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# VIEWS FROM THE BRICK

THE KIDS <sup>DO</sup> DON'T STAND A CHANCE

The whispers of corporate responsibility have grown into full blown conversations taking place on the surface, with an increasing number of voices contributing to the narrative. There's a paradigm shift unfolding right in front of our eyes. The most encouraging part? This evolution of public demand for accountability is being driven by some of the smallest, and youngest, voices we have. There appears to be strength in numbers after all. The kids *do* stand a chance.

## STAKEHOLDER EVOLUTION

Traditionally, stakeholders have been acknowledged as shareholders, employees, customers and suppliers. Over time, this list has expanded to include communities, governments and trade partners. Essentially, we as a society have decided that corporations are part of our population in more ways than one and they should begin to act accordingly. Overtime we've seen leaders emerge in the C-suite for corporations across the globe who have acknowledged their role and responsibility. This could be perceived as the "S" (social) in [ESG investing](#). The platform that has been provided to these leaders has always been second to only maybe the Oval Office from an influence standpoint. But progress as a society has long been a task carried by the private sector. As more and more CEOs have taken on this stakeholder view (see [Paris Accord](#))<sup>1</sup>, decisions have begun to be executed not only with the bottom line in mind, but what are the ripple effects of that EPS?

## LEADER BY EXAMPLE

This is a trend that is going to carry implications to bottom lines, share prices and careers for so many moving forward. One financial corporate leader has been carrying the torch forward spreading his message of purpose. BlackRock CEO, Larry Fink, has been outspoken about corporate leadership over the last few years. Just this year in his annual letter to corporate leaders<sup>2</sup>, Larry called on his colleagues to elevate the standard for which companies operate. In it, he acknowledges society's demand for companies (both public and private) to serve a social [purpose](#) and emphasizes the need to answer the call.

In BlackRock's case, their platform has granted them a unique opportunity and responsibility. We pointed this out to Larry and his team last year in New York. When given the chance, we asked about BlackRock's responsibility to act in the interest of not only the shareholders of their publicly traded stock but the trillions in dollars of assets in their iShares ETF products. The response we received could have almost served as a rough draft for the corporate letter he penned nearly a year later. But the actions of [BlackRock and competitor Vanguard](#)<sup>3</sup> in May of 2017 showed they were committed to corporate responsibility. The two giants leaned on Exxon to increase the transparency of environmental threats the company poses through their practices. It was the first example of "passive" investment giants acting in the interest of the millions of shareholders (and stakeholders) they represent.

Recently BlackRock was at the forefront of the corporate responsibility conversation once again. [This time](#)<sup>4</sup>, it was in the response of national tragedy. In the wake of a mass shooting which claimed the lives of 17 members of GFG's home community, BlackRock is again not shying from accountability for its stakeholders. After objections to positions in gun manufacturers and distributors became a visceral response from teachers nationally given their retirement funds, BlackRock has acknowledged their ability and willingness to work these positions out of their portfolios. It's also worth noting, BlackRock manages \$200 billion in assets of screened investment solutions to divest from these types of companies. Going a step further, BlackRock has said they intend to speak with weapons manufacturers and distributors to understand their response to the second-deadliest public school shooting in history. BlackRock is currently the largest shareholder in Sturm Ruger and American Outdoor Brands, two gun manufactures<sup>5</sup>.

But mass shootings have been part of our culture as Americans for longer than two weeks. Why is this time being treated so differently? The smaller, younger, voices have been given a megaphone.

## YOU'VE BEEN PUT ON NOTICE

The typical news cycle seems to be roughly seven days, and these days that's been tested to even shorter windows. But this event in particular has shown staying power. We have technology to thank for that. The kids that lived this nightmare first hand took immediately to social media to make their experiences known in a big way. Going beyond hashtags and temporary profile pictures, the students at Marjory Stoneman Douglas High School demanded to be heard. They've demanded change and they've commanded respect. They've marched their way into the White House (literally) and worked their way into conversations in boardrooms across the country. They've handled a worst-case scenario with grace and have moved and spoken with a purpose. Clear, thought-out arguments supporting change from the younger generations have left corporations and government officials scrambling to keep up.

Should anybody be surprised? A generation that has not known a day without infinite information at their fingertips has grown up at a faster rate than even the millennial generation could have fathomed. The J curve for Generation Z is unprecedented. It's a sign of hope for the rest of us.

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