Transcript

Shari: Hi, and welcome to Climate Biz. The podcast where sustainability needs smart business.

Denise: I'm, Denisa Odaro

Shari: And I'm Shari Friedman. And for the first time we're actually doing this in person, we're doing this in person. We're sitting right next to each other, and we're sitting in my offices here at Eurasia group. So I think during this one, you're going to hear some other folks.

You'll hear some Spanish going on. You'll hear some doors opening. Some sirens…

Denise: It's our final episode for the year and what a year it's been.

Shari: wasn't 2021 supposed to be boring. Like the nothing happened? Wasn't that the promise of 2021?

Denise: It's just being quite. And so looking forward to 2022 already, and as you all know, our theme this year has been the path to net zero. And today we have a, got a very special guest.

Shari: We do indeed. We've spoken about sustainability from a lot of different angles: we've had green bonds, we've had banks, we've had asset managers, but today we get to speak with somebody from a stock exchange, which is another really important.

Denise: We are speaking today to Julia Hoggett. She's the new CEO of the London stock exchange. Julia is quite a name in the city of London. Before coming on to the London stock exchange. She was asked the financial conduct authority.

Shari: Julia brings a really interesting perspective because she has this deep caring about where the world is going, and then she's in this position in a financial institution.

So she'll talk a lot about how she marries those two together and incredibly pragmatic and really like. Philosophical way. And this also builds a lot on our conversation of last week when we did our top picks and the carbon markets, we were talking about how the price was up at 80 euros, which by the way, it's now 90 euros going up and up and up.

But she has a different take on carbon pricing from, from a stock exchange point of view.

And

Denise: I think for those who know nothing about the market listening to this episode, we'll definitely give you an insider's view on the voluntary carbon. Yes.

Shari: Yes, indeed. So with that, let's talk to Julia,

Denise: Julia, we are so thrilled to have you join Climate Biz today.

Welcome to the show.

Julia: Thank you. It's a pleasure to be here.

Denise: And as we kick off, I was thinking the last thing I'd really like to have about is how, in fact, you ended up in finance and in this role,

Julia: I'll try and make a long story as short a story as I can do as an academic was studying social and political sciences, focused on sociology and policy in east Africa.

And I was doing my post-graduate research and I was looking at Malawi and the policy responses to the energy crisis of the 1970s and eighties and wood fuel use and energy use and the country. And I was getting very frustrated by the fact that I couldn't really understand how Malawi operated in the global economy from sitting in the stacks and Cambridge reading books that were written in the 1950s about.

And I asked around and I complained about this one evening to my father over dinner. And he said, well, why don't you apply to the emerging markets, investment banks? You'll learn far more about what the developing countries have to do to operate in the global economy by working there than you ever would, sitting in the stacks in Cambridge.

I think he was also thinking. And you'll probably earn enough to pay for your PhD so I don't have to. And so I took his advice and I applied to the. What were then thought of as the top five emerging markets, investment banks in London and wound up at JP Morgan in debt capital markets and doing advisory for emerging market countries, and then ultimately covering institutions like the IFC and the world bank for their funding.

So that's how I got into financing. To answer a fundamental exam question that I had in my head about how the least developed countries in the world operate in the global economy to a set of rules that they didn't get to. Right. The reason I wound up at the LSE was a different exam question, but that's sort of been the ethos of my career.

There was a point last summer when Apple was worth more than the FTSE 100. And I was the regulator responsible for market oversight in the UK. And I was really challenging myself of what can I do about that? Obviously we want a really dynamic capital market in the UK, and I was spent the evening thinking about the policy responses that I could try to drive through in the UK.

And the next day, uh, the phone call about the London stock exchange job came up and it left me with the opportunity to answer that same exam question, but from a different seat, which as you can imagine, I laptop. So that's why.

Shari: That's a great trajectory. I mean, it's interesting how you started off with a mission base, but it's true. Every, every different issue, you can really approach it from so many different angles. And I've been asked often, like in climate and sustainability, what's the best, most effective way to get at something I'm like, you know, There's just, I don't know if there's a most effective way there's just waves.

Denise: So I couldn't agree more. And I think the first part of that really pulls the heart strings of I've seen to in general. Right.

Shari: And as the, kind of, that was your own evolution, there's also, you know, you're watching this evolution of stock exchanges in general, particularly in really. I'm in a sustainability. And I'm wondering if you could just kind of step back and give us your view of how, how they've changed, where, where they were when you started, where are they now and where do you see.

Julia: It's a very good question. I have a sort of really quite fundamental views of what our role is. I've always said that stock exchanges exist to bring together those who have capital with those who need capital and services and objective. But what I think is different over time is that those objectives naturally.

Companies change. The nature of their business has changed what generates growth changes. I was saying to somebody earlier today, we now use zoom as a verb. We didn't really, most of us know about the company two years ago, and that illustrates the pace at which things change and what we need changes and what society values changes.

And in the case of climate change, The externalities that have arguably been undervalued for too long are increasingly being properly valued, but that same role of a stock market to bring together those who have capital or those who need it and serve as an objective, I don't think has changed. I just think that we have to, as an organization, always be nimble to recognize that those objectives, that the capital is actually financing will evolve and we should evolve to make sure that that can be done.

And that's really at the heart of why we've been focused on the voluntary covenant. Taking

Denise: that perspective and knowing that we need this mood was monumental shift to a lower carbon, zero carbon economy. Touch words. How in fact, do you see LSC supporting that shift?

Julia: I mean, I've, I've been involved in dealing with issues of climate, actually from a city perspective for quite a long time.

When I was a regulator, I was actually directly involved in the process that ultimately made the task force on climate-related financial disclosures, mandatory for premium listed companies in the UK. And that starts from next year. And the FCA just this afternoon has announced the expansion of that to a broader range of companies and the mandation of what the chancellor announced at cop in terms of the.

Mandation of a transition plan disclosure by 2023 in the UK. So I've been involved in that and actually ran one of the first green bond businesses in the city of London before I was a regulator. So I've come with a strong view. There is a fundamental role for the city in ESG and in supporting the adjust transition to net zero, which I think is a really important way of framing it.

And so it was also a delight to come to the other sea, which has been the sustainable stock exchange two years in a row. And I think I wouldn't have wanted to come to any organization that didn't absolutely want to put its full weight behind that transition. That the great thing that we have as an opportunity as.

Because of the breadth of the businesses that we do is to really take that full court press to the problem. And so as a group, we focus on three ways of looking at the issue. First is creating better ESG and climate disclosure and data so that investors can make better decisions. And companies actually can explain what they're doing to the market better.

The second is making sure we're growing the green economy. So really deliberately focusing on mechanisms to direct financing into the green economy. And actually this year, uh, remarkably, if the green economy might was a sector in the UK, it would be the third largest industrial sector for equity raising this year.

Behind tech and finance. So that illustrates already the shift and the, the amount of financing that we're directing into that. And the final one is supporting the, just transition to a low carbon and net zero economy. I think the difference is that we look at this across every single market. So we look at it across equity markets, debt markets, fund markets.

We look at it in terms of disclosure standards. We look at it in terms of data because we are a very large data company. But equally we run a large number of indexes and indexation because of the amount of passive money that's invested is critical. So having Paris aligned indexation as well is absolutely essential.

And to be Frank, we need to make sure that we're not just looking in the classic places to find this, that the work that we need. One of the things I'm really proud of having got done this year is we made an investment in a US company called Open Exchange, which is our partner for a platform that we run called Spotlight, which enables issuers to communicate with investors all over the world and do so digitally and reduce their carbon footprint.

As a consequence. Now I was an issuer at the IFCs and issue. The exercise and getting on the road and on road shows all the time is both exhausting and invigorating at the same time, but it's dreadful from a carbon footprint point of view. And therefore in enhancing all of the tools we have to enable our issuers to reduce their carbon footprint is something we feel we have a responsibility to do.

The final point I'd make is that that isn't where we're going to fit in. I put this challenge to my colleagues, as soon as I arrived at the LSC, which is, if you look at traditionally, the way green markets have been created to date, they've actually been to be blunt, relatively small bifurcated markets, uh, like the green bond markets, for example.

And in my mind, the only way we get to net zero and stay there is if the entirety of the economy moves on a global basis and therefore. All the disciplines that we've had in the green economy, mark and the sustainable bond market are incredibly important, but we actually need to make a much more radical shift to what I described as ESG, as BAU.

We need to build a platform and a roadmap for ourselves to actually deconstruct over the next few years, the very segmentation that we've created and work out what we have to do to embed that analysis of climate impact into every. So that we're actually really thinking about the full economy transition because not only do we have to get to net zero, we have to stay there and staying there is embedding those disciplines in all investment decisions.

So it was possibly rather soul destroying for my colleagues. When I said you've done this brilliant job, building up all these segments, but. Kind of ask of you is that you plot a roadmap to deconstruct them all, but that is, that is what we're, we're working on at the moment.

Shari: Yeah, it was at COP26. Were you there, Julia?

Julia: Yes, I was.

Shari: I don't know if you felt the same way, but the kind of, one of the buzzwords that I heard more than anything else was systemic change getting to your point, like this needs to not be.

These dis-aggregated little efforts toward greening, but every single individual system needs to change. And then you need to tie all this together for global systemic change. Absolutely. I just want to get back to one of the things you pointed out in how stock exchanges can create rules. That can help to green the markets in which you operate.

Now, I was wondering if you could maybe give some examples.

Julia: Well, the UK works on the basis that certain elements of the rules are set by us and certainly for the AME markets, um, which is our growth market. We set the rules. We are both set as, and users of the rules that are created by the financial conduct authority for the main market.

And so one, one very clear example of how you translate that into sort of workable. Is that when the UK made the call and the FCA pushed for the task force on climate-related financial disclosures to become mandatory in the UK for premium listed issuers, the challenge that is okay, well, you've got this framework.

What does that actually mean? In terms of the application, in the context of the rule set in the UK? Now there is a brilliant initiative called the UN sustainable stock exchange initiative, which works on a very, I think, impressive principle, which is. There has for too long and I have never agreed with it, but I do understand that it's there been this narrative around there not being a first mover advantage on moving to sustainability in a sustainable economy.

And there is the challenge that if we don't take a full economy, transition with us, then unsustainable activity will simply be fine. Outside of the main markets and continue to happen, but not with the transparency and disciplines and disclosure that, that we have in the public markets. And so there is this sense that we need to be moving together so that you create one common aspirational standard for everybody to hit, rather than a sort of, kind of opportunity for arbitrage by having lower standards.

And so we worked with the UN sustainable stock exchange initiative to create the model guidance on how TCFD would actually be applied. And then became the first stock exchange in the world to actually publish our own guidance for our issuers on how they would apply TCFD. So that is a very practical example of you have a piece of regulation, but you then still need to get into the weeds of applying the rules.

We do the same on taking the methodology that has existed within footsie Russell for a long time on the green economy. And applying that to the discipline of the companies that we award the green economy Mount to. So we have a range of different ways in which we're applying these rules already. My observation would be that we will.

By doing more and more of this over time. One of the things that I used to ponder when I was a regulator, when we were introducing TCFD was do I take all my absolutely brilliant corporate finance geeks and teach them to be climate scientists? Or do I. Climate scientists and teach them to be corporate finance geeks and Simpsons from CalPERS has this brilliant phrase that this is where physics and finance meet.

Neither of us, when we were talking about it could decide whether you spelt physics with an F or finance with a PA, but in essence, that idea that we need a mixing of these two streams of capability to understand as it were the net present value of cash flows, but actually a capability to discount those cash flows effectively for the externalities of climate change.

And that is a transformation of the capabilities of corporate finance from the kind of nature of the initial training. I got a JP Morgan and on wall street when I first started my career. And so it is an opportunity to transform universities and schools and what people think of as a job in finance, but it is essential that stock exchanges, regulators.

Oh, the rule-making bodies actually understand that melding that needs to happen. One of the things cop actually did, but it's really quite hard to describe is it really did put a large number of the fundamental building blocks in place for how we do create. Financial ecosystem that really does support our natural ecosystem from taxonomy standards, from audit standards, from increasing disclosure standards.

And that work was started in Paris from the expectations on listed companies, the expectation on asset owners, the G fans initiative in general, far more of that architecture has actually been put in place. I think as a consequence of cop than is possibly realized. And therefore, I think we have reason to be genuinely.

Denise: I like the optimism and the keyword being transformation that's needed. And you talked earlier about externalities being undervalued and in some cases, in fact, another tool priced in, I would say. And so that leads me to think more broadly around the voluntary carbon market. Like wondering what your take is on that.

And if you can share with us your, your take on the voluntary carbon market and how you think this will change the credibility and perception of the carbon market.

Julia: This is genuinely a passion project of mine. There were many things I was tasked with doing when I came in, but one of them was really focusing on exactly what we were going to do as a London stock exchange and the voluntary carbon market space.

And I'm immensely grateful to all the colleagues who've taken the exam question. I sat them when I looked at this market and really developed the proposal that we're working on at the moment. So let me take a step back and explain. The challenge to me, the voluntary cover market suffers from well, three challenges.

Actually, the first challenge has got the wrong name. A simple reality is as companies become increasingly beholden to investors for their transition plans and the work they're going to do to decarbonize their own supply chains and production lines, but also. What they're going to commit to in terms of offsetting activity, because they won't be able to take, for example, all of the carbon out of their scope, three emissions in the near term, then the idea that that is voluntary once they've made that commitment to their shareholders, I think as a misnomer, it has become the name that stuck, but I'm not convinced that's the right name.

So any, any good ideas for what we call it next.

Denise: We just needed that to get the ball rolling.

Julia: Yes, we did. Um, I just think we need to kind of think of another, maybe the valuable carbon markets. We can stick with the V. One of the other challenges, the challenge of trust, which I'll come back to because I'm very much hoping that our approach can help that.

And the main challenge that, that created the exams question I set my colleagues was what I described as the chicken and egg problem. So to generate a voluntary carbon credit, the activity needs to be genuinely additive and not economically viable in its own. Right. So building a wind farm in the north sea, in the UK, for example, that's got a viable off-take price.

Isn't going to generate. However, if you want to have genuinely additive activity, um, and that activity could be really, really valuable. So it'd been the creational preservation and fossils sequestration activity were investment in education technologies that aren't otherwise viable so that this investment is really, really powerful and has a potential to unlock so many of the solutions that we need to get and stay at zero.

But the challenge is that when investing in. Well, there are otherwise unviable projects. Investors need to have the confidence in the value of the carbon credits that they'll create, but how can you create the confidence unless you have a deepened liquid market and how can you have a deeply liquid market without the crash of the high quality credits?

So you get this sort of chicken and egg problem. And so rather than focusing on this, minutiae on exchange traded countracts. I brought us back to that sort of philosophy that I described before, which is that our role is to bring together those who have capital, that those who need it in service and objective.

And I can't really think of a more episodic and necessary objectives and the just transition to a low carbon economy. So we are very much focused on the financing of the project. Rather than in the trading of the credits. And so what we're actually going to do is to create in the first instance, a fund market, where the projects invested will ultimately give rise to voluntary carbon credits, according to globally recognized standards.

The tweak is that these funds can either pay a classic dividend or what's called a dividend in specie and therefore pay the dividend as a carbon. So as an investor in that fund, you get the opportunity to put your money directly into the investment in the projects that will create a carbon credit. And in addition to that, because it's a listed fund, so listed equity in UK standards, the disclosure standards fall within the scope of the market abuse regime and the transparency regime and listing rules and everything else that we have in the UK.

And so it enables investors to actually invest from the beginning to be part of the solution. But with an asset that is much more sort of standard for that treasury management and the hope as a consequence of that is that companies and other investors can start investing in these funds, generating that forward supply of, of credits for their own transition plans.

Do so either way. Diversified fashion or in a particular region or in a particular segment or sector that is most relevant for them, but also do so in a way that has all of the transparency, rules and disclosure rules that we have in the UK for, for listed funds. We don't need to wait for the regulator to bring volunteer carbon credits and scope of the market abuse regime, because this basically brings them in immediately.

And I think in the UK, because we have TCFD coming in because we'll have mandatory transition plans. It also enables to have that really essential conversation, which is talking about companies in terms of how much have you done in, in what I would describe as the hard yards. So how much have you actually taken steps to decarbonize your supply chain and your, your production processes and what are the.

Elements of your scope, one, two or three emissions that you don't yet have the technology for the capability to address. And therefore, what is the nature of your offsetting activity that you'll undertake and all of that will therefore be out loud and in public and able to have a proper. Discipline conversation about the relative merits and the investors who are focused on really understanding the impact of each company that they invest in has on the environment will actually be in a position to really assess and compare.

And so some of the. Around trust that I think the voluntary carbon markets had to date that these are often quite small bespoke OTC activities that aren't, aren't in a standardized form. We can address because we're using the disciplines of the public markets. And so I really do hope that by coming up with this solution, we're being part of the solution and really transforming the way, uh, the voluntary carbon markets work and the trust that is embedded in them as well.

Shari: Yeah, that's a really interesting model having that model where you, you basically have a financial product where then you could either give a financial return or the credit return says you're basically letting the market evolve in order to be able to provide the credits as it returned your system.

Just like before, as far as I was thinking the same thing, the IFC correspond.

Julia: And that's why I said fund in the first instance, because we'd love to be able to evolve this so that we can use fixed income products or other equity products as well. But our fund market in the UK, it's a bit of a crown jewel competing with those.

We have in tower hill, essentially as, as a market, the closed-end fund market in the UK is bigger than the one in the equivalent, one in the U S but it's also a massive provider of financing into patient capital assets, so evolving technologies and into the green economy. So. We've already seen the fund market work incredibly well for the viable end of, of these technologies.

This is just an opportunity to expand the scope of that market.

Shari: Just pleasant surprise out of cop was really the article six rule book, the rule book around carbon trading in carpenter. And you also have, you know, mark Carney's taskforce, we're scaling voluntary markets, which also put forth some rules.

And I'm wondering, given this great progression that happened at cop 26 around the carbon markets and given your approach, how are you seeing that dovetailing?

Julia: My observation is that we've got far more of the architecture around it. We will have the core coven principles coming out of the task force, which will create this sort of standard approach for how.

All volunteer, carbon credits are created and the disciplines around them. We have the mandatory market as well and much more structure around that. The next conversation in my mind is the interplay and the articulation of the interplay between the two. I have long thought that there is an absolute role for both, but we almost need the mandatory markets to be focused on the direct emissions and the voluntary markets to be focused on the financing of director mission activity.

Because otherwise you get a sort of doubling down effect that won't necessarily work. The great thing about a voluntary carbon credit when you've built a discipline market is the very risk that regulators want, uh, banks and asset owners and insurance companies to increasingly think about, which is the climate risk that sitting on their balance sheet with the assets they've got, could actually be offset by investments into the very thing that will reduce the.

So rather than that classic thing of holding cash on your balance sheet or equity on a balance sheet, in order to offset a risk, in theory, the voluntary government credits with the right disciplines around them could actually be part of the solution to that. So there is so much more that can be done to talk about the interplay between the role of the mandatory and the voluntary markets.

And I think that conversation will evolve. And I suspect it will involve in part because the companies you need to buy these things will increasingly engage with that question and seek clarity and articulation around it as well.

Denise: I'm just curious how much interest you found so far in, in your, in this.

Julia: If we had phones that ran off rang off the hook anymore, rather than sort of teams, teams, calls that ding, we could almost say that the phones kind of rung off the hook it's, we've had a very significant number of incoming calls in a very good way. And I think the other thing that's been very interesting as a breadth of interest.

So we've had. Significant interest from the multilateral development banks, because obviously this is absolutely in the wheelhouse of their objectives. We've had a lot of interest from sovereigns in the global south, because one of the things, it won't surprise you to know that I care passionately about this being an opportunity to actually provide financing into the global south as well.

And we've had interest in project managers from fund managers, from asset managers, and indeed from the corporates who would invest in these projects as well. One of the things that's very different about the way we're looking at this market compared to. The usual way a stock exchange would launch a market.

We didn't just go to die. Here. It is. We're going to here's our first trade on day one, we actually announced the intention to launch. And we deliberately did that in order to create a working group, to finalize all the parameters, to make sure, as I said, we have, I think we have little time with us. We have to get this right.

And therefore, in order to get it right, we need to work with all the necessary stakeholders to make sure that the final design works is effective and meets the standards that we. Need this to have. And so we've been engaging on that basis. We're working very hard on that at the moment, but nobody has said no when we've approached them to, to help participate in that process.

And indeed, I think, I think the number of offers we've had to participate has probably exceeded the number of spots around the table that we can, we can accommodate. So that illustrates, I think the interest behind it. But when you have this structural change in the way you want markets to function, It really matters that you bring all the stakeholders around the table.

Denise: It’s really remarkable remarkable, just the extent of the transformation that we've seen over the last few years.

And in particular, I think the pandemic suddenly led to some acceleration and, you know, just switching gears for a moment. Shari and I… we were talking before we came on. As to how wonderful it is just to have women talking about these issues. And I think this year we've seen of course yourself in this new role and your colleague at the Luxembourg stock exchanges or jewelry.

And it's just great to see women. Women in leadership, shall I say? And I wonder, in fact, if you could share some pearls of wisdom with us as to what to that journey has

Julia: been, it's really interesting. I was very lucky when I started my career, the first team I went into at JP Morgan, the head of the team was a woman and a number two as a woman, but the head of the team was Elizabeth Littlefield who was very well known within the world bank group.

I therefore, I think just presumed that there was no reason women couldn't lead an investment banking, you know, because that was my, my first archetype. I'm also incredibly lucky that I've had remarkable female role models at home. My mother being one of them. And therefore I think it, for me, it's been reasonably straightforward just to sort of see my career develop and take on increasing leadership roles and not, not to some degree, not think that much about it.

I think that. The thing that has changed recently, when we were at cop, we did do a panel as part of the UN sustainable stock exchange initiative. And actually the moderator was a woman. The lady representing the UN sustainable stock exchange was women. There were three female stock exchange CEOs and one gentlemen.

And so he was rather outnumbered in a conversation. And I, I did comment at the time that whilst we may have, I think we had a point earlier this year where there were seven female CEOs on the footsie 100, but there were six FTSE 100 companies led by a man called Andrew, Five FTSE 100 Davids, including our own and 5 FTSE 100 companies led by a man called Simon.

But at least we were making progress. If we had four stock exchange CEOs on the panel, one of them called Julia and the other called Judy. So. Maybe, maybe we are sort of making progress. I think we are, the UK has just seen actually I think according to one stat, the first time we've got more female nets than we have male nets.

So the intent behind the transition has, has really shifted. I think the, the next real change is, I mean, I started my career in the nineties and I came out two years into my career and I started my investment banking career at a time when it was still perfectly legal to psych people for being gay in the year.

And so I think I had always initially thought that that would be the biggest obstacle for me to overcome in my career. The reality is having had the encouragement to come out two years in. Um, I actually realized that it gave me sometimes an advantage over my other female colleagues. I am a mother of two children, but I am the non-biological mother and I took two weeks off for the birth of my son and two weeks off for the birth of my daughter, my career continued to rise whilst they were very small my life in a way, it looks more like some of my male colleagues than it does my female colleagues in the terms of the nature of the support structure I have around me.

And so I think one of the things that. Changed is that when you get to a position of, of responsibility as, as I am now, one of the responsibilities is to speak up and to highlight how your career may not actually be the example to prove that everything has been fixed yet. And when I was a regulator, I spent a lot of time focusing on what are those actual things you need to change within an organization.

Um, and what are the questions you really need to ask yourself? If you're not looking at a diverse population, what is it about your organization that doesn't give an everybody an equal opportunity to thrive? If you need mentorship programs for women that will suggest that you've not been mentoring women in the same way you've been mentoring men in your organization, because believe me, you've actually been mentoring men for a long time.

So I have optimism that there is a. Focus on the agenda. I have optimism that there are an increasing number of role models for people that they can see in front of them and therefore see pathways in front of them. But I'm not in any way blind to the fact there's still a lot more work.

Shari: Yeah, one of the things that's striking me, as you're saying, this is just your, it seems like your broad overview is not toward the incremental changes is the same thing you were talking about with climate.

You need a systemic change underlying. So mentorship has mentorship and everybody has mentored. And same thing as investment is green and every investment. Is green. And I think one of the transformations that I have found really fascinating in my 25 years of looking at this, both in climate and in gender and in a lot of different other places is that companies are now understanding that it's in their financial interest to not pollute.

And I agree with you Juliet, we're not done shifting we're in the midst of a shift over from a better understanding that the underlying. Benefit to companies of being diverse of having gender, you know, having females on the board of being climate, climate friendly, those help your bottom line in a way that I think people weren't really thinking about it.

Julia: I, I absolutely agree. I think the, the, the weather is done as it were we don't, it's not a debate as to whether we need to do this or not. Diversity inclusion, climate change feels very similar to me. So I can say quite often when

I start conversations about this, the diversity and the diversity inclusion debate is, is like the climate change debate we're done.

Okay. We don't need to re litigate whether there is climate change. We just need to figure out how we fix it. Diversity inclusion is exactly the same thing, and I think there is much more. Functional engagement with that question. So I've been focused a lot on talking to companies about meritocracies and basically making the rather provocative point that actually meritocracies very often exists to reward the traits and characteristics of those who were already.

So we wonder why our meritocracy seems to create new versions of the same people at the top, but they actually have an even more invidious effect, which is that they, they maintain the status quo whilst making us feel better about ourselves, because everybody uses the defense that we have a meritocracy, therefore, unless you pop that particular balloon and remind people that actually it really is.

Kind of rewarding the traits of, of the same type of people. Who've, who've always got to the top and not recognizing that actually changed might be possible and a different way of leading might actually be valuable. Then you won't necessarily change anything. My biggest frustration about the diversity inclusion agenda is that for too long, we always required those who were being excluded to justify their right, to be included rather than requiring those who were doing the excluding to justify their right to exclude.

Um, and I think we need to make sure that the onus and responsibility on really creating diverse and inclusive organizations really does sit with, and it, and they're held accountable by the people who are genuinely holding the leavers in the institutions to make the.

Denise: I think that's such a candid reflection I'm on really savvy, just an old about, I think it's brilliant.

Then you touched all these points. I just absolutely love how you put it. And I think we it's been great. We've talked about all sorts of things on this podcast so far. And I wonder what would your one wish be? If there were a fairy godmother to grow up sustainability wishes.

Julia: It's both a brilliant question and a really difficult question.

I think you need to use fairy godmothers to grant the thing that's both extremely desired and extremely difficult. I think that feels like the right thing to treat a fairy godmother for. I'm not going to just say I want a pumpkin to turn into a coach. And so I think. Loved to say that I'd wish for a world where we were fully pricing in the externalities of climate change and biodiversity degradation into the way we all do business around the world.

But that we'd also Crested that immense hurdle that we know we need to face in the economic transition to do so. This does require change. It does come with a cost. It needs to be done and adjust fashion. And it is the sense of that hill that we have or mountain, we have to crest being so steep that I think can almost cause the inertia or.

Fair of, of, of starting on the journey. And actually if we had that metaphorical fairy godmother sitting on our shoulders, we all start out on transforming the way markets function. Maybe it would give us a little bit more. Impetus and confidence to, to keep going. But that, that would be my wish. I think, I think my wish would

Shari: be if I had a fair godmother, I just give it to you and let you just run with it.

But I would just thank you so much for joining us. This has been just such a fantastic conversation. And I hope that we get a chance to intersect again. Thank you so much, Julia, for joining us.

Julia: It's been a great, delicious, thank you for having me. I've really enjoyed it. Thank you. So

Shari: that's it for 2021.

Denise: Thank you so much for joining me arts' and Merry Christmas. And we'll see you

Shari: next year. Yes. Happy new year 2022.