



A Short Introduction to

System Change Investing

Frank Dixon
Claudine Perlet

System Change Investing (SCI) is a new paradigm approach to sustainable investing that goes far beyond traditional environmental, social, and governance (ESG) strategies. It focuses on driving systemic change and addressing root causes of global challenges, making it the first responsible investing strategy capable of achieving the UN Sustainable Development Goals (SDGs). SCI aims to enhance impact, investment returns, reputation, and AuM for asset managers by rating companies on system change.

Key Aspects of SCI

Limitations of current ESG and Corporate Sustainability Approaches. Existing ESG and corporate sustainability strategies have far reaching limitations in the way they are trying to address major challenges like climate change. These approaches focus mostly on symptoms rather than root causes.

The Importance of Addressing Root Causes. To overcome these limitations, a shift from the current approach of merely changing companies to changing the systems that control them is required. Current systems make it impossible for companies to stop harming the environment and society and remain in business. They are the root causes of climate change and other major challenges. Systemic changes are essential for resolving these challenges and protecting businesses and society.

How does SCI contribute? SCI involves rating companies on system change performance, launching SCI funds and shifting investments to system change leaders. A main goal is to incentivize companies to implement system change strategies.

What Benefits does SCI provide for Asset Managers? SCI can enhance investment returns by assessing financially relevant systemic risks and opportunities ignored by conventional financial analysis and providing strong indicators of management quality and stock market potential. System change leadership strongly indicates resilience and ability to adapt to a rapidly changing environment. SCI also enhances reputation and AuM by providing the highest possible sustainability benefits.

Whole System Thinking - a Key Component of SCI. Effectively addressing sustainability issues requires shifting to a holistic, whole system approach. This means that traditional business thinking, which views companies as independent entities focused on their own wellbeing, must evolve to see the company as part of a larger system working for the wellbeing of that system. SCI uses the Global System Change (GSC) framework to guide and assess system change. The framework describes sustainable society using the laws of nature, systemic changes needed to achieve it, and actions required to bring about these changes. Understanding system change overall enables the optimal corporate system change role to be defined and rated.

Why are Whole System Approaches like SCI so important at this point? The planet and its ecosystems form the basis for human existence and consequently for business. Humanity can run a flourishing economic system based on the resources the planet provides - just not the current one, i.e. one that depletes resources faster than they can regenerate. It is a flawed system and in human history all flawed systems

sooner or later collapsed. So will this one. SCI's goal is to prevent system collapse by introducing a next generation approach to responsible investing. It is based on the premise that, in the current environment, the financial and corporate sectors are most capable of leading the way in driving system change.

Total Corporate Responsibility (TCR). TCR is the corporate side of SCI. It involves taking full responsibility for all impacts, mitigating them when doing so is profitable, and collaborating on systemic changes that make further profitable mitigation possible. TCR categorizes desirable system change activities into mid-level and high-level, addressing sector and overarching economic, political, and social system-level changes.

How to Work with SCI Models and Services? The System Change Investing team offers customizable SCI models and advisory services designed to help asset managers and corporate clients implement the most advanced ESG and sustainability strategies. Our services enable asset managers to improve ESG performance, integrate system change into existing funds and/or launch SCI funds.

Why get involved? SCI offers a significant opportunity for the financial and corporate sectors. Pressing challenges pose an existential threat to business and society. SCI represents a paradigm shift in responsible investing. The emphasis on system change and root causes makes it the first investment strategy with the potential to resolve global challenges. It is poised to become a major player in the responsible investing landscape. SCI takes the concept of doing well by doing good to the next level. Investors increase returns by providing far greater sustainability benefits. Financial firms and corporates embracing SCI will be seen as the next generation sustainability leaders. The ones who really care.



Frank Dixon, Harvard MBA, is a visionary leader in the fields of responsible investing and corporate sustainability. Recognizing the limitations of current approaches, he leveraged his extensive ESG and system change experience to create System Change Investing, Total Corporate Responsibility and Global System Change. The approaches are intended to protect business and society, facilitate systemic change, and help to resolve major challenges. Dixon helps financial sector clients to implement high-performing responsible investing strategies, including CalPERS, Mellon and ABN AMRO. He helps corporate and government clients to implement advanced sustainability strategies, including Walmart and the US EPA. He has presented at many conferences and universities, including Harvard, Yale, Stanford, MIT and Cambridge. fdixon@GlobalSystemChange.com

Dr. Claudine Perlet, lawyer and former executive at Allianz, Goldman Sachs, and Freshfields, is a pioneer in the field of transformative change. Her venture, *Business Reinvented*, helps corporate and financial leaders unlock the power of self and business to champion the successful transition to a regenerative business world. Deeply aware of the crucial importance of systemic investment approaches, Perlet identified market gaps that she is now actively seeking to bridge with Frank Dixon, the creator of System Change Investing. She has extensive experience in large capital market transactions, was Global Head of Compliance at Allianz Global Investors and headed the Global COO Office of Allianz for several years. She has lived, worked and studied in Frankfurt, Sydney, London, Hong Kong and Munich, where she is now based. Perlet embodies the blend of deep business expertise with the visionary commitment and know-how to shape a regenerative future. cperlet@GlobalSystemChange.com

Get In Touch!

SystemChangeInvesting.com

info@SystemChangeInvesting.com