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ESG and Stakeholder Activism:  
A New Approach by a Successful Activist

Jeff Ubben, founder of ValueAct Capital, together with Lady Lynn Forester de Rothschild, the Founder and CEO of the Coalition for Inclusive Capitalism, and several others, have formed a new activist fund, Inclusive Capital Partners (ICP). Taking note of the endorsement of stakeholder governance by the Business Roundtable last year and the endorsement of sustainability and stakeholder governance articulated in the World Economic Forum's Davos Manifesto 2020, ICP has been formed to "partner with management and the boards of companies whose core businesses seek to achieve the reversal of corporate harm" in environmental and societal areas:

We will aim to make capitalism part of the solution, rather than the source of some of the world's biggest problems. We will establish new stakeholder-oriented metrics that are company specific and hold management teams accountable to those, in addition to conventional financial metrics. We will seek to make the markets work in a way that public policy and philanthropy have been unable.

The ICP mission statement is attached [here](#). It identifies the types of businesses that ICP will target in seeking to drive a positively differentiated return by improving environmental and societal performance. It is must reading!

Given this mission and the track record of Ubben and his ICP colleagues, it is highly likely that ICP will attract the capital and the institutional investor and proxy advisor support necessary to achieve board representation and changes in company strategy designed to achieve ICP's goals. Companies that do not agree with the strategies or goals that ICP advocates will need to review their plans for dealing with this new type of activism. Engagement with their major investors and mutual understanding as to objectives and time-frames will be essential. In effect, a new activist defense playbook is needed, with full understanding by, and support of, the board of directors. Boards will have an increasingly important role in assuring investors that their company's ESG and stakeholder policies and metrics are well-suited to driving the sustainable long-term growth in company value that investors are seeking.

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