

# An enjoyable task

Strategy Council 2013

## Responsible Investment and the Norwegian Government Pension Fund Global

### **Main Report**

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## **FOSSIL-FUEL INVESTMENTS IN THE NORWEGIAN GOVERNMENT PENSION FUND GLOBAL:**

### **ADDRESSING CLIMATE ISSUES THROUGH EXCLUSION AND ACTIVE OWNERSHIP**

**A REPORT BY THE EXPERT GROUP APPOINTED BY THE  
NORWEGIAN MINISTRY OF FINANCE**

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## **Environmental activism**

Literature often emphasizes financial responses to environmental (and other) activism

This novel paper addresses environmental responses to financial activism

But the finding that stockholder gains “*are not necessarily at the expense of other stakeholders*” is weak

More HFs (e.g., SAC / Point72) could be profiled in text

## Thought experiment

In America 1,243 institutions with >\$14 trillion AUM have pledged to divest fossil fuels (*GoFossilFree.org*)

In Britain 82 universities had made similar commitments (*PeopleAndPlanet.org*)

The impact came from faculty, students and alumni activists (*elementascience.org/articles/10.1525/elementa.297*)

Is there reason to suppose that HFs are a driving force?

## Some clarifications

Why omit “*passive campaigns*” that comprise just communication?

There is extreme event- and time- clustering in the sample and herding among activists. Can you estimate the number of unique campaigns?

An endogeneity issue: do activists campaign for change at organisations with greater capacity to improve? Couldn't that tilt the paper towards finding that activism is rewarded?

## The conclusions

*“HF activism campaigns are only associated with reduced emissions for events that focus on improving shareholder value”* (p16) – can you comment on this sad finding?

*“We do not find evidence that firms are more likely to engage in abatement activities... Rather, the change in emissions appears to be driven by lower production.”* (p20) – can you comment on whether this is relative to the control group who were not thought worth engaging with?