of business in a free-enterprise system," I am reminded of the wonderful line about the Frenchman who discovered at the age of 70 that he had been speaking prose all his life. The businessmen believe that they are defending free enterprise when they declaim that business is not concerned "merely" with profit but also with promoting desirable "social" ends; that business has a "social conscience" and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers. In fact they are—or would be if they or anyone else took them seriously—preaching pure and unadulterated socialism. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades.

The discussions of the "social responsibilities of business" are notable for their analytical looseness and lack of rigor. What does it mean to say that "business" has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense. The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom. Presumably, the individuals who are to be responsible are businessmen, which means individual proprietors or corporate executives. Most of the discussion of social responsibility is directed at corporations, so in what follows I shall mostly neglect the individual proprietor and speak of corporate executives.

In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom. Of course, in some cases his employers may have a different objective. A group of persons might establish a corporation for an eleemosynary purpose—for example, a hospital or a school. The manager of such a corporation will not have money profit as his objective but the rendering of certain services.

In either case, the key point is that, in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation or establish the eleemosynary institution, and his primary responsibility is to them.

Needless to say, this does not mean that it is easy to judge how well he is performing his task. But at least the criterion of performance is straightforward, and the persons among whom a voluntary contractual arrangement exists are clearly defined.

Of course, the corporate executive is also a person in his own right. As a person, he may have many other responsibilities that he recognizes or assumes voluntarily—to his family, his conscience, his feelings of charity, his church, his clubs, his city, his country. He may feel impelled by these responsibilities to devote part of his income to causes he regards as worthy, to refuse to work for particular corporations, even to leave his job, for example, to join his country's armed forces. If we wish, we may refer to some of these responsibilities as "social responsibilities." But in these respects he is acting as a principal, not an agent; he is spending his own money or time or energy, not the money of his employers or the time or energy he has contracted to devote to their purposes. If these are "social responsibilities," they are the social responsibilities of individuals, not of business.

What does it mean to say that the corporate executive has a "social responsibility" in his capacity as businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. For example, that he is to refrain from increasing the price of the product in

order to contribute to the social objective of preventing inflation, even though a price increase would be in the best interests of the corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire "hard-core" unemployed instead of better-qualified available workmen to contribute to the social objective of reducing poverty.

In each of these cases, the corporate executive would be spending someone else's money for a general social interest. Insofar as his actions in accord with his "social responsibility" reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers' money. Insofar as his actions lower the wages of some employees, he is spending their money.

The stockholders or the customers or the employees could separately spend their own money on the particular action if they wished to do so. The executive is exercising a distinct "social responsibility," rather than serving as an agent of the stockholders or the customers or the employees, only if he spends the money in a different way than they would have spent it.

But if he does this, he is in effect imposing taxes, on the one hand,

(Continued on Page 122)



Jerome Kretschmer, New York Environmental Protection Administrator.



Betty Furness, consumer-affairs adviser in the Johnson Administration.



Philip Sorenson, chairman of Campaign G.M.'s parent organization.



John Esposito, lawyer and coordinator of Campaign G.M.



Joseph Oreck, lawyer and a founder of Campaign G.M.



Barbara Williams, a law student at U.C.L.A.



Robert Townsend, the author of "Up the Organization."



The Rev. Chen, a civil rights leader.

To “Business Roundtable’s Statement 2019”

BUSINESS ROUNDTABLE STATEMENT ON THE PURPOSE OF A CORPORATION

Two Year Anniversary

Statement on the Purpose of a Corporation

Delivering Long-Term Value to All Stakeholders

On August 19, 2019, nearly 200 CEOs of America’s largest companies adopted a new Statement on the Purpose of a Corporation declaring that companies should deliver long-term value to all of their stakeholders – customers, employees, suppliers, the communities in which they operate, and shareholders. The best modern CEOs have been running their companies in this way for a long time; they signed the Statement as a better public articulation of their long-term focused approach and as a way of challenging themselves to do more.

Business Roundtable CEOs share a fundamental commitment to *all* of their stakeholders. In the Statement they committed to:

- Deliver value to customers
- Invest in employees
- Deal fairly and ethically with suppliers
- Support the communities in which they work
- Generate long-term value for shareholders

Agenda

■ Questions

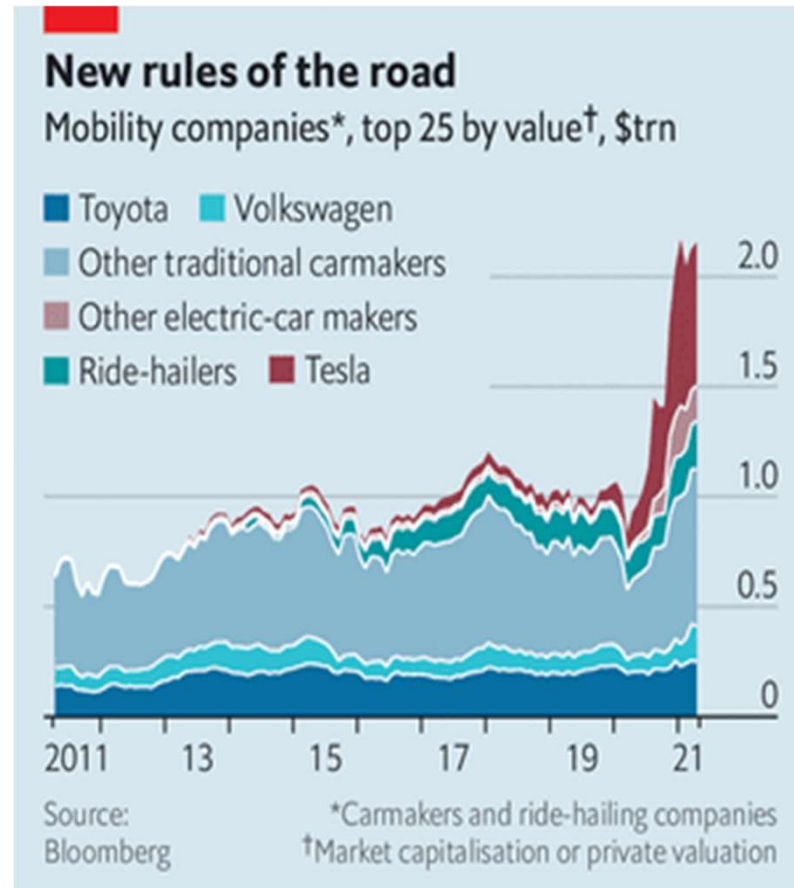
1. Is ESG really a new strategic agenda?
2. Reliability of ESG data
3. “Materiality” between measure and business reality



■ Action items

1. ESG as a reflection of environmental change in E/S/G
2. ESG as a strategic choice for companies
3. ESG as investment opportunities for investors

An Example: “New Rules of the Road”



The Economist

Economist, 2021, 4.17, “New means of getting from A to B are disrupting carmaking”

- Technological dimension
 - Fundamental Tech (Mechanics to Electronics): “drive by wire”, “infotainment. “smart device/platform on four wheels”
 - Connectivity, Autonomous Driving, Shared Mobility, Electrification
- Institutional dimension
 - Government regulation (zero carbon, environmental concern)
 - “What is a car” (“ride hailing/sharing”, “Generation Z”) / from device to service
- Competitive horizon
 - New competitors’ market entry (Tesla/BYD, Microsoft, Apple, Google, Uber/Lyft)

MGMT 101 theories behind ESG

Organization vs. Environment

CORE:
Operational Efficiency



Symbolic Conformity (Legitimacy)
Vs. Substantive Change (Efficiency)

- Technological dimension
 - Fundamental Tech (Mechanics to Electronics): "drive by wire", "infotainment. "smart device/platform on four wheels"
 - **C**onnectivity, **A**utonomous Driving, **S**hared Mobility, **E**lectrification
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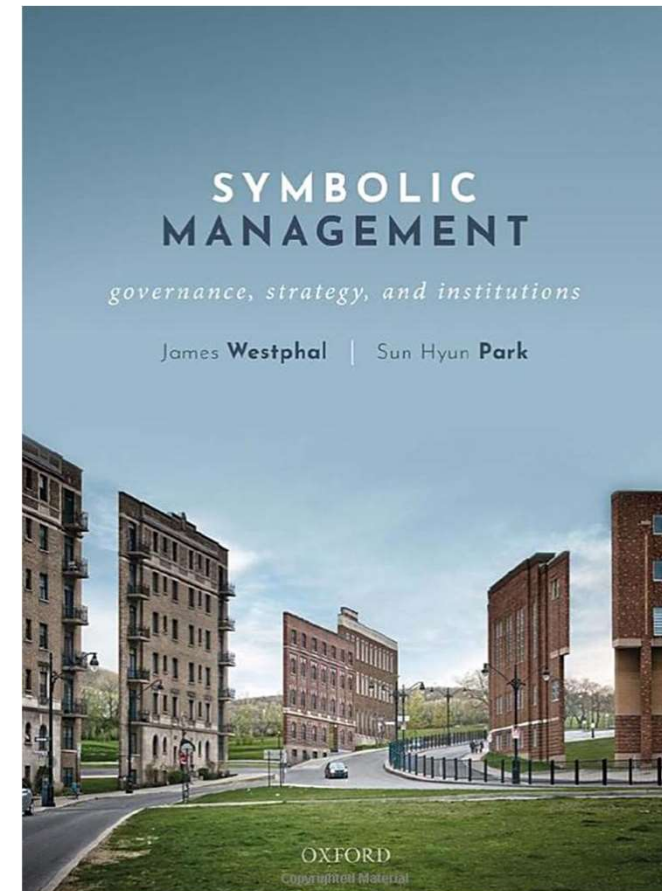
MGMT 101 theories behind ESG

Organization vs. Environment

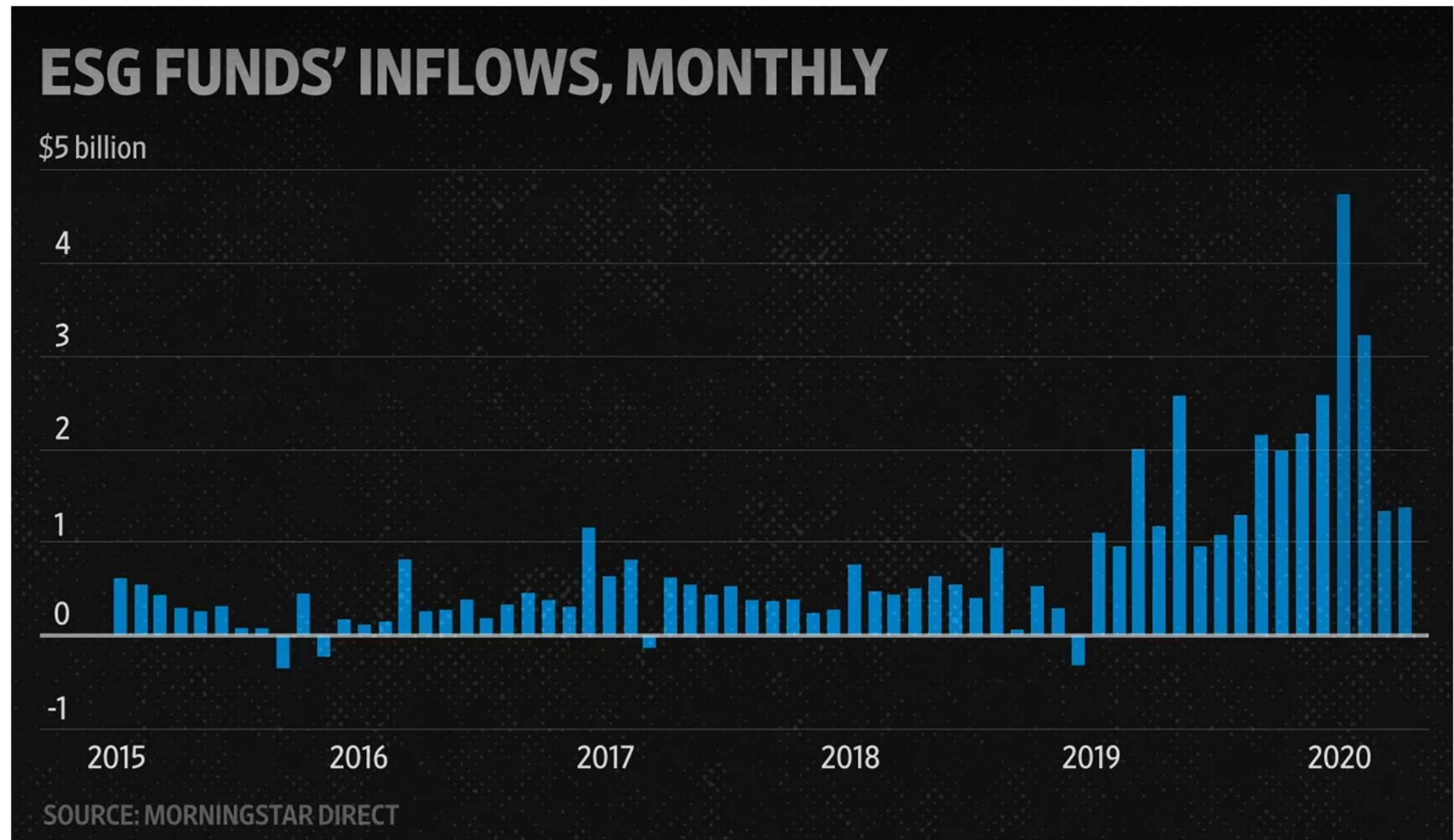
CORE:
Operational Efficiency



Symbolic Conformity (Legitimacy)
Vs. Substantive Change (Efficiency)



ESG as Symbol vs. Substance?

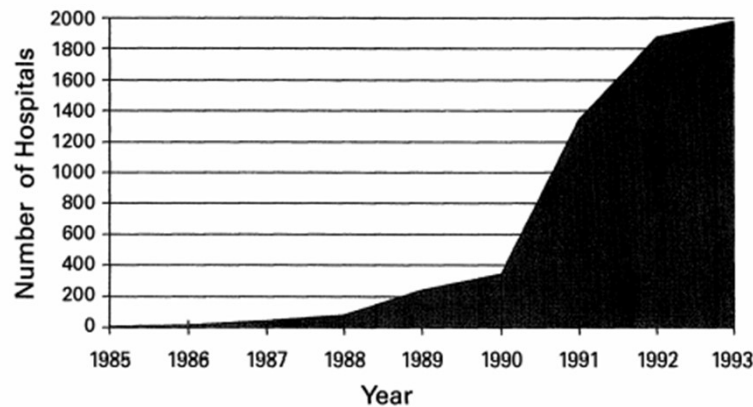


WSJ Video by Alex Kuzoian, (2020,20,16)
reappeared at July 17, 2021, 'Hedge Funds Short Mexican ESG Lender.'

ESG as Symbol vs. Substance?

From company perspectives

Figure 1. The cumulative adoption of TQM among general medical surgical hospitals.



Customization or Conformity? An Institutional and Network Perspective on the Content and Consequences of TQM Adoption

James D. Westphal
University of Texas at Austin
Ranjay Gulati
Stephen M. Shortell
Northwestern University

This study develops a theoretical framework that integrates institutional and network perspectives on the form and consequences of administrative innovations. Hypotheses are tested with survey and archival data on the implementation of total quality management (TQM) programs and the consequences for organizational efficiency and legitimacy in a sample of over 2,700 U.S. hospitals. The results show that early adopters customize TQM practices for efficiency gains, while later adopters gain legitimacy from adopting the normative form of TQM programs. The findings suggest that institutional factors moderate the role of network membership in affecting the form of administrative innovations adopted and provide strong evidence for the importance of institutional factors in determining how innovations are defined and implemented. We discuss implications for theory and research on institutional processes and network effects and for the literatures on innovation adoption and total quality management.*

Westphal, J. D., Gulati, R., and Shortell, S. M., *Administrative Science Quarterly*, 42 (1997):366-394

ESG as Symbol vs. Substance?

From investors' perspectives

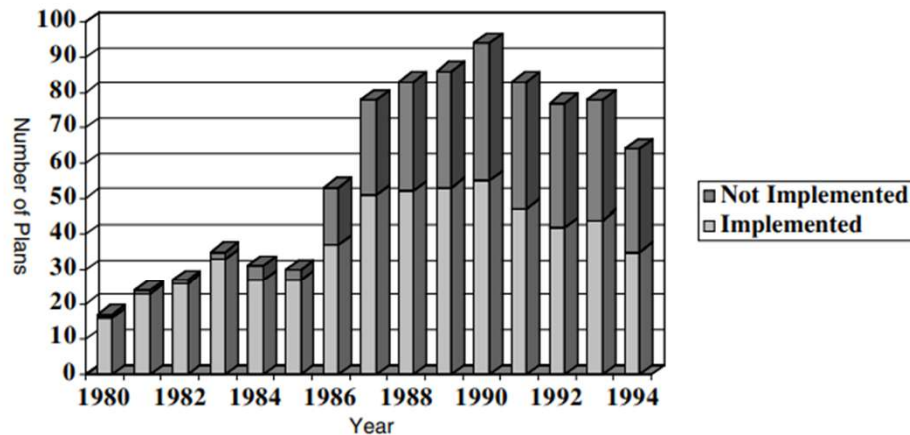


Figure 1. The Adoption and Decoupling of Stock Repurchase Programs: 1980–1994

The Social Construction of Market Value: Institutionalization and Learning Perspectives on Stock Market Reactions

Edward J. Zajac
Northwestern University

James D. Westphal
University of Texas at Austin

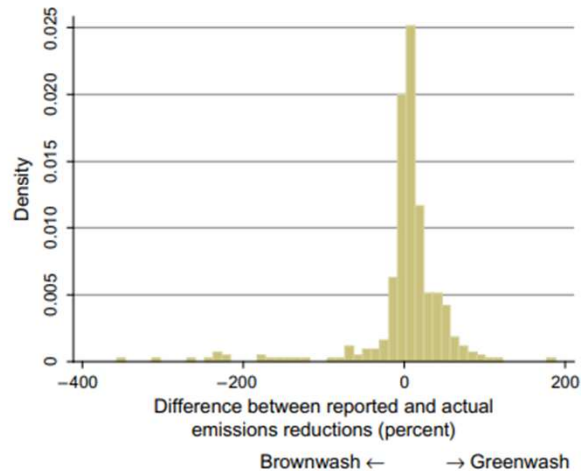
This study advances a social constructionist view of financial market behavior. The paper suggests that the market's reaction to particular corporate practices, such as stock repurchase plans, are not, as financial economists contend, simply a function of the inherent efficiency of such practices. Rather, stock market reactions are also influenced by the prevailing institutional logic and the degree of institutionalization of the practice. The theory first predicts that the emergence of the agency perspective on corporate governance in the mid-1980s represented a powerful new institutional logic that would lead the market to reverse its prior aggregate reaction to stock repurchase plans in the United States. The paper then considers the potential for institutional decoupling of repurchase plans and develops competing hypotheses about how the market value of these policies might have changed as more firms formally adopted, but did not implement, the plans over time. In contrast to a financial economic perspective on market valuation, which suggests that markets should discount the value of a policy as evidence of non-implementation accumulates, this study posits that institutionalization processes might increase the market value of a policy as more firms adopt it, despite growing evidence of decoupling. Implications for institutional theory and theoretical perspectives on capital markets are discussed.

ESG as Symbol vs. Substance?

E.P.-y. Yu, et al.

Research in International Business and Finance 52 (2020) 101192

Figure 1 (Color online) Deviation Between Reported and Actual Emissions Reductions



Kim and Lyon (2015), Greenwash vs. Brownwash: Exaggeration and Undue Modesty in Corporate Sustainability Disclosure, *Organization Science*, 26(3):705-723

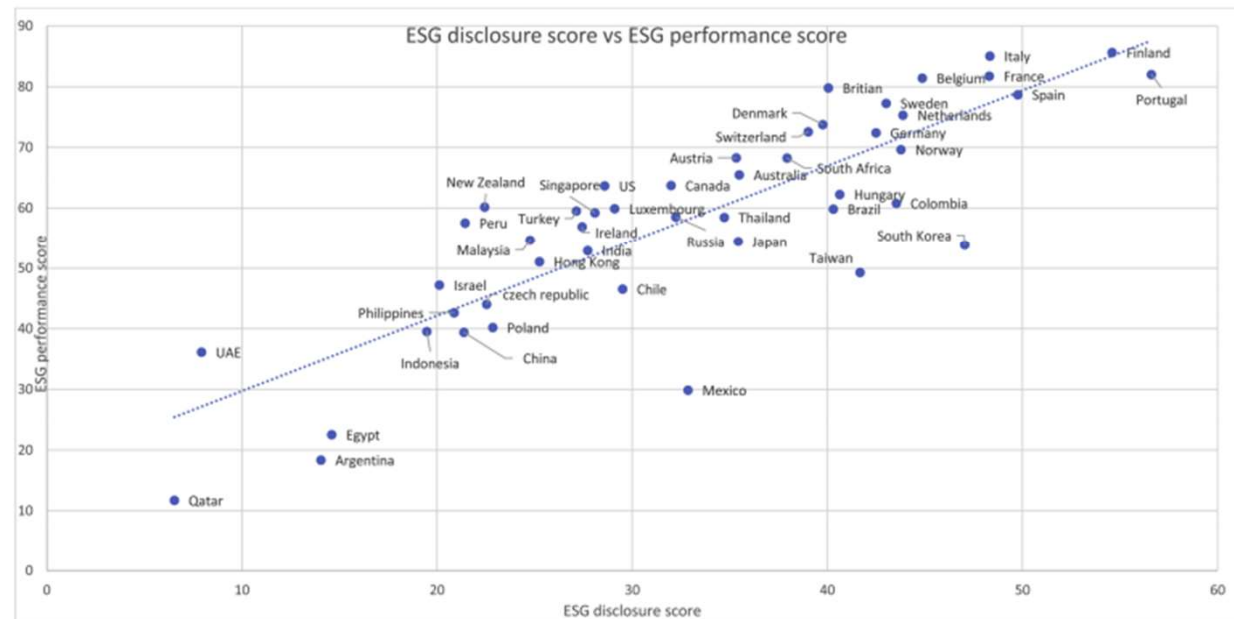


Fig. 1. Country distribution – ESG disclosure scores vs ESG performance scores, sample period of 2012–2016.

Yu, Bac, and Chen, (2020), Greenwashing in Environmental, Social, and Governance Disclosures, *Research in International Business and Finance*, 52: 101192

“A firm’s peer-relative greenwashing score = (a normalized measure representing a firm’s relative position to its peers in the distribution of the Bloomberg ESG disclosure score) - (a normalized measure representing a firm’s relative position to its peers in the distribution of our modified Asset4 ESG performance score)”

ESG as Symbol vs. Substance?

FIGURE 1. A Typology of Firms based on Environmental Performance and Communication

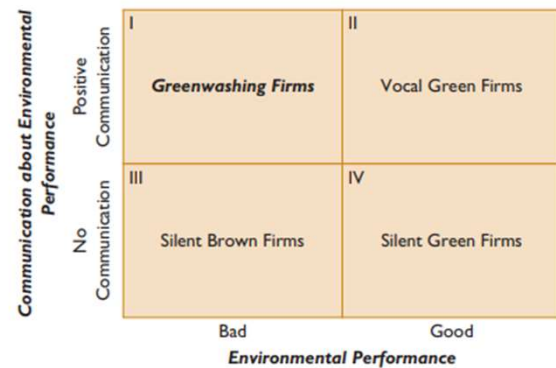
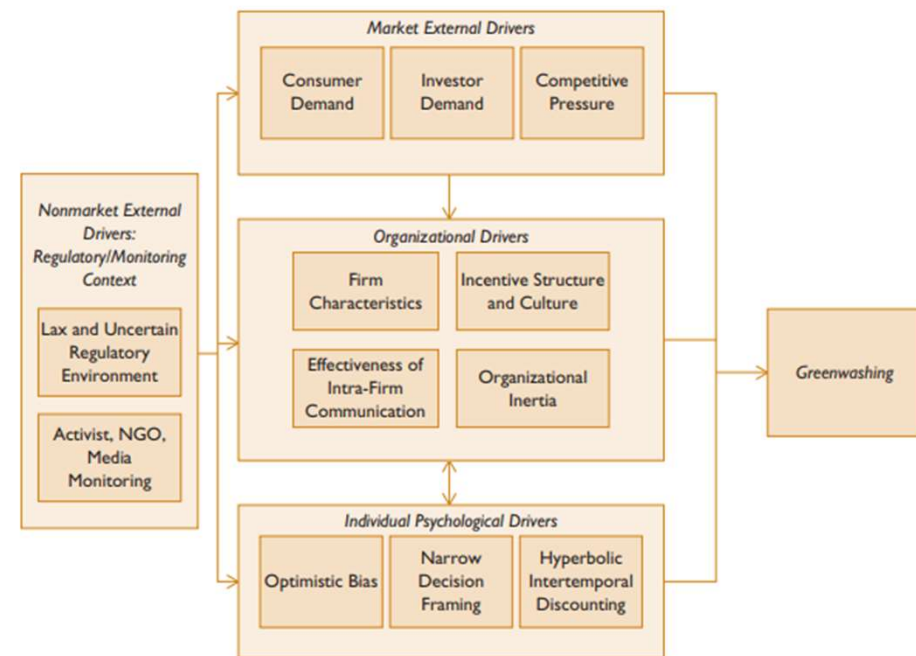


FIGURE 2. Drivers of Greenwashing



An Example - “SHE” – Gender Diversity Index ETF

SPDR® SSGA Gender Diversity Index ETF

Key Features

- The SPDR® SSGA Gender Diversity Index ETF seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the SSGA Gender Diversity Index (the “Index”)
- Seeks to provide exposure to US companies that demonstrate greater gender diversity within senior leadership than other firms in their sector
- Companies in the Index are ranked within each sector by three gender diversity ratios
- The Index seeks to minimize variations in sector weights compared to the composition of the index’s broader investment universe by focusing on companies with the highest levels within their sectors of senior leadership gender diversity

About This Benchmark

The SSGA Gender Diversity Index is designed to measure the performance of U.S. large capitalization companies that are “gender diverse,” which are defined as companies that exhibit gender diversity in their senior leadership positions. SSGA Gender Diversity Index Methodology »

SHE

Fact Sheet

Environmental, Social & Governance

As of 06/30/2021

Total Return (As of 06/30/2021)

	NAV (%)	Market Value (%)	Index (%)
Cumulative			
OTD	7.41	7.32	7.45
YTD	13.88	13.96	13.94

Annualized

1 Year	44.60	44.87	44.85
3 Year	15.92	15.90	16.04
5 Year	15.07	15.07	15.24
Since Fund Inception	15.22	15.23	15.41

Gross Expense Ratio (%)	0.20
30 Day SEC Yield (%)	0.95

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Visit ssga.com for most recent month-end performance. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.

Characteristics

Est. 3-5 Year EPS Growth	21.79%
Index Distribution Yield	1.20%

Top 10 Holdings	Weight (%)
PayPal Holdings Inc	6.43
Texas Instruments Incorporated	5.12
Visa Inc. Class A	4.32
Walt Disney Company	4.08
Johnson & Johnson	4.05
Intuit Inc.	3.66
Netflix Inc.	3.64
NIKE Inc. Class B	3.34
Wells Fargo & Company	3.28
Square Inc. Class A	2.79

Totals may not equal 100 due to rounding.

Top Sectors	Weight (%)
Information Technology	29.42
Health Care	13.35
Consumer Discretionary	12.91
Financials	11.22
Industrials	8.75
Communication Services	8.25
Consumer Staples	5.79
Real Estate	3.01
Materials	2.65
Energy	2.46
Utilities	2.21

SHE:

What is the underlying mechanism creating value?

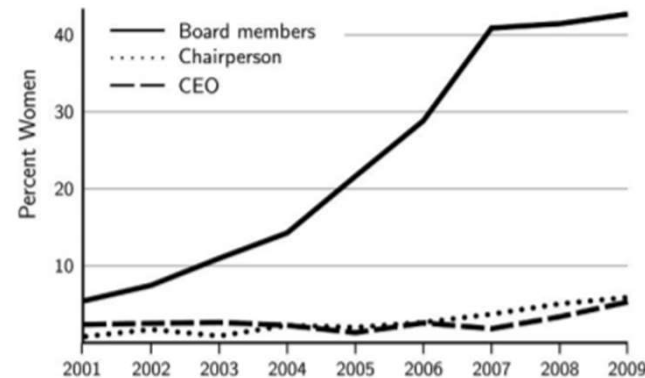
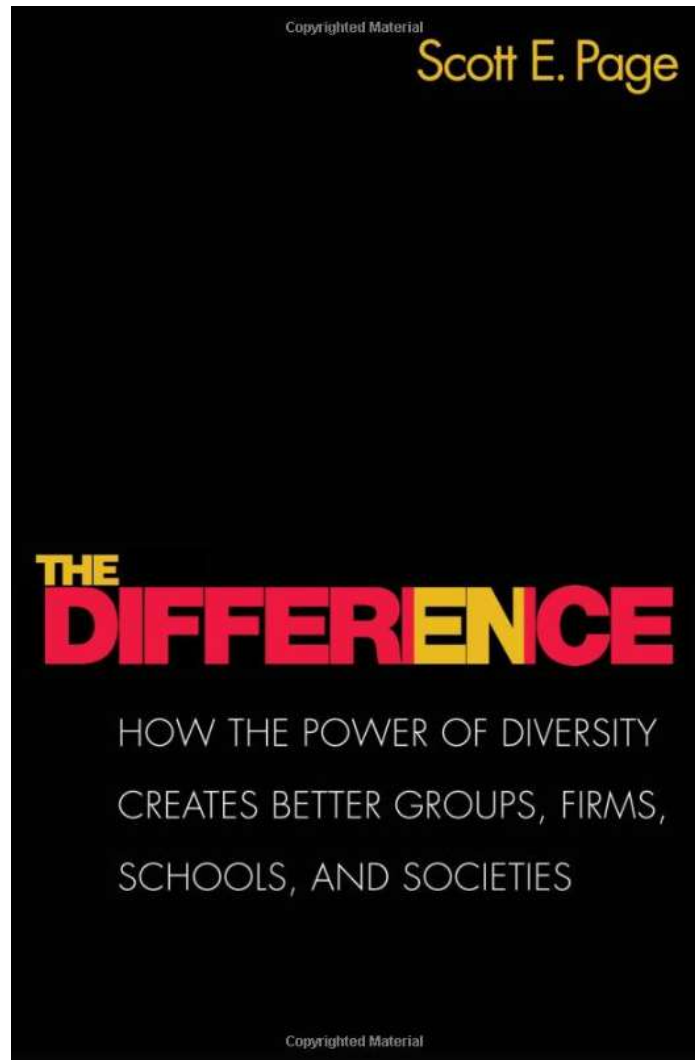


FIGURE I
Percentage of Women Directors and CEOs of Norwegian Public Limited Firms

THE CHANGING OF THE BOARDS: THE IMPACT ON FIRM VALUATION OF MANDATED FEMALE BOARD REPRESENTATION*

KENNETH R. AHERN AND AMY K. DITTMAR

In 2003, a new law required that 40% of Norwegian firms' directors be women—at the time only 9% of directors were women. We use the prequota cross-sectional variation in female board representation to instrument for exogenous changes to corporate boards following the quota. We find that the constraint imposed by the quota caused a significant drop in the stock price at the announcement of the law and a large decline in Tobin's Q over the following years, consistent with the idea that firms choose boards to maximize value. The quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance. *JEL* Codes: G34, G38, J48, J20.

Ahern, K. R., & Dittmar, A. K. (2012). The changing of the boards: The impact on firm valuation of mandated female board representation. *The quarterly journal of economics*, 127(1), 137-197.

Revisiting our agenda...

■ Questions

1. Is ESG really a new strategic agenda?
2. Reliability of ESG data
3. “Materiality” between measure and business reality



■ Action items

1. ESG as a reflection of environmental change in E/S/G
2. ESG as a strategic choice for companies
3. ESG as investment opportunities for investors

1. Is ESG really a new strategic agenda?

ENVIRONMENT (ENV-)

STRENGTHS

Beneficial Products and Services (ENV-str-A). The company derives substantial revenues from innovative remediation products, environmental services, or products that promote the efficient use of energy, or it has developed innovative products with environmental benefits. (The term "environmental service" does not include services with questionable environmental effects, such as landfills, incinerators, waste-to-energy plants, and deep injection wells.)

Pollution Prevention (ENV-str-B). The company has notably strong pollution prevention programs including both emissions reductions and toxic-use reduction programs.

Recycling (ENV-str-C). The company either is a substantial user of recycled materials as raw materials in its manufacturing processes, or a major factor in the recycling industry.

Clean Energy (ENV-str-D). The company has taken significant measures to reduce its impact on climate change and air pollution through use of renewable energy and clean fuels or through energy efficiency. The company has demonstrated a commitment to promoting climate-friendly policies and practices outside its own operations. KLD renamed the Alternative Fuels strength as Clean Energy Strength.

Communications (ENV-str-E). The company is a signatory to the CERES Principles, publishes a notably substantive environmental report, or has notably effective internal communications systems in place for environmental best practices. KLD began assigning strengths for this issue in 1996, and then incorporated the issue with the Corporate Governance: Transparency rating (CGOV-str-D), which was added in 2005. In all spreadsheets it is incorporated into the Transparency rating.

Property, Plant, and Equipment (ENV-str-F). The company maintains its property, plant, and equipment with above average environmental performance for its industry. KLD has not assigned strengths for this issue since 1995.

Other Strength (ENV-str-X). The company has demonstrated a superior commitment to management systems, voluntary programs, or other environmentally proactive activities.

CONCERNS

Hazardous Waste (ENV-con-A). The company's liabilities for hazardous waste sites exceed \$50 million, or the company has recently paid substantial fines or civil penalties for waste management violations.

Regulatory Problems (ENV-con-B). The company has recently paid substantial fines or civil penalties for violations of air, water, or other environmental regulations, or it has a pattern of regulatory controversies under the Clean Air Act, Clean Water Act or other major environmental regulations.

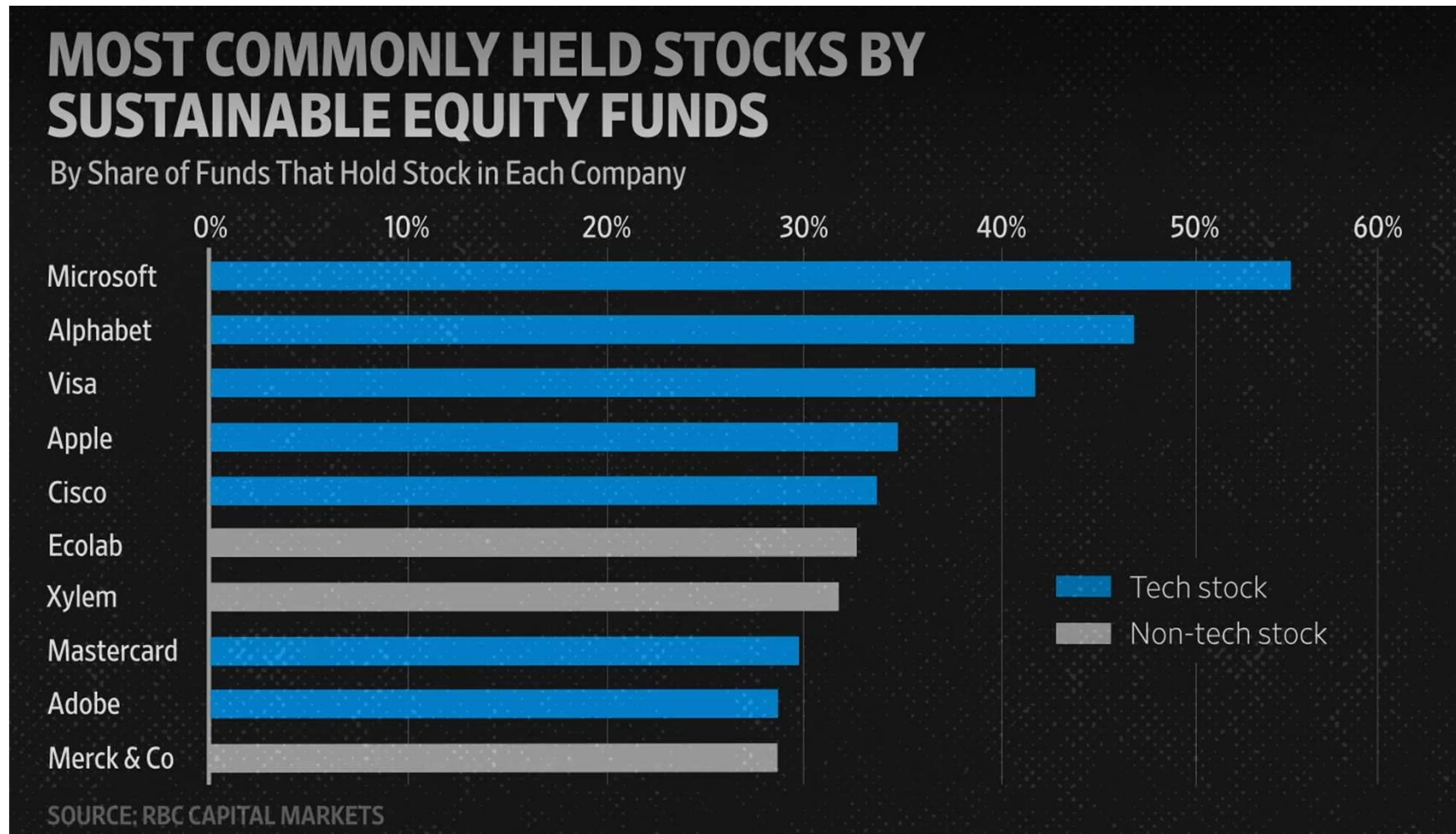
Ozone Depleting Chemicals (ENV-con-C). The company is among the top manufacturers of ozone depleting chemicals such as HCFCs, methyl chloroform, methylene chloride, or bromines.

Substantial Emissions (ENV-con-D). The company's legal emissions of toxic chemicals (as defined by and reported to the EPA) from individual plants into the air and water are among the highest of the companies followed by KLD.

Agricultural Chemicals (ENV-con-E). The company is a substantial producer of agricultural chemicals, i.e., pesticides or chemical fertilizers.

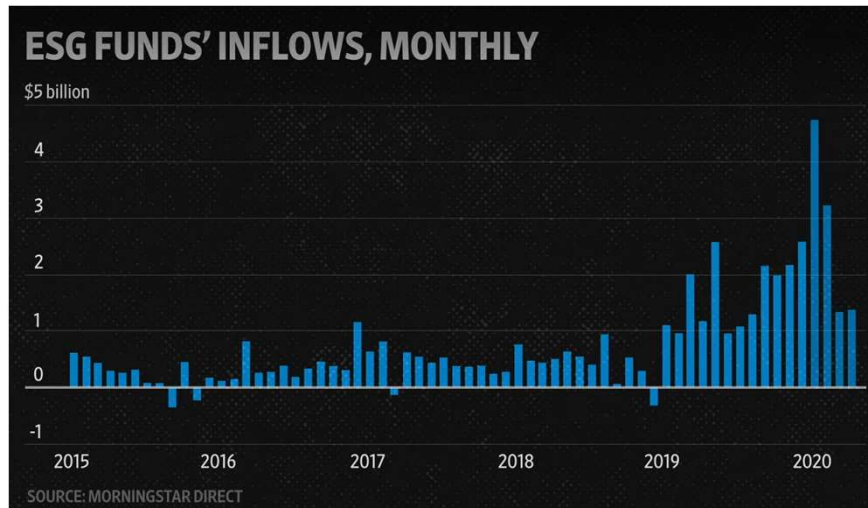
- No!
- From “risk management” to strategic agenda
- For some companies, the items on the Environment, Sustainability, and Governance Index reflect **substantive changes in the business environment now or in the near future**

1. Is ESG really a new strategic agenda?



WSJ Video by Alex Kuzoian, (2020,20,16)
reappeared at July 17, 2021, 'Hedge Funds Short Mexican ESG Lender.'

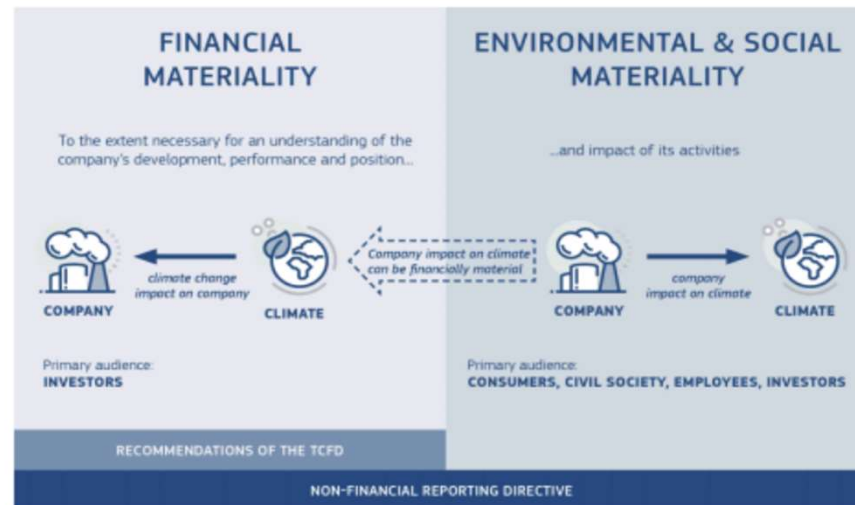
2. Is ESG disclosure reliable?



- Depends – as all the other financial disclosures do
- “one E/S/G fits all” magic does not seem to exist
- More relevant, detailed disclosure items
- Consider the “symbolic element” (e.g. greenwashing) in practice disclosure
 - “Management fashion”
 - Legitimacy issues from visibility
 - Peer influence
 - “Decoupling” – separation of symbol and substance

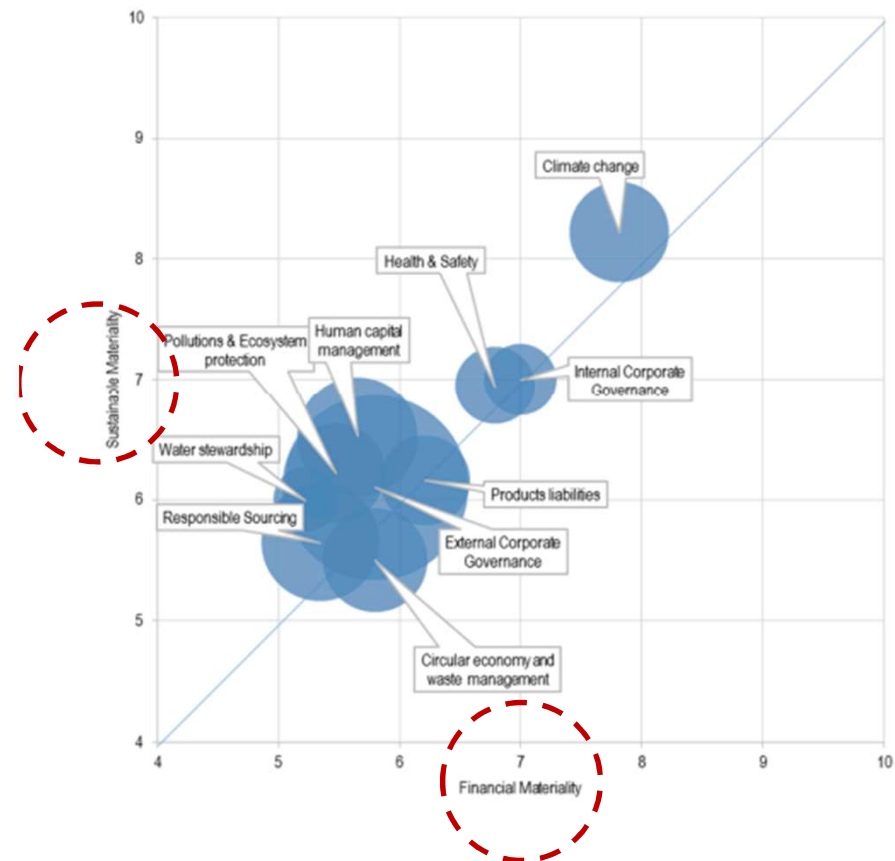
3. “Materiality” between measure and business reality

Figure 1: EU Double Materiality approach



Source: European Commission

Figure 3: Level 1 & 2 Scatter (again, 10 = High Materiality)

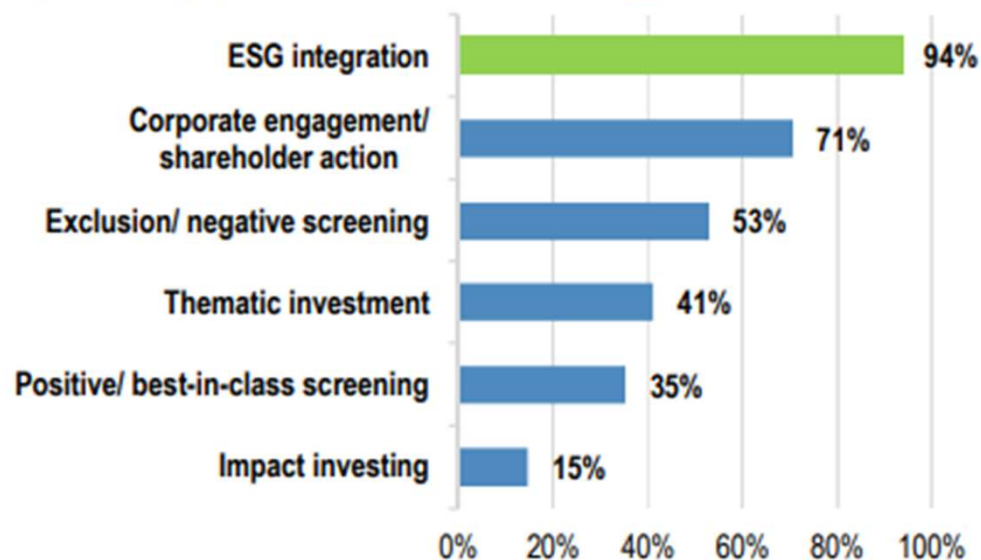


Source: J.P. Morgan

JP Morgan, (05 May 2021), Jean-Xavier Hecker et al., “ESG Integration – Double Materiality Mapping”

3. “Materiality” between measure and business reality

Figure 2: ESG integration is the most popular method, followed by corporate engagement and exclusion strategy

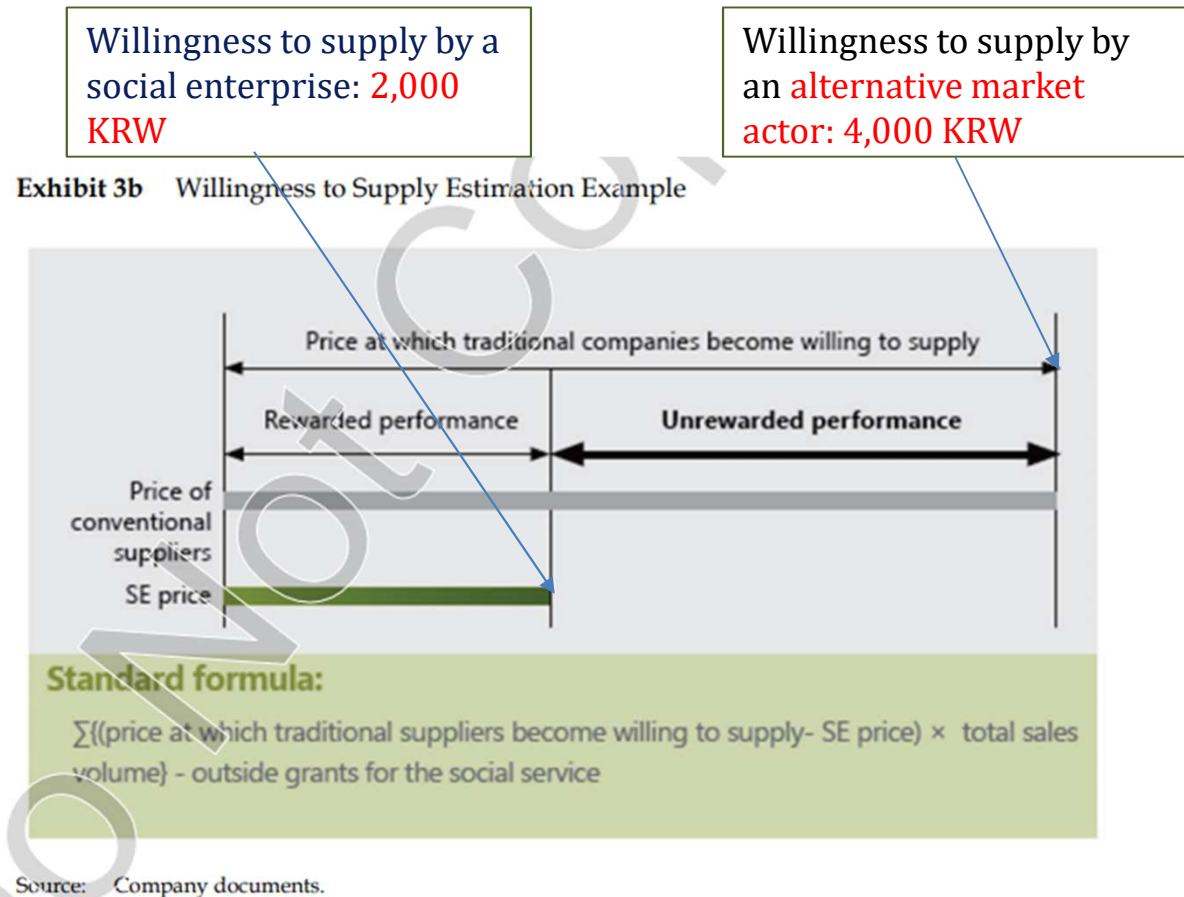


Source: Survey results, J.P. Morgan

- Too fuzzy for integration or theme investment strategies
- The idea of “counterfactual”: “benchmark” and “best-in-class”

The idea of “counterfactual”/ benchmark / best-in-class

A theater for old-generation customers (old movies)



Total social value created= (4,000-2,000) X yearly ticket sales by the social enterprise

The idea of “counterfactual”/ benchmark / best-in-class

Environment friendly lighting
for people in developing
countries



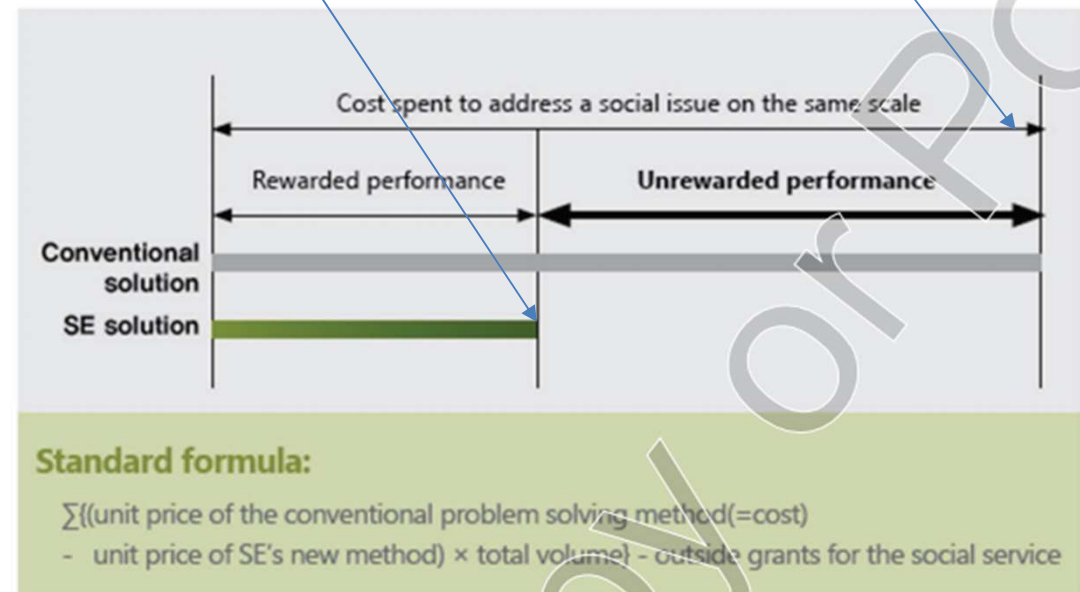
개도국 주민이 사용할 수 있는
더 밝고, 더 저렴하고
친환경적인 조명기기 생산



Willingness to supply by a
social enterprise: 2,000
KRW

Conventional solution by
an **existing market actor**
(e.g. an oil lamp): **4,000**
KRW

Exhibit 3c Willingness to Pay Estimation Example



Source: Company documents.

Total social value created= **(4,000-2,000)** X yearly lighting sales
by the social enterprise

For Managers

ESG from Risk Management Items to Business Opportunities

Harvard
Business
Review

Diversity Latest Magazine Ascend Topics Podcasts Video Store The Big Idea

Sustainability

Yes, Sustainability Can Be a Strategy

by Ioannis Ioannou and George Serafeim

February 11, 2019



Walter B. McKenzie/Getty Images

Sustainable Development Goals (SDGs) and Disability



<https://www.un.org/development/desa/disabilities/about-us/sustainable%20development-goals-sdgs-and-disability.html>

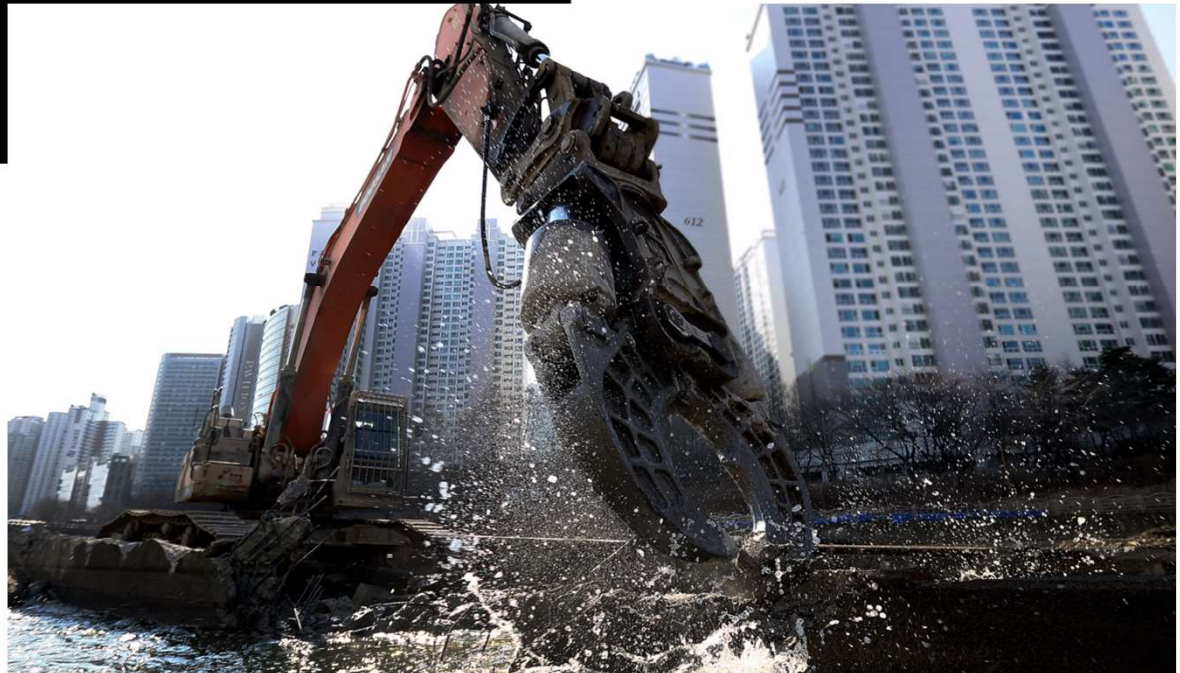
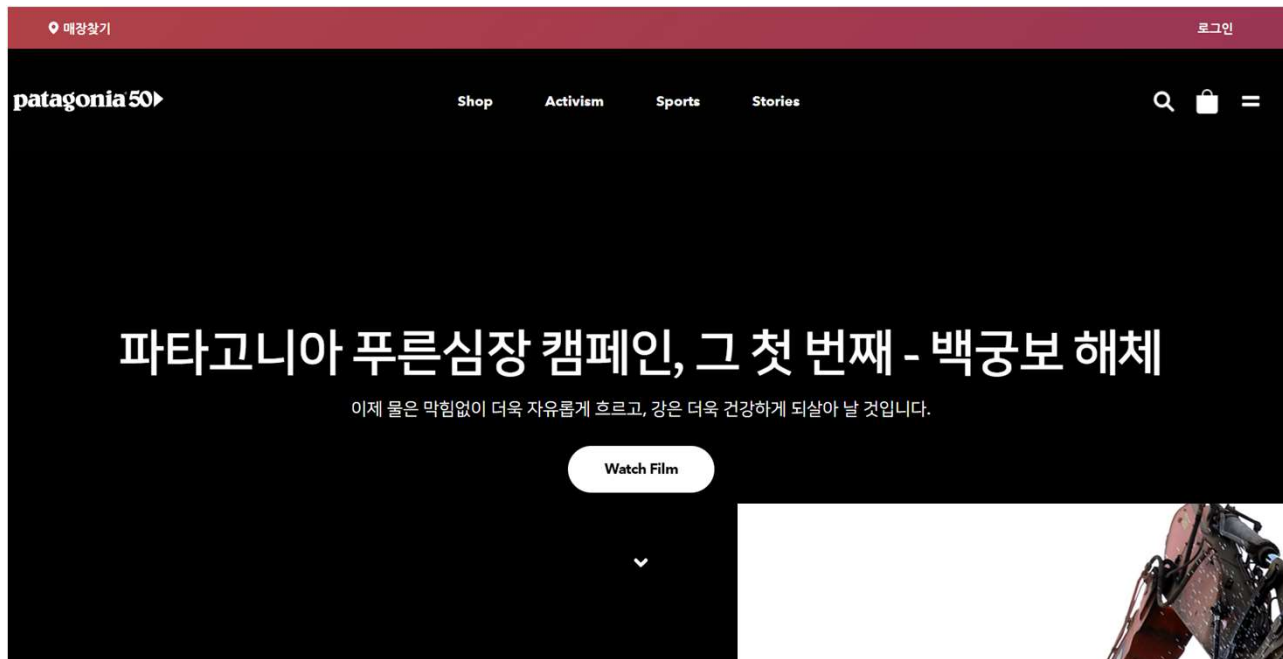
Patagonia's Mission



Patagonia's Mission Statement

Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.

Patagonia - “First Impression” on its Webpage



A New Way to Fight Climate Change



Search quotes, news & videos



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CLIMATE

Patagonia founder just donated the entire company, worth \$3 billion, to fight climate change

PUBLISHED WED, SEP 14 2022•5:24 PM EDT | UPDATED THU, SEP 15 2022•8:25 PM EDT



Lora Kolodny
@LORAKOLODNY

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KEY POINTS

- Patagonia founder Yvon Chouinard, his spouse and two adult children are giving away their ownership in the apparel maker he started some 50 years ago.
- The company's non-voting stock, worth close to \$3 billion, will be owned by a collective that will use all profits that aren't reinvested into the business to fight climate change.
- The company expects to contribute about \$100 million a year, depending on the health of the business.




Squawk Box

WATCH LIVE

UP NEXT | Squawk on the Street
09:00 am ET

Li

Patagonia – Business Model



Search for great gear & clothing

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Camp & Hike Climb Cycle Paddle Run Snow Travel Yoga Men Women Kids More REI GARAGE

Brand

- GoLite (1)
- Helly Hansen (2)
- maloja (1)
- Patagonia (1)

Features

Remove

☒ Insulated (5)

Size

- Small (5)
- Medium (5)
- Large (4)
- XL (5)
- 2XL (4)

Color

- Black (2)
- Blue (2)
- Gray (2)
- Green (2)

Men's Clothing > Men's Jackets > Men's Fleece

Men's Fleece Jackets

(5 matches)


X

Insulated

Remove all filters

Sort by Relevance


View: 30 60 90



Patagonia Insulated Better Sweater Hoodie - Men's

\$199.00

★★★★★




REI GARAGE

GoLite Flatiron Fleece Jacket - Men's

~~\$160.00~~ \$63.73

You save 60%

★★★★★ (4)




REI GARAGE

Helly Hansen Regulate Midlayer Jacket - Men's

~~\$150.00~~ \$59.73

You save 60%

★★★★★




maloja BobbyM. Wool Fleece Jacket - Men's

~~\$220.00~~ \$114.83

You save 50%

★★★★★



REI GARAGE

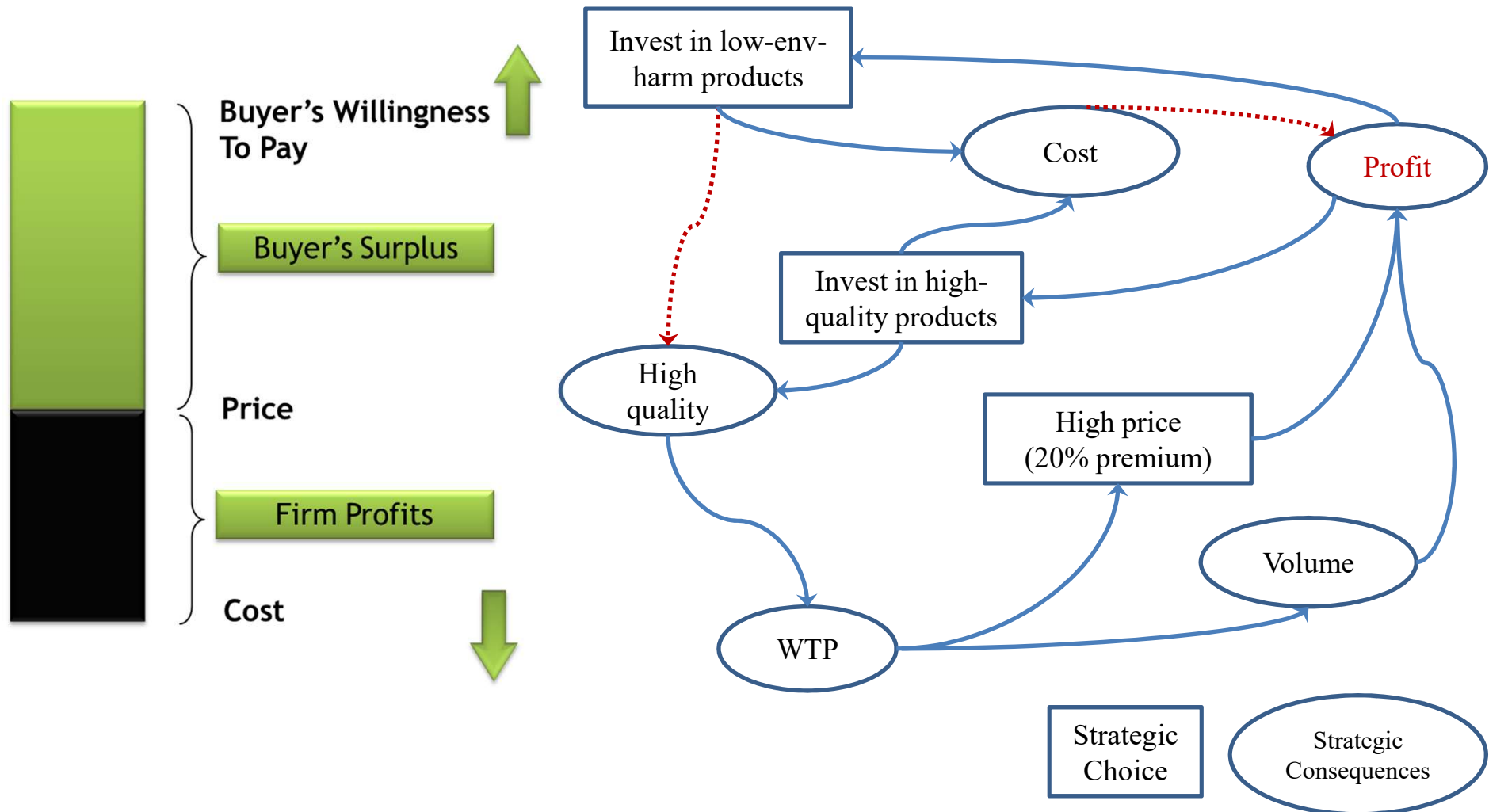
Helly Hansen Regulate Midlayer Jacket - Men's

~~\$150.00~~ \$74.73

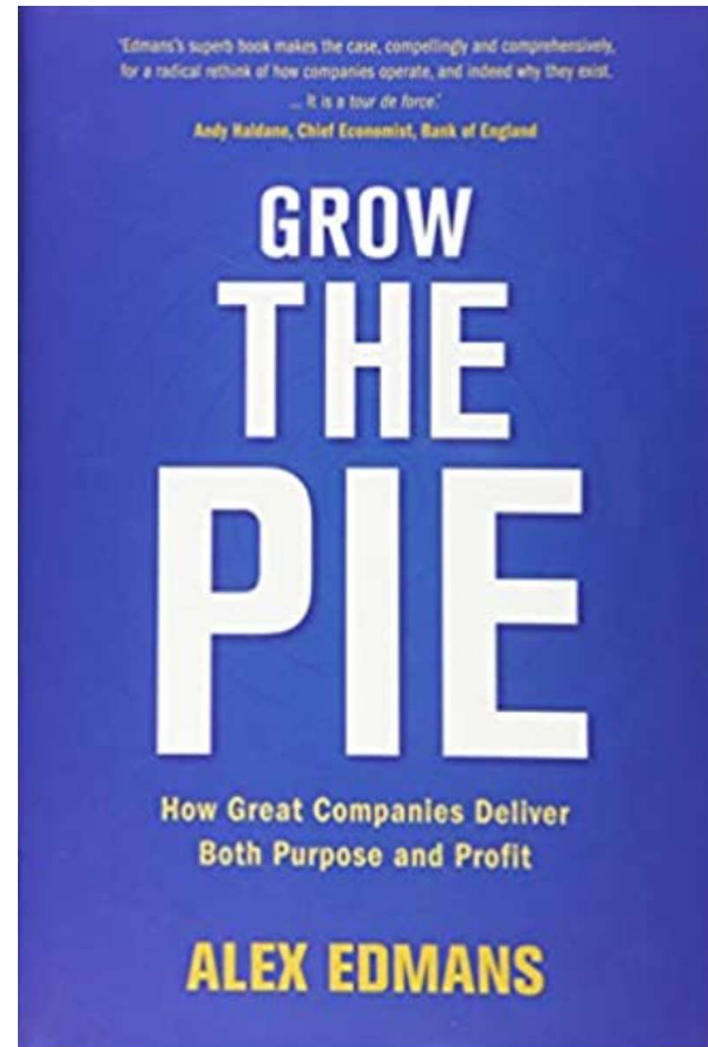
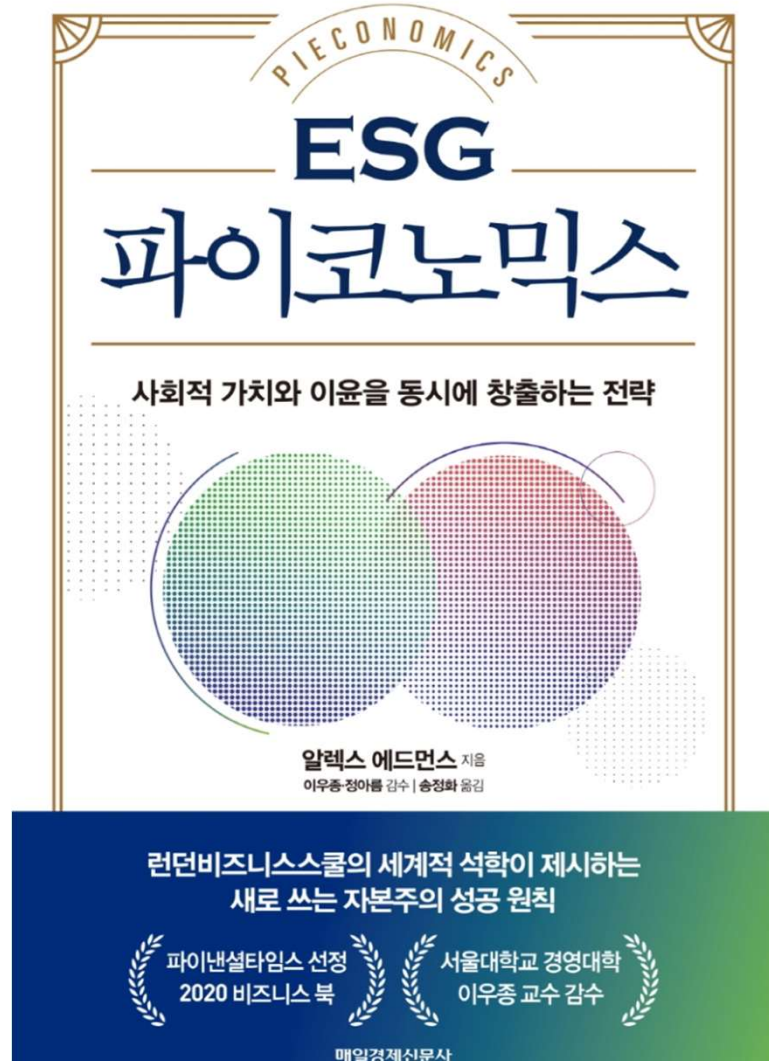
You save 50%

★★★★★ (5)

Patagonia's Business Model?



“Grow the Pie”



For Investors

Distinguishing Symbol vs. Substance in ESG Initiative

The Economist Menu Weekly edition Search

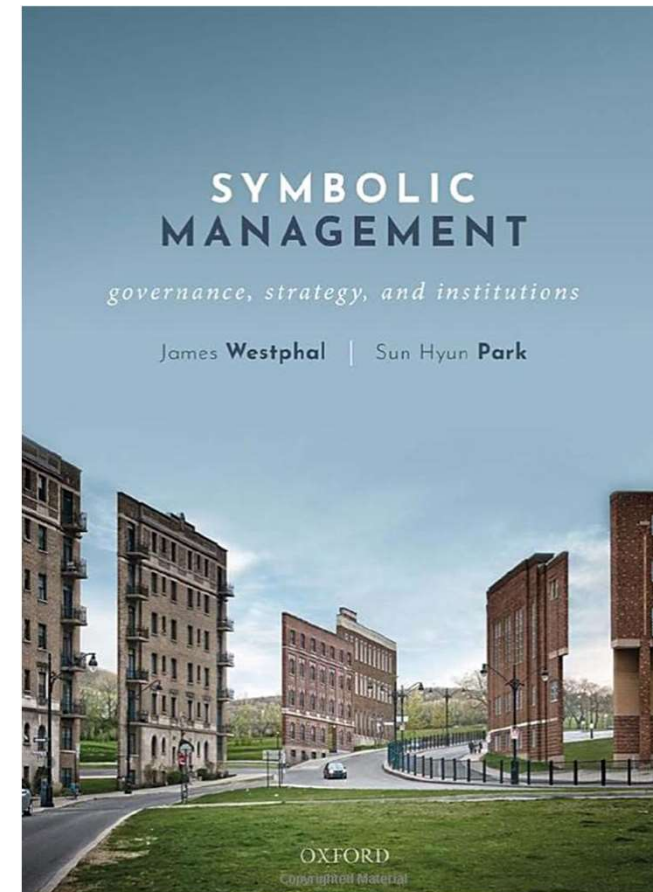
Finance & economics
Dec 7th 2019 edition >

Poor scores
Climate change has made ESG a force in investing

But the figures behind ESG rating systems are dismal



Satoshi Kambayashi





Thank you. If you have any questions/comments, pls. let me know

Sun Hyun Park
(sunpark@snu.ac.kr)
Seoul National University, Graduate School of
Business