

SFI-SSF Conference

Investor Impact across Asset Classes

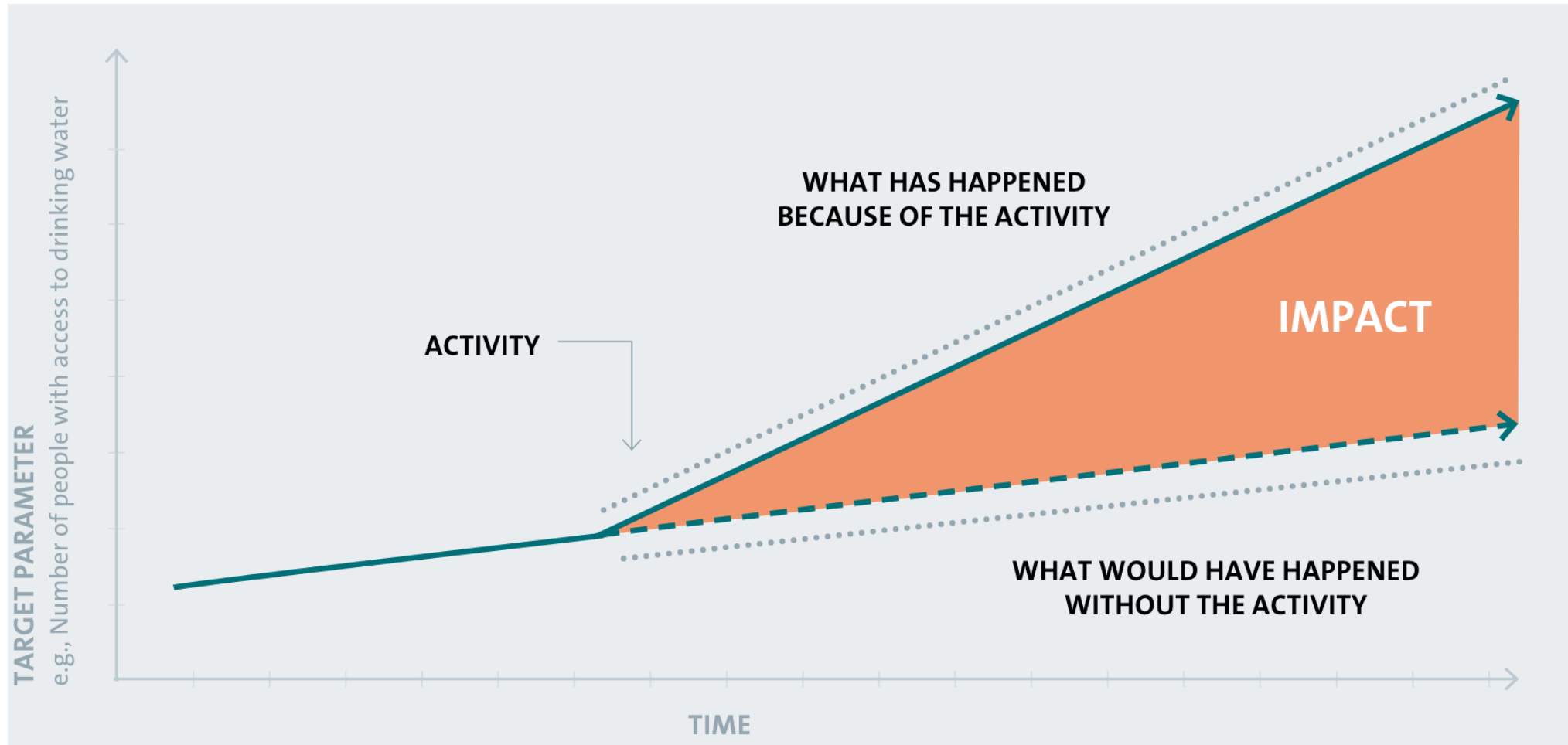


SFI Prof. Julian Kölbel
Uni St. Gallen; SFI; MIT Sloan

5 September 2024

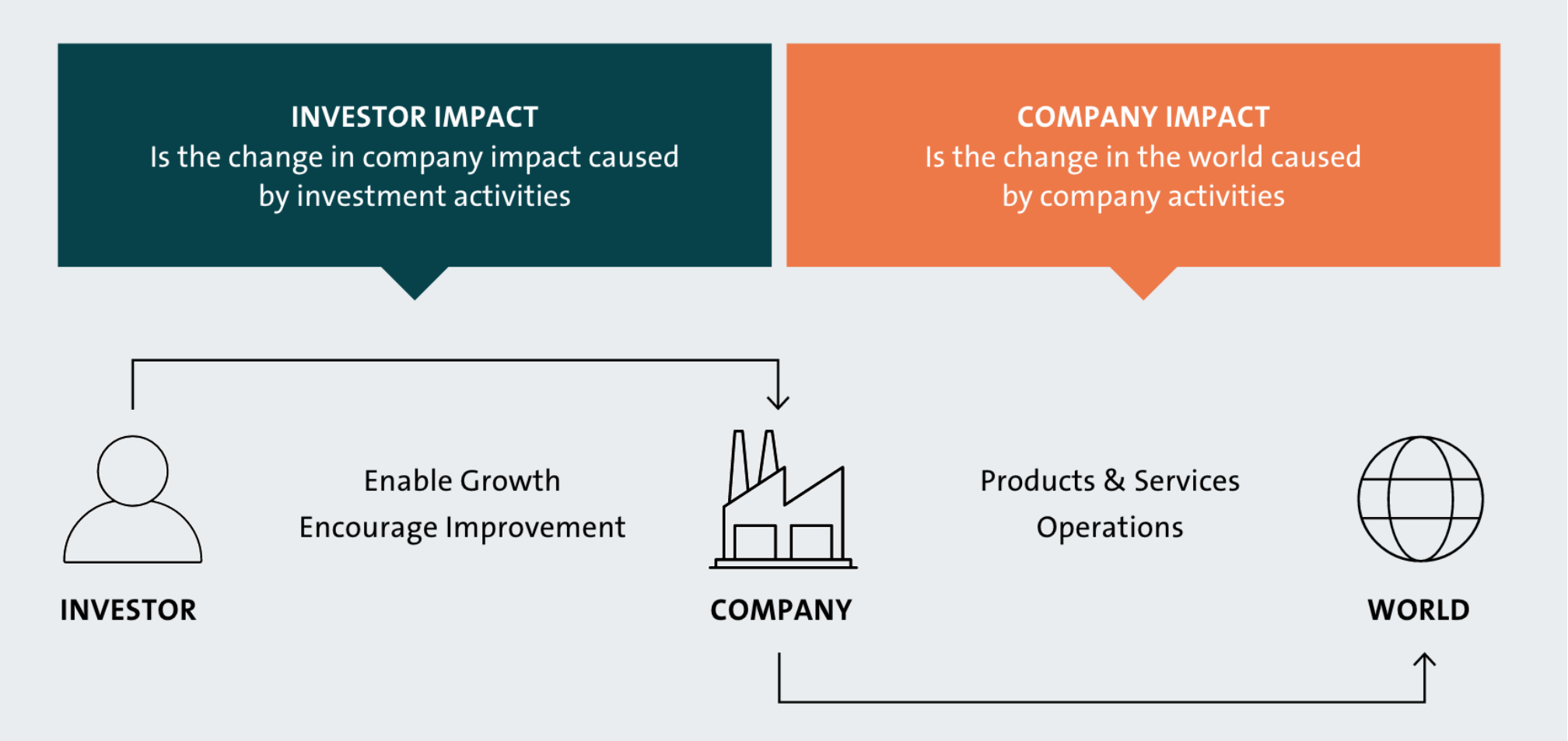


Impact is what happened because of you (and would not have happened by itself)



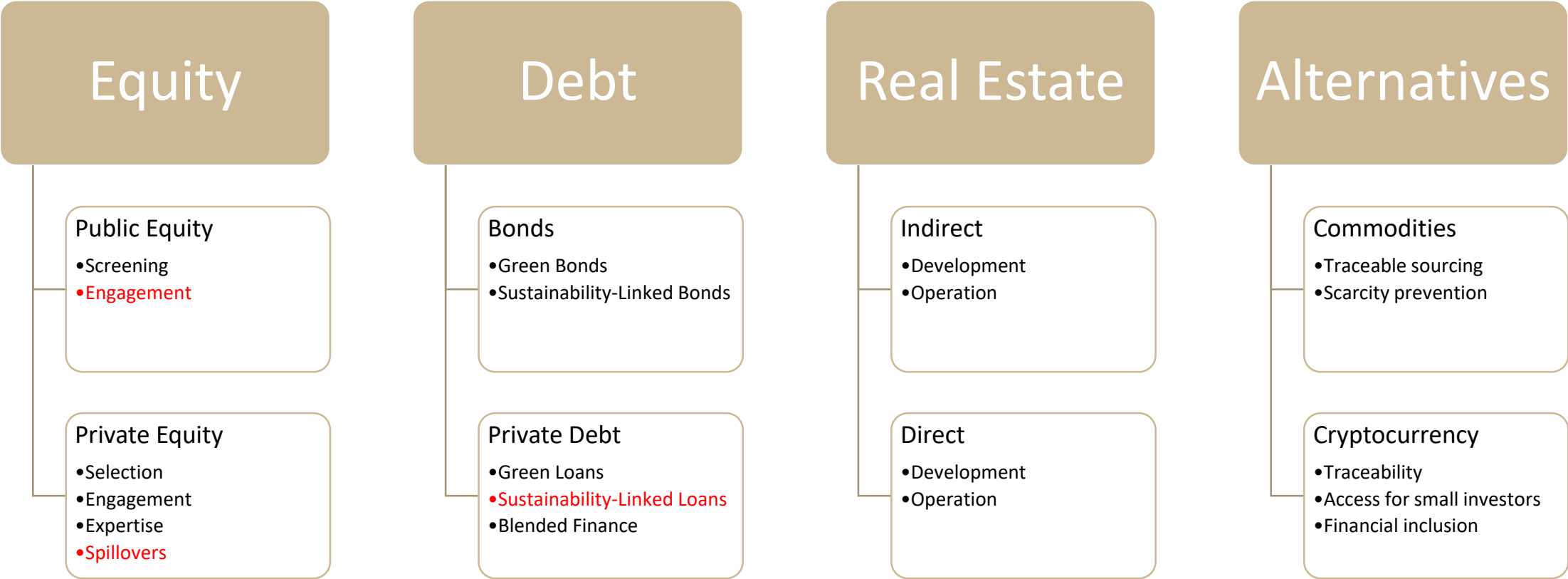
Heeb, Florian, and Julian F. Kölbel. 2020. "The Investor's Guide to Impact." <https://www.csp.uzh.ch/en/research/Academic-Research/Investor-Impact.html>.

Investor impact is the change in company impact



Heeb, Florian, and Julian F. Kölbel. 2020. "The Investor's Guide to Impact." <https://www.csp.uzh.ch/en/research/Academic-Research/Investor-Impact.html>.

Different asset classes offer different impact mechanisms



You can estimate impact with an experiment

Treatment:

- Letter asking the company to commit to setting a science-based climate target (SBT)

Sample:

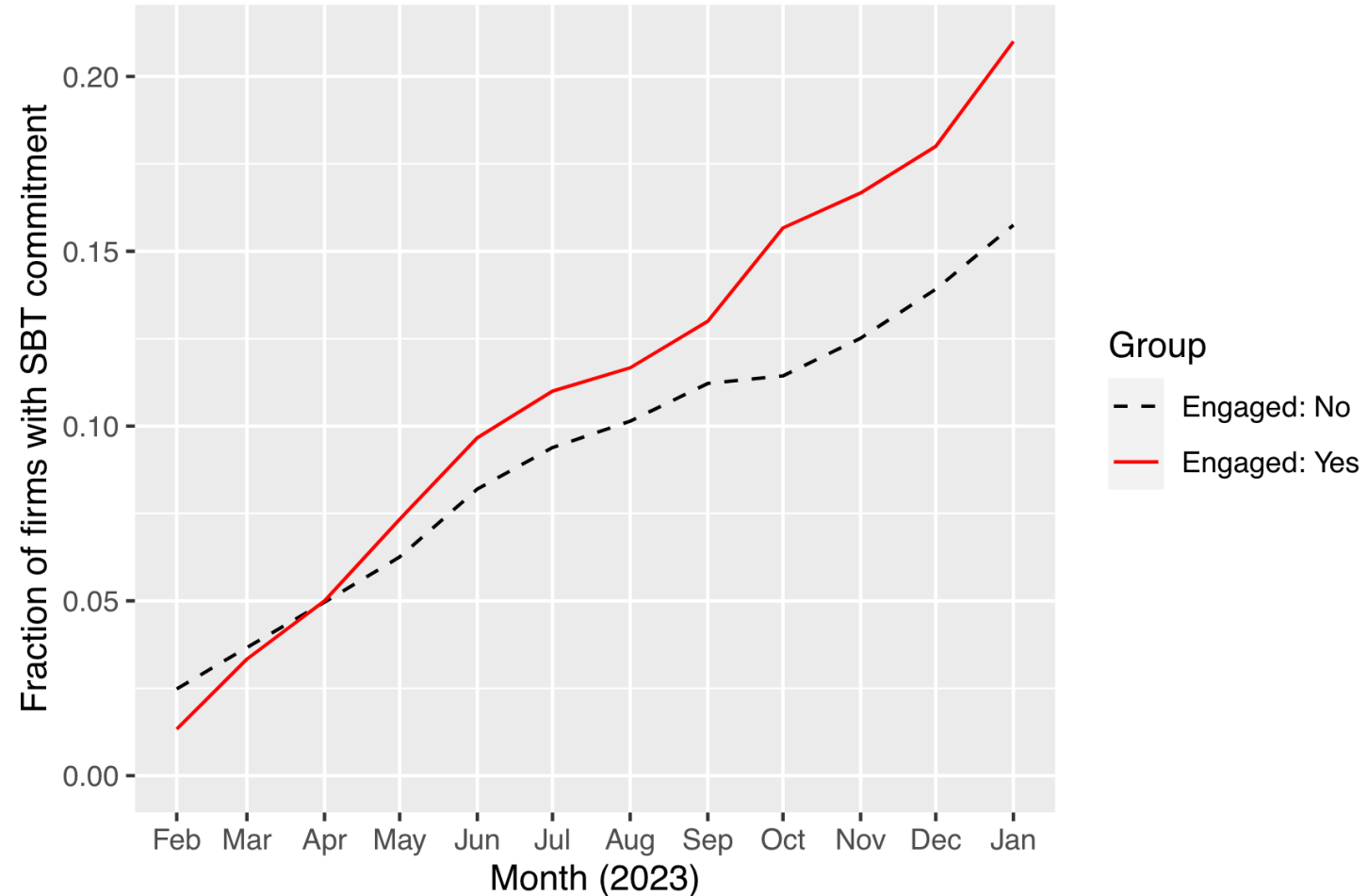
- 300 companies were engaged via letter,
- 900 companies not (control group)

Result:

- Statistically significant difference

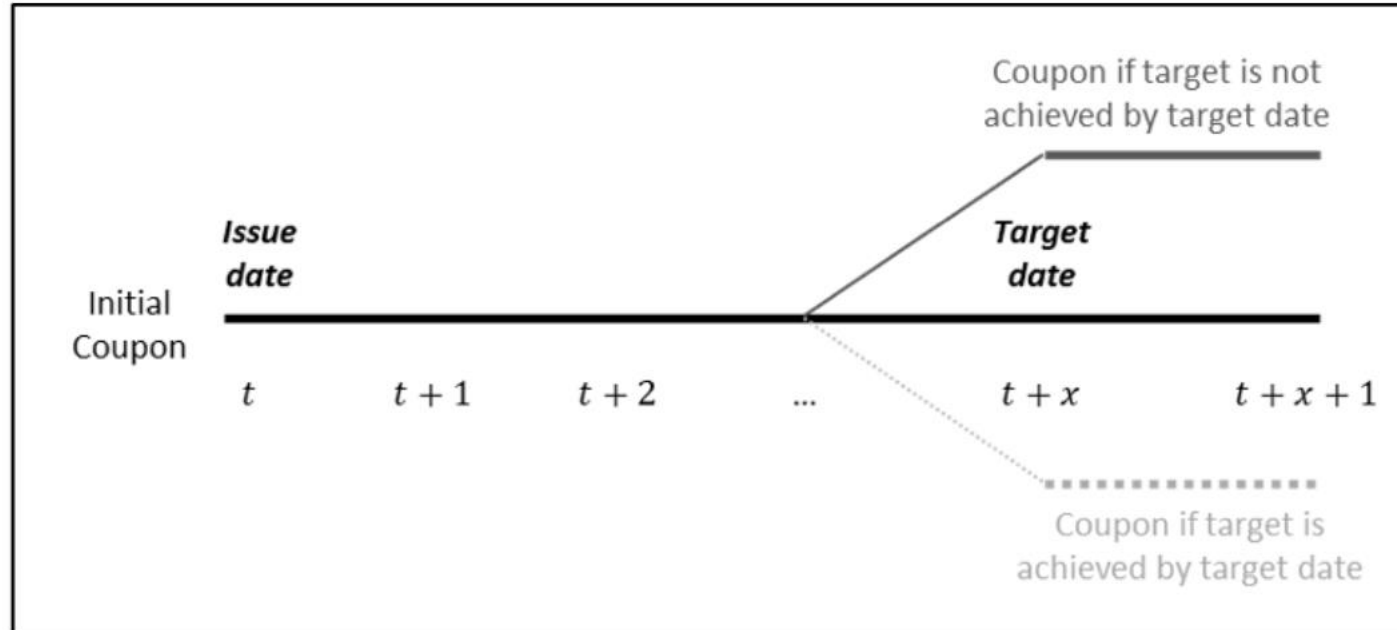
Implication:

- This type of engagement has impact
- Careful to generalize this to other engagement activities



Heeb, Florian, and Julian F Kölbl. 2024. [The Impact of Climate Engagement: A Field Experiment.](#)

Sustainability-linked debt contracts create tangible goals



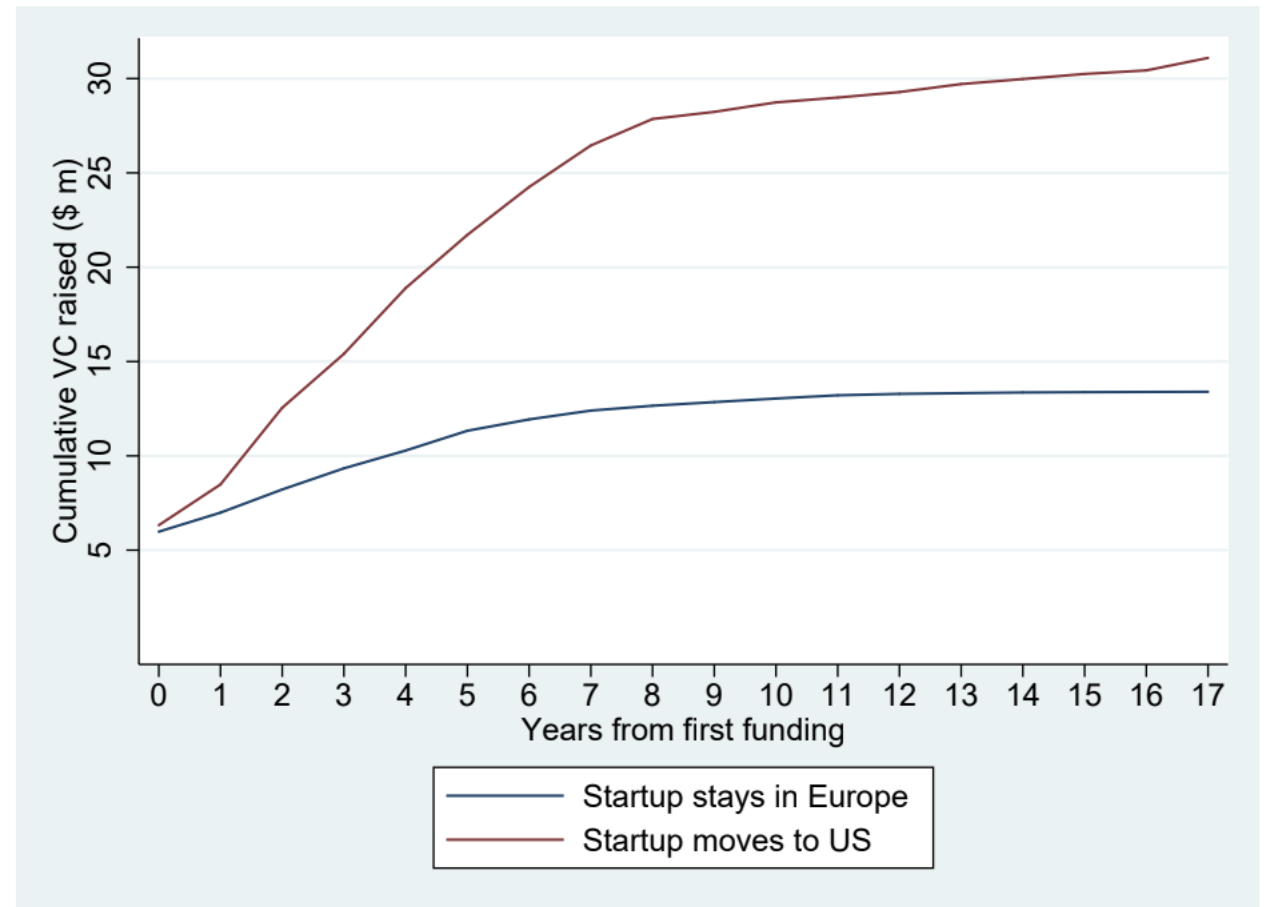
- Borrower has a clear, financially material target
- The contract helps the company signal its commitment
- The impact depends on choosing an appropriate target

Source: Kölbel, Julian F, and Adrien-Paul Lambillon. 2023. "Who Pays for Sustainability? An Analysis of Sustainability-Linked Bonds." <https://doi.org/10.2139/ssrn.4007629>.

The spillover impact of venture capital (VC) investing on growth

- Innovation is extremely important in addressing climate change
- Many innovations require substantial amounts of risk capital
- Europe risks losing the industries of tomorrow
- The most important impact of a good VC investing sector may be the spill-overs on growth

Panel A: VC raised (\$ m)



Weik, Stefan. 2023. [The Startup Performance Disadvantage\(s\) in Europe: Evidence from Startups Migrating to the U.S.](#) Working Paper.

Summary

- Different asset classes offer different opportunities to have impact
- If you really want to know: run a randomized experiment
- Sustainability-linked debt can help define and communicate targets
- VC investments can have an impact on climate innovation and growth

What can you do that makes a difference?