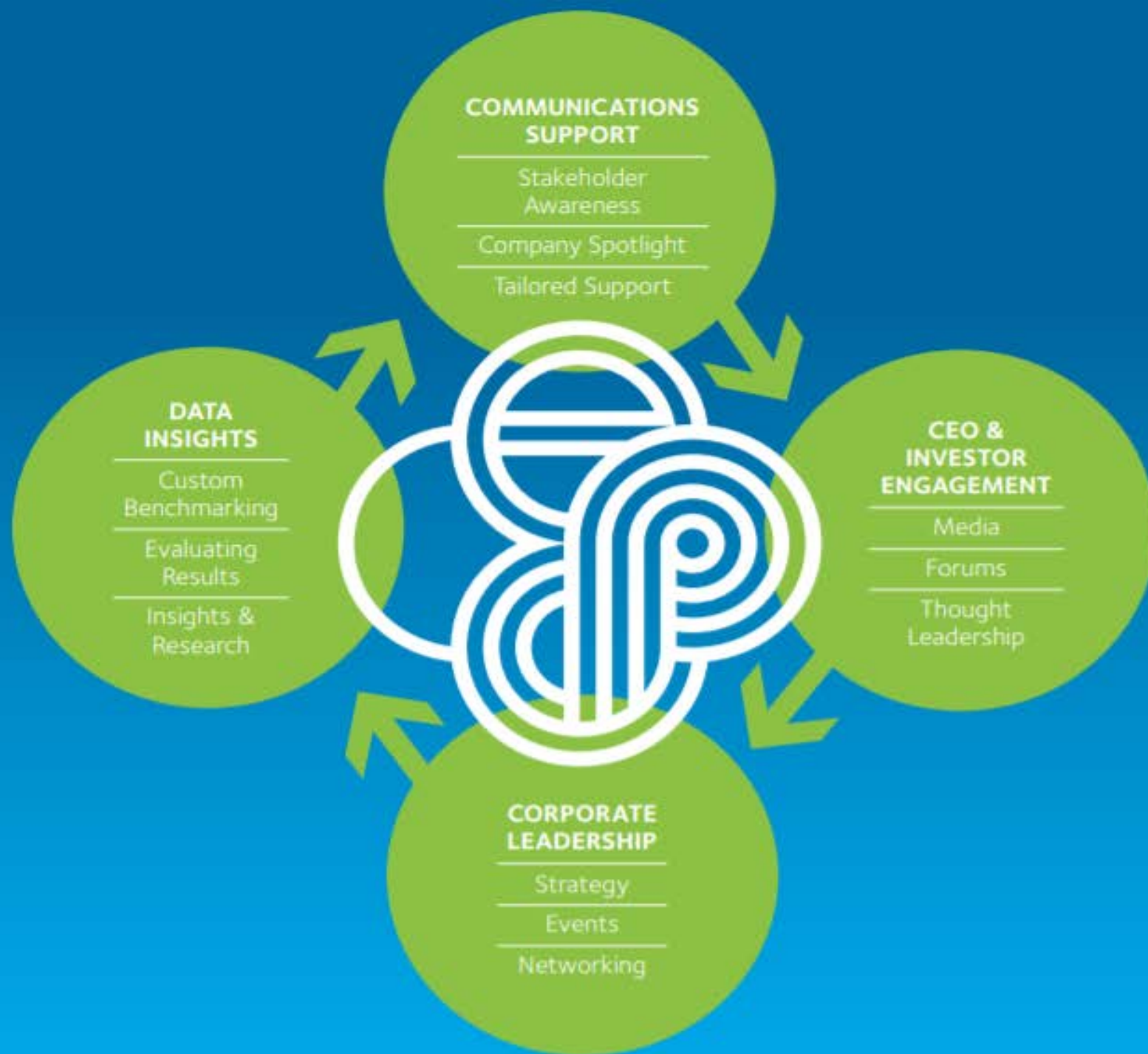




The Financial Impact of Purpose

Chief Executives for Corporate Purpose® (CECP) is a CEO-led coalition that believes that a company's social strategy — how it engages with key stakeholders including employees, communities, investors, and customers — determines company success.



A large collage of various corporate logos from different industries, including technology, finance, healthcare, and consumer goods, arranged around a central text area. The logos include companies like Apple, Microsoft, Amazon, Google, Facebook, and many others, illustrating the interconnectedness of the global network.

Established Foundation for Purpose-Driven Companies



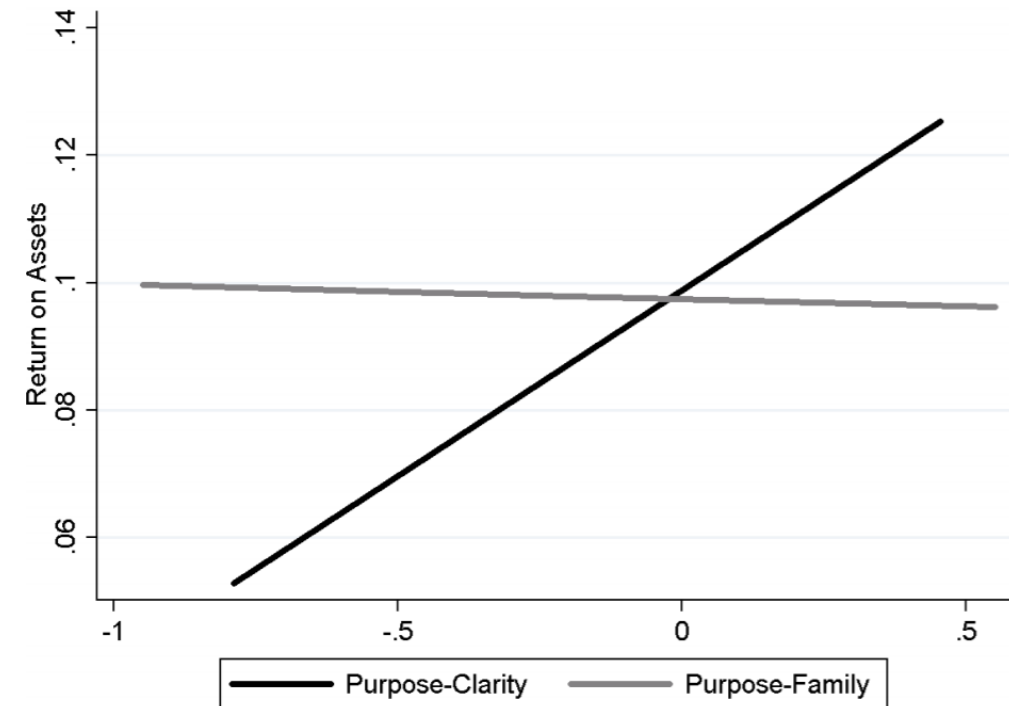
A New Economy Based on Purpose

- The next generation continues to play a larger role in the economy — soon they will be the prime consumers as well as the next managers, executives, and institutional and retail investors.
- They believe business has a responsibility to be transparent about their values, make a positive contribution to society and align financial performance with its principles.

Corporate Purpose with Strategic Clarity Drives Superior Performance

- CECP's Pulse Survey from October, 2019 (which polls CECP affiliated companies) shows **76% of companies changed their corporate purpose in the last 5 years**. Purpose alone will not drive financial performance
- Purpose with team camaraderie (Purpose-Family) will not increase financial performance
- **Purpose with strategic clarity (Purpose-Clarity), or purpose with managerial alignment, will significantly increase financial performance**

Corporate Purpose and Financial Performance



Source: Gartenberg, Claudine, Andrea Pratt, and George Serafeim. "Corporate Purpose and Financial Performance." Harvard Business School Working Paper, No. 17-023, September 2016

Purposeful Leadership Outperforms

> Impact of Purpose on Financial Performance

Purposeful organizations defined by **leaders** who bring the stated purpose to life through behaviors

Companies without a purpose statement **underperform** the average by 42%

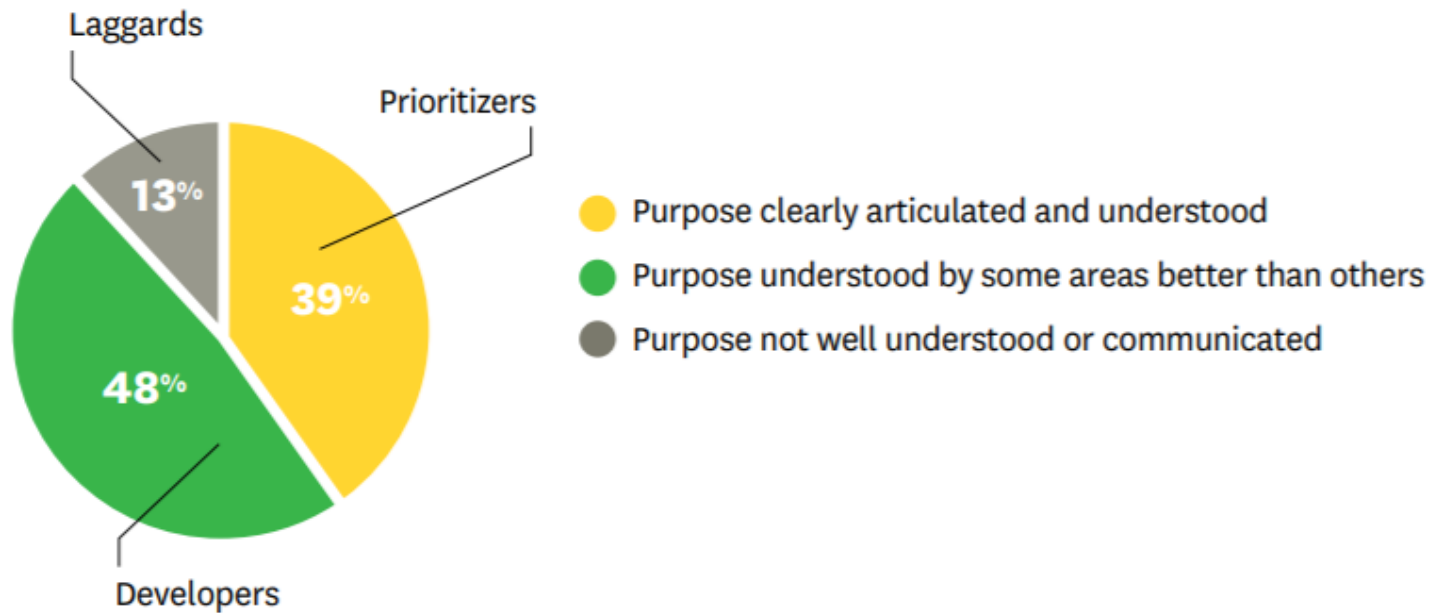


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Performance: Purpose & Employees Who Understand That Purpose

MORE THAN ONE-THIRD ARE PRIORITIZERS

Percentage who said the following statement best applies to their organization.



BASE: ALL SAYING ORGANIZATION HAS/IS WORKING ON A STATED OR IMPLIED PURPOSE. N=431

Percentage indicated how **revenue changed** in past three years

Prioritizers

- Flat/Decline: 15%
- 0-10% Growth: 25%
- **10%+ Growth: 58%**

Developers

- Flat/Decline: 19%
- 0-10% Growth: 29%
- 10%+ Growth: 51%

Laggards

- **Flat/Decline: 42%**
- 0-10% Growth: 16%
- 10%+ Growth: 42%

CEO Perspective on Purpose's Impact

2/3

CEOs say emphasizing purpose within their business has helped improve the top line

9/10

CEOs have a clearly stated and defined purpose, which helps shape their strategies, culture, and deliver success in difficult and uncertain times

63%

CEOs indicated purpose contributed positively to revenue growth

CEOs also said purpose helps build better:

- Employee engagement
- Brand reputation
- Customer loyalty

Purpose highly correlated with performance metrics:

- Market Share
- Business Results
- Customer Satisfaction

Source: PwC, "Connecting the dots: how purpose can join up your business"

Case Study – DTE Energy: How Corporate Purpose Saved a Company in Crisis

DTE Energy Background

- Diversified energy company involved in the development and management of energy-related businesses and services nationwide.
- Headquarters: Detroit, Michigan, USA
- 10,000+ Employees
- US\$25B in Market Cap

Scenario: Fall of 2008, in the epicenter of the economic crisis, DTE Energy's revenues were sharply declining

Past Performance: DTE was a self proclaimed, "mediocre company", as the ranked in the lower quartile of many performance metrics including:

- Safety
- Customer Satisfaction
- Engagement measures (Gallup Survey) of their workforce and union

Choices

- **Financial** – Layoff roughly 20% of employees (20k people) to offset the loss in revenue and market impacts
- **Purpose-Driven** – Rebuild the company's culture through deep respect and dignity for people

Case Study – DTE Energy: How Corporate Purpose Saved a Company in Crisis (Cont'd)

Purpose Driven Decision: Rebuild the company's culture through deep respect and dignity for people

"What's coming at us is big. I'm not sure I can make any promises, but I'll make this promise. The last lever we will pull in this company is a layoff, but if I'm to make good on that promise, I need to ask you to make a promise. And that is you will bring every ounce of energy, creativity, and focus that you can to this company. If we all do this together, perhaps we have a chance of seeing the company through."

- Gerard M. Anderson, Chairman and Chief Executive Officer, DTE Energy, Video Message to all Employees

Stock Performance:

- 323%** total shareholder return from 2009-2019
- Almost double the Dow Jones Utility average (173%)

Internal Performance:

Engagement scores moved from bottom quartile into the top 3%

- 8 straight years as a Gallup-great workplace
- 9th percentile to 90th percentile in union employee engagement

Investors Care About Purpose

Empowering Investor Relations

1. Set the context

Establish the agenda to build trust and confidence in your company's mission

2. Own the narrative.

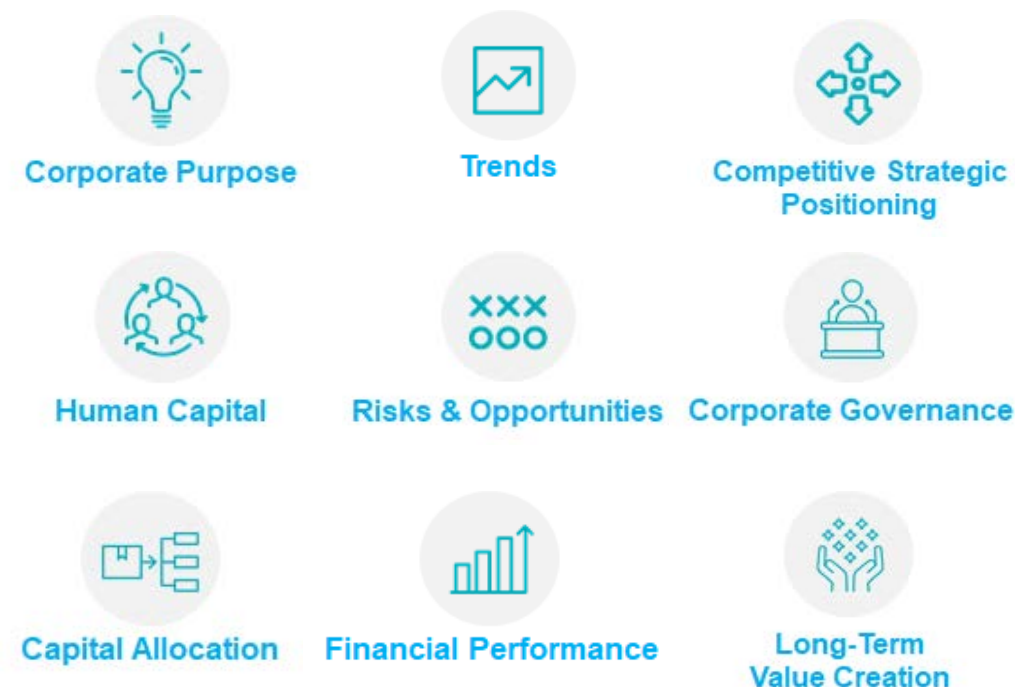
Reorient the expectations of investors and stakeholders for the next 3-5 years

3. Lead for the future.

Create a path to achieve a fair valuation on a company's long-term prospects

Long-Term Plan Framework

Nine themes and 22 forward-looking, decision-relevant disclosures



Source: CECP, Long Term Plan Framework

Execution: Long-Term Plan Framework

Communicating Long-Term Plans

Illustrative concepts & emerging practices



When CEOs communicate their Long-Term Plan for their companies, they connect purpose and performance

- **Evolution:** Additive to existing disclosures
- **Context:** Provides framed disclosures, expectations, and targets; more than marketing
- **Materiality:** Topics reflect those financially material for the relevant industry and business model
- **Integrated:** ESG, sustainability are baked presented as part of everyday business
- **Forward-looking:** Provides a three-to-five-year view of strategic priorities and recognition of mega-trends such as sustainable value creation and stakeholder engagement
- **Performance:** Provides a direct connection to financial prospects, operational performance and principles.
- **Mitigation:** Sets out a balanced strategy and plan to address risks and capitalize on opportunities

For More Information

- Visit <http://cecp.co>
- Join a CECF virtual convening, including those for CEOs
- Log into MyCECF on CECF's website
 - Online portal available to employees of affiliated companies
 - Access to data & benchmarking tools
 - Browse through Knowledge Center
- Contact insights@cecp.co