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Method of Production of Long-Term Plans

HOW AND WHY CORPORATIONS CHOOSE TO TALK ABOUT THE LONG TERM

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Method of Production of Long-Term Plans: Key Learning Points

CEO MOTIVATION FOR DELIVERING A LONG-TERM PLAN:	CONTEXT FOR PREPARING A LONG-TERM PLAN:	ORGANIZATIONAL PROCESS THEMES FROM LONG-TERM PLAN DEVELOPMENT:
Frustration with short-term-focused market infrastructure: corporations interested in rebalancing communications towards the long term and setting out their sustainable value story.	**Investor voice, guidance, and pressure:** mutual fund-manager letters to CEOs, bilateral engagements, and the shareholder resolution process had elevated focus on sustainability and corporate governance themes.	» Cross-team collaboration » Developing a shared understanding of materiality » Un-siloing environmental, social, and governance (ESG) » Identifying key metrics » Building beyond the Investor Day or Conference Presentation Investor Relations deck » Use of consultants
Extension of existing initiatives: amplification of efforts to expand the range and quality of disclosures and respond to investor demand.	**Strategic Investor Initiative (SII) briefings to CEO teams:** the pre-event consulting and post-event feedback SII provides had facilitated long-term plan development.	
CEO leadership: CEOs want to demonstrate leadership on an issue of importance to investors and corporate stakeholders.	**Board involvement:** reflecting expanded governance expectations, boards had often been involved in the long-term plan process and governance arrangements were adjusting to account for long-term and sustainability priorities.	**Long-Term Plan – Potential Frequency:** » Annual » Biennial or every 18 months » Strategic plan » Event triggered

Project Rationale: Understanding How Corporations Think about the Long-Term

Our work on this project seeks to understand and compare the different methods by which corporations have developed the long-term plans delivered at CEO Investor Forums.

Through this project we have developed insights into how organizational process, cross-team collaborations, available data, disclosure practice, and investor guidance influence the content of a long-term plan. This work forms the basis of decision-making guidance for corporations seeking to deliver a long-term strategic plan to investors.

Methodology: Insights from Corporations

The content of this paper is informed by a series of hour-long telephone interviews, structured around a survey circulated prior to the call, with leading Investor Relations and Corporate Responsibility officers of a significant proportion of the corporations that have presented a long-term plan at a CEO Investor Forum.

To ensure frankness and candor in our conversations with interviewees, we provided the following assurances:

» Quotes would be unattributed

» Interviewees would be anonymous

What We Learned

PLANNING AND PREPARATION

Why Companies Presented

The companies described a motivational set for delivering long-term plans at CEO Investor Forums built around frustrations with market short-termism, a desire to demonstrate leadership in corporate practice, and seeing a strategic opportunity to supplement Investor Relations initiatives with a focus on long-term investors and sustainability issues.

Key Motivations to Deliver a Long-Term Plan:

Frustration with the earnings call. The existing disclosure and engagement mix caters disproportionately to investors with a short-term time horizon. Companies wanted to spend more time on their long-term investor segments

Survey Questions

The following questions were worked through with each interviewee, who in some cases had also provided written answers in advance of the call.

1. What were the major motivations for your company in delivering a long-term plan (LTP) at the CEO Investor Forum? Please provide brief commentary.
2. How satisfied were you with the LTP delivered (dissatisfied 1 – 10 satisfied). Please explain the reasons for your score.
3. How different was the process for preparing an LTP compared to other presentations or disclosures (e.g., earnings calls or analyst presentations)? Did it require new organizational processes, collaborations, or data?
4. What was the hardest part of preparing the LTP? Please identify any relevant barriers and explain how they were overcome.
5. Describe the extent to which investors influenced the content of your LTP, through engagements, letters (e.g., CEO letters from Vanguard or Blackrock), and proposals?
6. Did preparing and delivering an LTP change your approach to other investor presentations, such as earnings calls, investor meetings, and Annual General Meetings (AGMs)?
7. To what extent was the board engaged in connection with the preparation of the LTP? Please describe how your existing strategic planning process informed the long-term plan.
8. Did you engage external consultants to assist with the preparation of the LTP? Why or why not?
9. Will you repeat the presentation of an LTP at a future CEO Investor Forum? If yes, with what frequency? If no, why not?
10. Would you consider building the delivery of an LTP into your schedule of periodic communications with shareholders?

(supplementing expanded off-season investor engagements) and saw delivering a long-term plan at a CEO Investor Forum as a "free roadshow" for connecting with key long-term investors. There was a consensus view that short-term time horizons do a poor job of communicating how companies create value over the long term. The corporations we spoke to were looking for ways to rebalance communications towards the long term and "take back the narrative," enabling the corporation to tell a long-term value story and connect that story to key themes such as corporate purpose, human capital, and other long-term concerns under-represented in the existing schedule of investor-facing presentations.

Desire to extend existing initiatives – responding to investor demand. Corporations have been adopting new disclosure formats and internal mapping of sustainability issues. Companies were also adopting approaches such as integrated reporting and changing the complexion of their earnings call. Presenting a long-term plan was seen as a consistent extension and amplification of efforts to share that information directly with an audience of long-term investors. Corporations also wanted to use the presentation of a long-term plan as an opportunity to engage directly with investors on ESG issues and receive questions on those issues. The corporations we spoke to expressed frustration that they were producing huge volumes of ESG information through survey responses without seeing direct evidence of those disclosures being valuable or consistently interpreted.

Desire to identify as a corporate leader. CEOs saw value in demonstrating leadership on the issue of long-term value creation. CEOs see the issue of long-term value creation as critical to the success of the companies they lead – and want to be able to demonstrate their initiatives with an investor audience.

Role of Investors: Guiding Content Expectations
Institutional investors have identified the problem of myopic equity markets in recent years, issuing calls to action to corporations to reorient disclosure practices toward key long-term themes, including disclosure of annually updated "strategic frameworks for sustainable value creation"[1] and greater focus on the role, composition, and effectiveness of the board.[2]

—SURVEY RESPONSE—

"Significant representation at the CEO Investor Forum of the large index funds is so important, as they are critical to the future of a company. Investors must know our long-term story."

The corporations we spoke to have heard these messages and have used them to help frame their long-term plans and related disclosures. This push from institutional investors has also been repeated

[1] BlackRock. "Larry Fink's Annual Letter to CEOs. A Sense of Purpose." January 16, 2018. https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter.
[2] Vanguard. "An open letter to directors of public companies worldwide." August 31, 2017. https://about.vanguard.com/investment-stewardship/governance-letter-to-companies.pdf.

and amplified in bilateral engagements (with corporate management and boards[3]) and through the highly influential efforts of institutional investors on the shareholder proposal process (on themes such as board de-classification, majority voting, proxy access, and board diversity).[4]

This background of investor advocacy is supplemented by briefings that SII provides to each company as it prepares its long-term plan to present at the CEO Investor Forum. SII holds a series of preparatory calls in order to give companies an overview of the CEO Investor Forum: this overview addresses purpose, format, scale, and investor audience.

In its briefing calls with presenting companies, SII also walks through the content expectations for a long-term plan, as defined by:

- SII's Investor Letter to CEOs;[5]
- Feedback received from investors who have attended and reviewed previous long-term plan presentations;
- Emerging practice from past CEO presentations, by theme (e.g., disclosures on capital allocation, mega-trends, and human capital);[6]
- Frameworks to support investor-relevant disclosures (e.g., the Sustainability Accounting Standards Board[7] and Task Force on Climate-related Financial Disclosures[8]); and
- The long-term plan content framework of 9 key themes and 22 line items developed with Professor George Serafeim and KKS Advisors.[9]

Role of Board: Involved in Long-Term Strategy

Long-term investors are deeply interested in effective governance and high-quality boards; a key responsibility of directors is as overseer of long-term strategy. Given this, we were keen to learn the extent of involvement of the board in long-term plan preparations; we thought that could also stand as a loose proxy of the extent of the board's role in strategy.

What We Found:

- **Board discussions.** Several of the long-term plans were specifically reviewed at the full-board or executive-committee level prior to the presentation. The participants often described boards deeply engaged in ongoing strategy discussions, including at the individual business-unit level.

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3 Vanguard. "Investment Stewardship Annual Report 2018." https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/2018_investment_stewardship_annual_report.pdf.
4 NYC Comptroller. "Boardroom Accountability Project." https://comptroller.nyc.gov/services/financial-matters/boardroom-accountability-project/overview/.
5 CECP Strategic Investor Initiative. "CEO Investor Forum: Investor Letter to Presenting Companies." February 2018. http://cecp.co/wp-content/uploads/2018/02/SII-Investor-Letter_final.pdf?redirect=no.
6 Emerging Practice in Long-term Plans: How CEOs Talk About the Long-term by Brian Tomlinson (Strategic Investor Initiative, 2018): http://cecp.co/wp-content/uploads/2018/10/CECP_Emerging-Practice-in-LTPs_Final.pdf.
7 Sustainability Accounting Standards Board. https://www.sasb.org.
8 Task Force on Climate-related Financial Disclosures. https://www.fsb-tcfd.org.
9 The Economic Significance of Long-Term Plans by Sakis Kotsantonis, Christina Rehnberg, George Serafeim, Brian Tomlinson and Bronagh Ward (Strategic Investor Initiative & KKS Advisors, November 2018): http://cecp.co/wp-content/uploads/2018/11/Economic-Significance-Final-Report.pdf.

- **Time horizon problems.** Given the frequency of board meetings and the lead time required to prepare for a new disclosure format like a long-term plan, direct board engagement on the long-term plan was for several companies hard to achieve. However, as one participant pointed out, a long-term plan presentation "shouldn't be breaking news." It should be a reflection of existing processes, such as the annual strategy review and the overall outputs of the strategic planning process.
- **Expanded governance around sustainability.** For some of the corporations, sustainability, Corporate Responsibility, and related oversight of issues of long-term value had recently been formally adopted into the Charters of the Corporate Governance and Nominations board committees. As such, the long-term plan was built on the expanded governance attention being paid to these issues. Several companies highlighted focus on building control architecture around the Corporate Responsibility and Sustainability topics, such as where the CFO chairs the relevant corporate sustainability committee with these topics in its remit.

COLLABORATIONS AND CHANGE MANAGEMENT: LONG-TERM PLANS DRIVING ORGANIZATIONAL LEARNING

In this section, we look at the challenges that corporations addressed in preparing a long-term plan.

Developing a shared understanding. Each corporation indicated that the preparation of a long-term plan required deep and iterative exchange and collaboration between Investor Relations and Corporate Responsibility (Corporate Secretarial and Communications were also added to this picture).

These teams have a very different view of topic importance and do not share a common materiality standard or audience. This is reflective of the different stakeholder groups each of these teams face and the different forums in which their work is shared. Given the rise in importance of long-term sustainability issues for investors, the issue space for Investor Relations and Corporate Responsibility is shared more now than at any time. However, significant gaps in outlook, content expectations, and knowledge remain.

In order to frame the contents of the long-term plan presentation, a long dialogue took place between these teams to seek a common level and to resolve differences of perspective and priority. This required a shared view of "what is important" and "what are the key elements of our long-term strategy." Often the sharing and learning mechanisms across these teams were emergent and being tested for the first time. As a result, preparation of the long-term plan tended to have a long lead time (often in excess of three months).

Cross-team collaboration and structures. Each corporation identified the imperative of cross-team collaboration in developing the content for a long-term plan. Several companies sought to identify the different roles teams could play in the process, reflecting their expertise, function, and relationship to the executive team.

Investor Relations was a key broker in the long-term plan development process. Investor Relations' close and regular contact with the CFO and CEO brought significant credibility. As the corporation's investor-facing representative, Investor Relations often led the process – reflecting its essential role in developing investor-facing presentations and choosing how to target disclosures at particular investor segments.

The Corporate Responsibility teams held key data and authority on the corporation's Environmental and Social issues – topics of increasing investor focus. The external reporting of these issues was often new and not part of the existing financial reporting architecture. As such, Corporate Responsibility's role was often perceived to be "pushing the envelope" to encourage the corporation to think about where it could expand its disclosures in an investor-facing forum. By contrast, it was noted that Investor Relations in some cases sought to limit the breadth of disclosures and not tread outside existing disclosure content, displaying particular care with reference to existing guidance practice. As such, there may be constructive disagreement between these teams on the content boundary of disclosure in the long-term plan.

The corporations reported that developing the long-term plan was a mixture of strengthening emerging collaboration processes and building new ones. For some corporations, interactions between Investor Relations and Corporate Responsibility had been sporadic and ad hoc, in response to particular queries. By contrast, the process to develop the long-term plan had often been ongoing and iterative.

The governance structures through which the corporation manages themes such as sustainability appeared to impact the coherence of the corporation's process, particularly interaction with the finance function and CFO. Several companies mentioned that the CFO headed their sustainability committee. In another case, the person we interviewed reported directly to the CFO. In our interviews, these direct accountability relationships with the finance function seemed to bring a degree of control and structure into the long-term plan development process.

Unsilo-ing ESG. Sustainability issues had often been seen as sitting in a corporate silo – important for corporate-impression management but not meaningfully connected to

—SURVEY RESPONSE—

"The process of preparing a long-term plan was "somewhat different from preparing other analyst presentations, and very different from preparing for quarterly earnings calls."

—SURVEY RESPONSE—

On the role of Corporate Responsibility:

"As we moved from responding to questionnaires to thinking about the fit with corporate strategy, our ESG team was thrilled to be part of the strategy-development process."

business operations. Sustainability issues had also historically not been considered a focus for investors. The cross-team collaborations required to develop an effective long-term plan had helped to take sustainability issues out of the corporate silo and connect them to strategy. This was part of a broader movement in which sustainability issues were being seen as core to business operations and as an increasingly urgent focus for large institutional investors.

A Few Key Trends:

- » Corporate Responsibility was increasingly being asked to frame its outputs in a way that can be used in Investor Relations-run disclosures.
- » Investor Relations was building out its ability to think through and talk about corporate governance issues.
- » The Investor Relations professionals we spoke to also pointed to an exponentially rising volume of interest from investors in issues under the broad "ESG" theme.

Metrics gaps and verification issues on ESG. The corporations saw value in communicating material sustainability information to investors, rounding out the corporation's value-creation story and focusing on issues that are necessarily long-term in nature. However, as expected, this intention was fraught with technical complexity.

Our participants highlighted that these ESG metrics sit outside the tight financial disclosure-verification process, which is trusted and well understood – as those financial disclosures are part of generally accepted accounting principles and enumerated in securities laws and regulations. Given this, there was a range of concerns that have been expressed in other forums relating to the standardization and comparability of this information:

- » How do we identify the right data to disclose?
- » Are we comfortable with disclosing any data that are not subject to assurance?

Collaboration and Cross-Team Learning:

INVESTOR RELATIONS | CORPORATE RESPONSIBILITY | CORPORATE SECRETARY | COMMUNICATIONS | LEGAL AND FINANCE

- » Pushing Corporate Responsibility staff toward a better understanding of investor needs and getting beyond the ratings and rankings questionnaires
- » Finding common ground on long-term strategy
- » Testing different views on materiality between teams informed by their different audiences
- » Moving from "ad hoc" to ongoing engagements between these teams
- » Co-developing and co-owning an investor-facing project
- » Establishing Investor Relations as a key process broker
- » Involving the CFO and Legal for comfort and credibility

» What is important enough to subject to assurance?

» Is our peer-group disclosing in the same way?

» Do we have confidence that data can be fairly compared?

Despite technical reticence, corporations did want to disclose more and elaborate on their practices – particularly those practices they considered cutting-edge. This drive was also related to a broader series of concerns with respect to third-party data providers. Several participants expressed significant frustration about the time sink involved in completing questionnaires from third-party data providers. This frustration focused on two issues:

» The volume of questions on topics unrelated to the core business; and
» The opacity of scoring methodologies.

As a result, corporations were looking for ways to "own their own data" and streamline the amount of time they spend on third-party data-provider questionnaires, restricting their information efforts to those perceived to provide the most direct value and visibility. Several of our speakers described how the disclosure framework developed by the Sustainability Accounting Standards Board (SASB) had helped focus thinking on their disclosure efforts on sustainability.

Building beyond the Investor Day deck. Investor Days include content on long-term strategy and as such can have a material content overlap with a long-term plan. However, prompted by Investor Letters to CEOs, corporations have sought to build out the content of the Investor Day deck.

Corporations identified the following themes as examples of where they had sought to expand the content area of the Investor Day deck in the long-term plan presentation:

» Mission
» Incentive plans
» Detail on inclusion, diversity, and talent
» Board of Director engagement and diversity
» Sustainability – material issues
» Human capital management
» Impact Investing initiatives
» Mega trends

The participants we spoke to saw that disclosures prepared for the long-term plan were rebalancing disclosures to be made in other forums, including the content expectations of future Investor Day presentations.

Limited use of external consultants. Some corporations had used consultants to assist with bespoke content for specific thematic presentations to investors (e.g., in the preparation of an "ESG deck"). The corporations related how some of that content had bled into the long-term plan presentation – as part of a broader effort to expand the overall disclosure effort into the themes of ESG and long-term sustainability. No corporation reported specifically hiring an external consultant for the purpose of facilitating the long-term plan development and preparation.

TO PRESENT A LONG-TERM PLAN, YOU HAVE TO HAVE A LONG-TERM PLAN.

Presentations of long-term strategy may on occasion be dismissed as cheap talk.[1] This can occur where the outline of long-term strategy is thin, generic, or too high-level, unaccompanied by goals, metrics, or milestones against which strategy implementation can be monitored. To be useful, a long-term plan should cover key themes and provide rich, accountability-relevant forward-looking information (as we request in our Investor Letter to CEOs).[2] To deliver a long-term plan that meets these disclosure objectives, a corporation has to have a long-term plan worthy of the name. However, there is evidence that, in a number of key dimensions, only a minority of companies engage in meaningful long-term planning.[3] A significant insight is that the internal work to map out a long-term strategy has to have been done across the corporation to pull together the detailed elements of the corporation's long-term strategic plan – the headline elements of which can then be presented to investors. The ease with which a corporation can conduct this work across the expected time-horizon is likely to be a function of the sector in which it operates and the guidance practices investors expect of its peer firms. Our interviewees indicated that this internal long-term plan development work required:

- A deep, time-intensive dive into the annual strategic review process;
- Cross-business-unit, cross-region, and cross-function involvement in strategy review;
- High-visibility management involvement; and
- A cross-team assessment of ESG and sustainability issues, to identify both strengths and weaknesses.

[1] Whittington, R., Yakis-Douglas, B., and Kwangwon, A. "Cheap talk? Strategy presentations as a form of chief executive officer impression management." *Strategic Management Journal*, 37(12), 2413-2424. November 24, 2015. https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.2482.

[2] Strategic Investor Initiative. "Investor Letter to CEOs." http://cecp.co/cecp-investor-letter/.

[3] IRRCi Institute. "IRRCi Research Report: The Alignment Gap Between Creating Value, Performance Measurement, and Long-Term Incentive Design." 2014. https://irrcinstitute.org/wp-content/uploads/2015/09/alignment-gap-study1.pdf.

THE PRESENTATIONS: ADDING TO THE DISCLOSURE ECO-SYSTEM AND CHANGING IT

The long-term plan sits within an ecosystem of corporate disclosure. A listed corporation is subject to a range of mandatory disclosures such as 10-Ks, 10-Qs, and proxy statements. A range of forums will be used to communicate a corporation's message to its shareholders – to an extent reflecting the diversity of shareholder segments. The quarterly earnings call, supplementary calls to its largest shareholders, Investor Days, conference presentations, roadshows (whether by theme, deal, or geography), and off-season bilateral engagements are all part of the disclosure and engagement ecosystem.

This suggests that these various disclosure forums are complementary, not in competition – addressing the different time horizons (both short- and long-term) and constituencies represented by the investor base.

The distinctive value of the long-term plan is its long-term focus and broad range of disclosures on themes connected to strategy and sustainable value creation. The long-term plan is likely to supplement the disclosures made at a corporation's Investor Day – and to provide significant content framing for future Investor Day presentations. It may also form the basis of materials with which to structure engagements with long-term investors focused on corporate governance (and who are likely to be the corporation's largest stock holders).

The long-term plan also offers a corporation an opportunity to consolidate its disclosures on the theme of long-termism. A corporation will disclose information that could be an element of a long-term plan across a wide range of disclosure platforms with different intended audiences.

Corporations also told us that they were seeking to build connective tissue between their disclosures – to form a coherent and connected whole. That goal had a few practical implications:

- Carving out time in the earnings call to describe fundamental long-term strategy, corporate purpose, and corporate governance arrangements;
- Using mandatory disclosure platforms, like the proxy statement, not just to meet a compliance need but also to provide a narrative instrument for talking about corporate governance arrangements;

Examples from Our Participants:

LONG-TERM PLAN LESSONS AND TOOLS

- One corporation mentioned that it was pursuing different types of outreach: off-season proxy outreach and road shows for ESG investors.
- One corporation indicated that its adoption of integrated reporting had made the preparation of a long-term plan easier.
- One corporation envisioned making its long-term plan presentation in Europe and other regions with a high level of interest in ESG themes.

- Building sustainability information into investor-facing presentations, to ensure that such disclosures are not just placed in sustainability reports – essentially out of reach of most investors; and
- Using a short-term accountability environment like the earnings call as a milestone en route to the company's long-term foundational strategic goals.

The Future of LTPs: Frequency

At SII, we want to see every listed company deliver a long-term plan such that it becomes an expected feature on the landscape of corporate communications with shareholders. An open question is: With what frequency should a corporation deliver a long-term plan? We heard a variety of views on this from our participants.

Reporting practice tends to evolve by sector, though there are broader cross-sector patterns often set by regulation. Our participants were interested in seeing what the emerging market norms would be for the frequency of delivering long-term plans. Their expectations were:

- **Annual.** In Blackrock's letter to CEOs in 2018, Larry Fink reiterated the call for companies to present strategic frameworks for sustainable value creation annually.
- **Biennial/every 18 months.** To date, two corporations have delivered updated long-term plans at a CEO Investor Forum (PG&E and IBM) and have done so on an 18-month schedule.
- **Strategic plan.** Other corporations expected to deliver an updated long-term plan in conjunction with the schedule of the strategic plan renewal (rather than an annual review).
- **Triggers.** It was also suggested that there are key potential triggers to make an updated long-term plan a useful investor-facing disclosure:

  – Recovery from scandal;
  – CEO transition; and
  – Transformational M&A.

Overall, participants indicated that they saw value in building a long-term plan into the schedule of periodic investor-facing presentations. There was a general acknowledgment that such long-term plans were helping to re-balance the content and framing of other disclosures.

However participants did want to understand the impact of delivering a long-term plan. As such, it is important that we are able to provide data across a range of dimensions as to the impact of the delivery of such a plan. Our research collaboration with KKS Advisors and Professor George Serafeim of Harvard Business School provides early evidence that capital markets value the disclosures made by CEOs in long-term plans, adding to the motivational set of CEOs considering delivering a long-term plan.[10]

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[10] Rehnberg, C., Serafeim, G., and Tomlinson, B. "Why CEOs Should Share their Long-Term Plans with Investors." Harvard Business Review. September 19, 2018. https://hbr.org/2018/09/why-ceos-should-share-their-long-term-plans-with-investors.

Next Steps for Corporations and Investors

Prompted by our participants' insights, we wanted to highlight a couple of areas for further research and analysis following this report:

Investors creating demand for high-quality information. Corporations highlighted a series of expectations from investors to enable the effort to refocus disclosure on the long term:

- *Consistency.* Companies expressed concern that some investors are not "speaking with one voice." There was frustration that there seemed to be asymmetric messages being sent by investors depending on which team the corporation was speaking to. The example most cited was a gap between engaging with the portfolio manager and the proxy voting team.
- *Focus on materiality.* Companies expressed surprise that certain questions were not asked at the CEO Investor Forum. Companies also expressed frustration that questions were often not focused on the presenting company's material issues. For ESG issues to be addressed, investors must ask about these issues in a credible and salient way. Several participants suggested that SASB provides a useful framework for enabling this type of questioning targeted by materiality.

Consolidate existing disclosures. Information in a long-term plan is often not "new." It has been developed internally (but often not yet externally disclosed) or it has been disclosed across a very broad range of a corporation's public and investor-facing disclosures. An advantage of the long-term plan is that it provides a single platform on which the core elements of long-term strategy disclosures can be disclosed and supported with relevant management commentary. Building on work such as "Constructing ExxonMobil's First Integrated Report: An Experiment,"[11] we will review the extent to which a long-term plan can be built from existing disclosures and what the gaps in existing disclosures are.

Focus on core content – disclosure forums as complements. We recognize that significantly expanding investor-facing disclosures around issues connected to long-term value creation may present challenges for CEOs and their key teams – challenges we have identified throughout this paper. There are also challenges to distilling long-term strategic plans and their key value drivers, as well as providing support for assumptions, into a presentation of only approximately 30 minutes, followed by an open Q&A with institutional investors.

Corporations that present a long-term plan can address some of these related challenges by focusing on the most material themes of their long-term strategy and seeking to spend time on elaborating themes that may be underserved by existing disclosure venues (e.g., human capital management practices). A presentation focused in such a way enables a CEO to unpack the connection between

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[11] Eccles, Robert G. and Krzus, Michael P. "Constructing ExxonMobil's First Integrated Report: An Experiment." Unpublished manuscript. March 21, 2018. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3145369.

the key themes identified and the long-term financial prospects and operating performance of the business. As corporations go on to make second and third presentations of long-term plans, the CEO can use these occasions as an opportunity to update and deepen existing commentary on the plan – or to branch the disclosures into new areas.

About The Strategic Investor Initiative

The Strategic Investor Initiative convenes CEO Investor Forums to provide a venue in which CEOs can share their long-term plans with audiences of long-term investors and contribute to reorienting our capital markets toward the long term.

THE STRATEGIC INVESTOR INITIATIVE CO-CHAIRS:

Bill McNabb, Chairman, Vanguard

Alex Gorsky, Chairman and CEO, J&J

To date, more than 20 companies (representing over $2 trillion in market capitalization) have presented long-term plans at a CEO Investor Forum to investor audiences representing in excess of $25 trillion in Assets Under Management (AUM).

For any questions about our research work at The Strategic Investor Initiative please reach out to Brian Tomlinson (btomlinson@cecp.co)