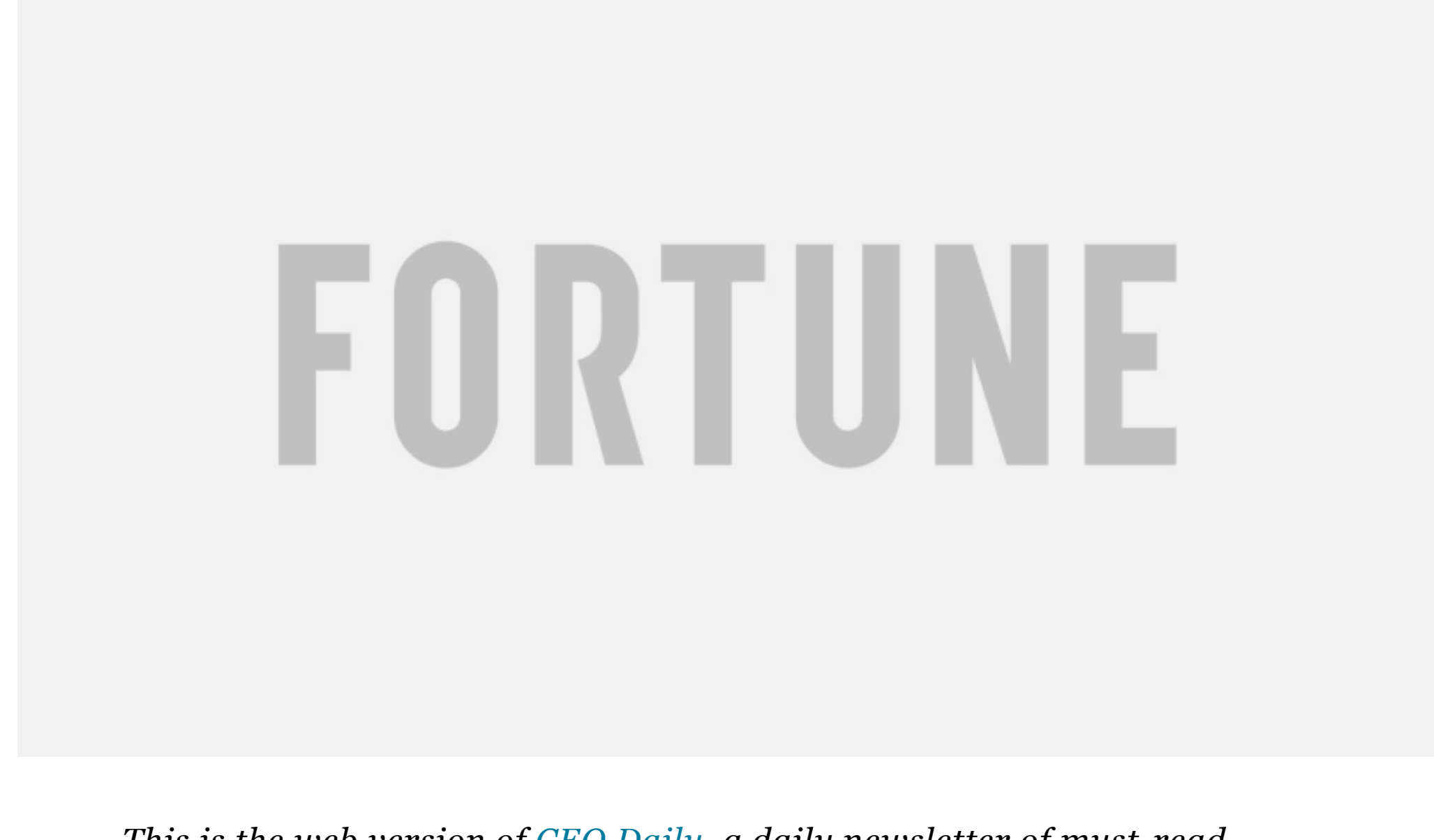


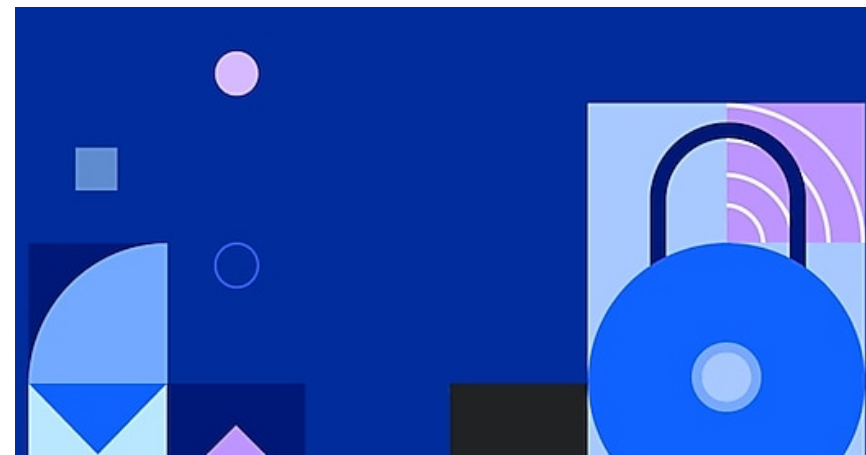
NEWSLETTERS • CEO DAILY

What Seventh Generation co-founder Jeffrey Hollender wants to see under stakeholder capitalism

BY ALAN MURRAY AND DAVID MEYER
September 9, 2021 5:15 AM EDT



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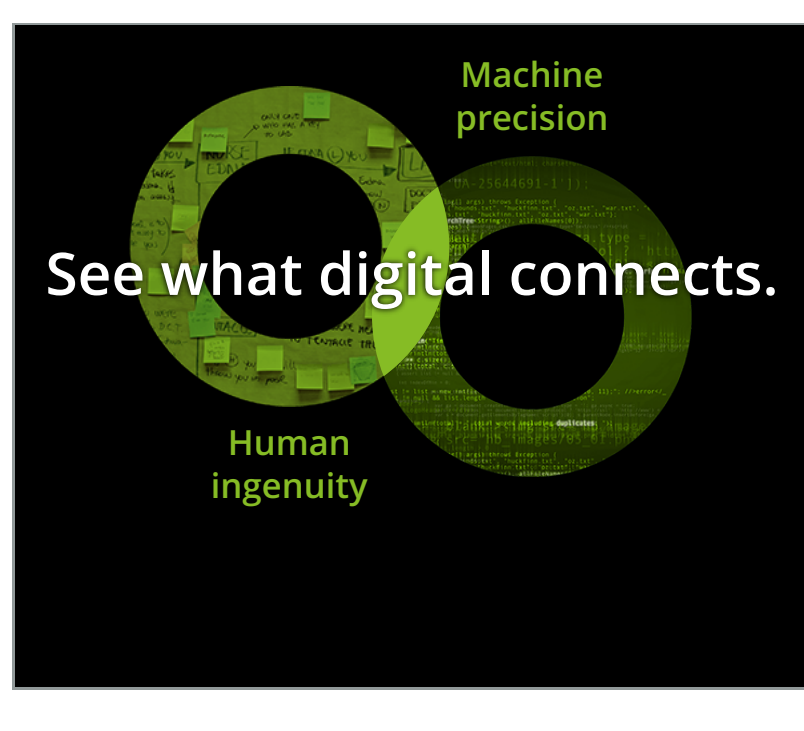
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Good morning.

I spoke yesterday with Jeffrey Hollender, co-founder of Seventh Generation, the Vermont-based company that makes eco-friendly cleaning and personal care products and was sold in 2016 to Unilever for \$700 million. Hollender now heads the American Sustainable Business Council, whose members include 1,000 of the most progressive companies in the U.S.—Ben and Jerry's, Patagonia, Eileen Fisher, etc.—and lobbies for policy change in Washington.

I asked him to name the three biggest policy changes that would make the kind of stakeholder capitalism he favors a reality. His answers:

- “The first one is a big one, and it is really this notion of full cost accounting. Putting a price on carbon is a big step in that direction. Companies have been encouraged to dump their externalities on society, and they would behave differently if they had to pay for those externalities.”
- “Number two is digging in on the human side of the business...When companies underpay workers, it is another form of externality,” leading to higher costs for society. The Council favors a \$15 minimum wage as another “big step in the right direction.”
- “Number three is to stop encouraging companies to avoid paying taxes” by shifting their profits to overseas tax havens. The global minimum tax being pushed by the Biden administration would move in that direction.



While Hollender's members represent the fringe of the business community, those three policy goals are ones that a growing number of corporate leaders in the mainstream are willing to embrace. When I asked him about the Business Roundtable's endorsement of stakeholder capitalism, he responded: “We welcome them to the party. We are thrilled they are thinking about stakeholder capitalism. The biggest challenge they haven't addressed is that they have created a system that is still very focused on shareholder profits. We have to change the incentives they created that encourages a system that maximizes profit and puts everything else to the side.”

More news below.



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Correction: This newsletter was updated on Sep. 9 to correct Hollender and Seventh Generation's names.

TOP NEWS

Chinese real estate



There are fears that the Chinese real estate giant Evergrande will default on some of its \$300 billion debt pile—and that contagion may occur. Evergrande has been twice downgraded twice this week and its shares are down 75% this year, while the Chinese property developer Fantasia is finding lenders won't take its bonds as collateral. [Guardian](#)

Chinese gaming

Meanwhile, Tencent and Netease have taken a beating on today's markets after Chinese regulators told the gaming giants to abandon “the solitary focus of pursuing profit,” i.e. to stop kids getting addicted to their wares. Also to be excised: “obscene and violent content” and “unhealthy tendencies, such as money-worship and effeminacy.” Oh, and it seems the Chinese authorities have [temporarily suspended approval](#) for all new games. [Fortune](#)

EasyJet approach

EasyJet says it has rejected an unsolicited, all-stock takeover offer that it saw as undervaluing the British airline. The would-be suitor has apparently backed off. Meanwhile, EasyJet will raise \$1.65 billion through a share sale. [Bloomberg](#)

Theranos trial

The Theranos trial has finally begun, with prosecutors saying founder Elizabeth Holmes “decided to lie” because she was “out of time and out of money,” and Holmes' lawyers insisting that “trying your hardest and coming up short is not a crime.” [Wall Street Journal](#)

AROUND THE WATER COOLER

Short fine

Viceroy, the U.S. short seller that publishes reports on its targets' alleged misdeeds and failures, has been hit with a \$3.5 million fine in South Africa for the report it compiled on Capitec, the country's fourth-largest bank (Capitec's share price subsequently dropped by a quarter.) The Financial Sector Conduct Authority said Viceroy and two associates had published “false, misleading or deceptive statements, promises or forecasts regarding material facts about Capitec, which they ought reasonably to have known were not true.” [Daily Maverick](#)

Tesla surge

Tesla's stock is rising again, and the company is now worth as much as the second- to seventh-most-valuable automakers (Toyota, VW, BYD, Daimler, Great Wall Motors, and General Motors) combined. However, warns Shawn Tully: “The old-line carmakers poised to challenge Tesla with their own EVs are hardly a galvanizing group, but they look like decent buys. They're earning so much right now for every dollar you're paying that you'll do fine if they just bump along. Tesla can only furnish even decent gains by achieving feats seldom witnessed in the annals of capitalism.” [Fortune](#)

9/11 and Wall Street

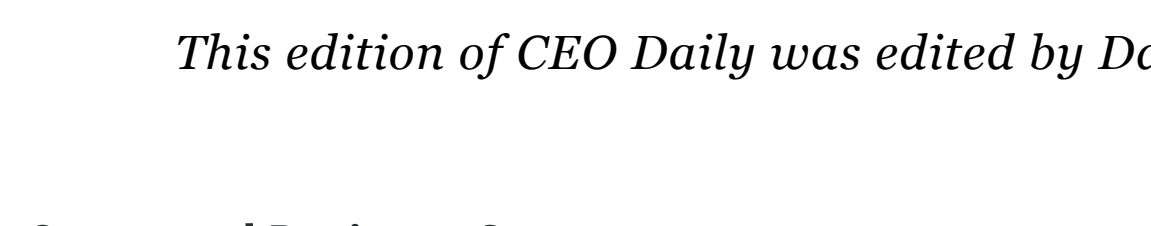
As the 20th anniversary of 9/11 approaches, Megan Leonhardt examines the attacks' effect on the financial industry—a sector that accounted for 40% of the victims in New York: “Financial companies were already required to have backup sites and systems, but 9/11 brought home how dangerous it could be to have all employees and electronic systems in one place...But while some financial companies were forced to relocate after 9/11 and left their office spaces, New York's financial district was changing even before the terrorist attacks.” [Fortune](#)

9/11 and surveillance

Jonathan Vanian looks at how the U.S. response to 9/11 obliterated the idea of absolute privacy: “Whether you're online or on the phone, you should now assume that you can be or are being monitored, privacy advocates say... Meanwhile, since 9/11, the commercial Internet has experienced breathtaking growth, expanding surveillance deeper into everyone's lives.” [Fortune](#)

This edition of CEO Daily was edited by David Meyer.

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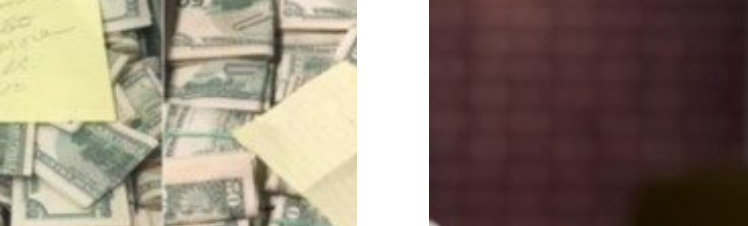
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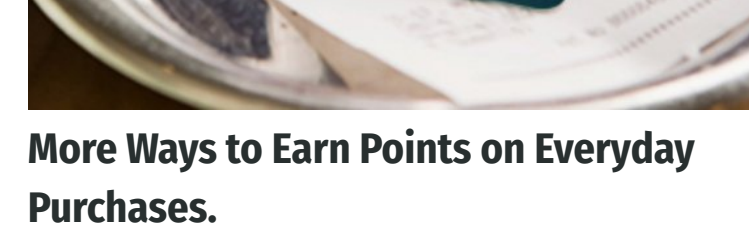
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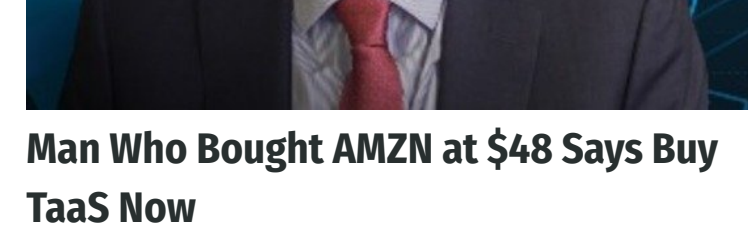
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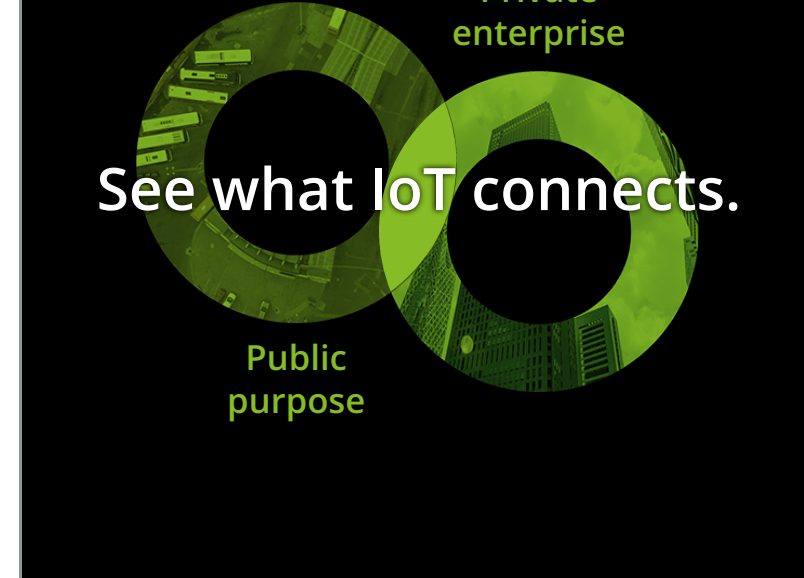
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