



LEADING GLOBAL CEOS PRESENT LONG-TERM PLANS TO LONG-TERM INVESTORS AT INAUGURAL CEO INVESTOR FORUM

CECP, the “CEO Force for Good,” conducts regular research with its membership of more than 200 companies and chief executives. In 2016, 86 percent of these CEOs reported that they spend too much time focused on the short-term. Heeding the call from leading institutional investors such as BlackRock, Vanguard, and State Street to fundamentally change the way public companies define value

creation, CECP recently created the Strategic Investor Initiative (SII),

to transform the dialogue between investors and CEOs about the benefits of communicating long-term strategies to investors.

In its first major effort, SII will convene a select group of leading executives of S&P 500 companies in New York City on February 27 at the inaugural CECP CEO Investor Forum. Each of these leaders will present their company’s long-term value creation plans to a select group of asset owners and managers,

collectively representing more than \$22 trillion in assets under management.

The CEO Investor Forum will also feature a luncheon discussion on the business case for the long-term, with F. William McNabb III, Chairman & CEO, Vanguard, and Michael Corbat, CEO, Citigroup Inc., moderated by Gillian Tett, U.S. Managing Editor, Financial Times.

The CECP CEO Investor Forum takes place Feb. 27 from noon – 5:00 p.m. EST at Time Warner HQ, New York City, followed by a brief reception (Visit CECP’s event page for details).

leading public companies are shifting the investor dialog to sustained long-term value creation and new metrics to measure excellence in long-term corporate performance,” said Mark Tulay, Director, SII. “Our investor audience is looking for an emphasis on long-term strategies thus avoiding the pitfalls from exclusively chasing quarterly earnings targets.”

Increasingly, astute investor are seeking reliable, comparable, and publicly

“This will be the first time investors focused on long-term value creation will hear how

ABOUT SII

CECP’s Strategic Investor Initiative (SII) is a new global platform for leading CEOs to publicly convey long-term plans for sustainable value creation that integrate financially material ESG factors. SII’s vision is ultimately to spark the movement of trillions of dollars of capital toward companies demonstrating long-term performance excellence, another example of how CECP serves as “the CEO Force for Good.”

SII, collaborating with an investor community representing \$15 trillion in institutional investor assets under management, has three primary tactics:

SII Advisory Board: a group of experts representing publicly held corporations, long-term focused institutional investors, sustainability professionals, and professional service firms serving the investment community. This group advises SII leadership on SII goals, objectives, and milestones; the inaugural CEO Investor Forum; the Center for Strategic Investment deliverables and priorities; messaging and communication; strategic/business plan; and on ways board members can further support SII.

CEO Investor Forums: Scheduled for February 27 and September, 2017, these events are designed to deliver public disclosure of investor-facing long-term plans, to stimulate investment support for companies that make long-term decisions to benefit key societal stakeholders along with shareholders.

Center for Strategic Investment: Providing research and tools for CEOs and investors to address short-term market constraints that inhibit long term strategies. The Center has five core deliverables: investor segmentation (enabling companies to better identify long-term ‘sticky’ investors); stakeholder mapping (helping companies understand/engage key stakeholders); overcoming language barriers between investors and CEOs; systems dynamics (the interaction among key leaders in the long-term campaign); and, assisting companies with long-term plan development.

SII CEO INVESTOR FORUM CONTINUED



Mitch Barns
CEO
Nielsen



Anthony F. Earley, Jr.
Chairman, CEO and President
PG&E Corporation



Robert Pozen
Independent Director & Chair of Finance Committee
Medtronic



Bruce D. Broussard
President & CEO
Humana Inc.



Vincent Forlenza
Chairman, CEO and President
BD



Martin Schroeter
CFO
IBM Corporation



Thomas DeRosa
CEO & Director
Welltower Inc.



Andrew Liveris
Chairman, CEO and President
DOW Chemical Company



Thomas J. Wilson
Chairman & CEO
Allstate Corporation



available sector-based information on the material environmental, social, and governance (ESG) factors that drive a company's long-term performance, and how excellence in long-term performance goes hand in hand with the shared success resulting from company's engagement with its key stakeholders.

"These stakeholders include providers of financial capital, employees, customers, supply chain, and the communities in which they

companies to disclose long-term plans and financial performance with a multi-stakeholder perspective and integration of material environmental, social, and governance factors.

"CECP's goal for the Strategic Investor Initiative is for leading S&P 500 companies to disclose their strategies and capital allocation plans for the long-term by 2020," said Tim Youmans, SII Director of Research. "This Forum is an initial step toward this goal. Our role will be to provide state-of-the-art resources, research, and decision-support tools to steer financial capital allocation to companies that demonstrate excellence in societal investment as an essential component of long-term performance."

"CECP's CEO members have responded to our Strategic Investor Initiative with enthusiastic support," said Mr. Brewster. "We are launching SII because our members told us they were encountering a growing focus on short-term financial guidance and performance. Both chief executives and leading investors told us they believe the over-emphasis on the near-term is ultimately detrimental to their ability to create shareholder value over the long-term. We saw the opportunity to help our CEO members take the lead in addressing these concerns head-on. SII and the CEO Investor Forum are the direct result."

The CEO Investor Forum follows CECP's annual Board of Boards event, a summit meeting of leading chief executives, now in its 12th year and recognized as one of the top three CEO "Power Play" events by Forbes. CECP is grateful to acknowledge support and sponsorship for the Board of Boards and the CEO Investor Forum from Bloomberg, PwC US, USAA, and Newman's Own Foundation. The CEO Investor Forum is made possible by the generous support of the Ford Foundation and The Heron Foundation.

The CEO Investor Forum will be audio webcast and later archived in the public domain. If you would like to attend please contact Mark Tulay, Director, Strategic Investor Initiative, via email: mtulay@cecp.co.



This will be the first time that leading public company CEOs will present their long-term strategic plans for sustained growth, for inclusion of financially material ESG factors, and for enhanced communication between investors and boards of publicly held companies.

– Mark Tulay

operate," said Mr. Tulay. "Investors will also see an example of closer engagement between investors and independent boards of directors."

"From financial performance measurement to material ESG-related impacts, each company's long-term plan will reflect its unique situation, sector, organizational and management structure, long and short-term challenges and opportunities, and material risks," said Mr. Tulay. "Investors in attendance will have the opportunity to ask questions and provide feedback as to how the plans presented meet with investors' expectations for long-term value creation."

Speakers who are scheduled to present at the CEO Investor Forum represent a "who's who" of global enterprise, and are shown in the gallery at the top of the page.

According to CECP CEO Daryl Brewster, the objective of the CEO Investor Forum is to leverage CECP's more than 200 CEO members, representing over \$7 trillion in annual revenues, and CECP's emerging relationships in the investor community, to create a new decision-support platform that enables and encourages publicly-held

THE NEW NORMAL FOR THE NEXT ERA OF INVESTING?

An opportunity exists today for business and investors to collaborate and establish a new vision of leadership centered on adoption and integration of material ESG factors in long-term planning and investor communication. A number of key initiatives are gaining momentum and ramping up stakeholder participation, and companies now have a window of opportunity to help shape these initiatives, which include:

1. Sustainability Accounting Standards Board (SASB):

SASB is developing sector-based accounting metrics suitable for disclosure in standard filings such as Form 10-K and 20-F. Through its evidence-based approach, SASB plans to dramatically improve disclosure of material sustainability indicators to integrate financially material factors into reporting for financial markets.

2. Focusing Capital on the Long-Term (FCLT):

FCLT, a non-profit organization initiated by McKinsey & Co., is advancing practical actions to focus business and markets on the long term. Its mission is to develop practical structures, metrics and approaches for longer-term behaviors in the investment and business worlds. In addition to hands-on research, FCLT founders and members will advocate for adoption of these structures and metrics within the investment community and in corporate boardrooms.

3. Task Force on Climate-Related Financial Disclosures

(TCFD): TCFD is developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. The Task Force will consider the physical, liability, and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The work and recommendations of the Task Force will help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

I believe these initiatives, along with our own Strategic Investor Initiative (see page 1) will transform the way corporate information is disclosed by developing new standards for material information and long-term value-creation strategies. Corporate reporting will be enhanced to better tell the story of how an organization's strategy, governance, performance and products lead to the creation of value over the long term. We will see improvement in the precision and disclosure of material sector-based KPIs and accounting metrics, which in turn will accelerate the integration of financially material long-term corporate responsibility factors into investment decision making.

Thanks to everyone who has helped make this inaugural CEO Investor Forum a reality. It's really just the start, but we believe it is the start of something very big.



Comments: Email Mark Tulay at mTulay@cecp.co

SEPTEMBER 2016 BRIEFING



Bloomberg Hosts Briefing for CECP's Strategic Investor Initiative

On September 22, 2016, CECP's Strategic Investor Initiative (SII) held a special briefing and reception at Bloomberg headquarters in New York City. In attendance were thought leaders representing investors, corporations, advisory firms, and NGOs. Robert G. Eccles, Chairman of Arabesque Partners and Visiting Professor of Management Practice, Said Business School, University of Oxford, led a panel discussion on how the SII aspires to encourage and elevate the long-term value creation discussion between CEOs and their largest investors. Clara Miller, President of The Heron Foundation, characterized the SII as a "moment of radical common sense" that has the potential of "changing the DNA of capital markets." Graham Macmillan of the Ford Foundation talked about how the "SII team can serve as translators" — improving communication between CEOs and investors about long-term value creation. Michelle Edkins of BlackRock discussed how the SII aligns with her view that long-term value is more about corporate "operational excellence and financially material metrics" as opposed to just ESG factors. SII Director Mark Tulay followed the panel by thanking the SII Advisory Board for their leadership. SII Research Director Tim Youmans wrapped up the event by reviewing the key elements of the Strategic Investment Center, and by acknowledging our SII research partners in attendance to kick off the reception conversations.

Clara Miller, President of the Heron Foundation, characterized the SII as a "moment of radical common sense" that has the potential of "changing the DNA of capital markets."



SII NEWS BRIEFS

Top1000funds.com, a news and analysis site for the world's largest institutional investors, published an opinion piece on the Strategic Investor Initiative and the CEO Investor Forum, authored by Tim Youmans, Director, Strategic Investment Center, and Dr. Robert G. Eccles, professor, Oxford Said School of Business. See: <http://www.top1000funds.com/opinion/2016/09/21/shifting-the-dialogue-to-the-long-term/>

Timothy Nixon, Head of Sustainability Thought Leadership, Thomson Reuters, published a story about CECP's Strategic Investor Initiative, calling it "the beginning of a new normal, regular cadence of engagement between investors and corporate leaders, in a public manner, which will allow for transparency around tough financially relevant questions." See: <http://sustainability.thomsonreuters.com/2016/11/17/executive-perspective-new-leadership-for-difficult-times/>

Mr. Nixon also interviewed Dennis Whalen, Leader of the Board Leadership Center at KPMG, and SII Advisory Board Member, about why corporate governance is reaching an inflection point, with a new emphasis on transparency, long-term value, and key non-financial factors. See: <http://sustainability.thomsonreuters.com/2017/02/08/executive-perspective-corporate-leadership-reaches-an-inflection-point/>

Hermes Investment Management, whose stated goal is to help people invest better, retire better and create a better society for all, has published their Public Engagement Report, summarizing the results of their efforts to engage with client companies on environmental, social, governance and business strategy issues. See: <https://www.hermes-investment.com/wp-content/uploads/2016/05/Public-Report-2016-Q1.pdf>

SII VANTAGE POINT

SII *VANTAGE POINT* is a series of in-depth stories focusing on some of the most important aspects of CECP's Strategic Investor Initiative (SII). Whether it's defining what "long-term" means, or what happens at CECP's annual Board of Boards event, or updates on important research, SII *VANTAGE POINT* is designed to go beyond standard news updates and provide a comprehensive look at the critically important aspects of this campaign. Each issue will focus primarily on one topic, and help CECP member CEOs, investors, company-members, employees, external partners, event participants and others by providing insights into thought leadership and action plans of the SII. Each issue will also provide timely news briefs and updates on both proprietary and curated external research.



MASTHEAD

The Strategic Investor Initiative (SII) is a new campaign initiated by CECP, the CEO-led coalition representing over 150 CEOs and \$15 trillion in investor assets under management, that believes that a company's social and environmental strategy — how it engages with key stakeholders including employees, the environment, communities, investors and customers — is a key component of a company's long-term success. SII programs are made possible by generous support from the Ford Foundation and the Heron Foundation.

SII *VANTAGE POINT* is published on an ongoing basis to keep CECP members, employees and key stakeholders aware and informed on the Strategic Investor Initiative. Comments and story ideas are welcome via email at <mailto:SII@cecp.com>.

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