

Contact:
Jackie Albano
646-863-1926
jalbano@cecp.co

Looking Beyond Next Quarter's Results, 5 Global CEOs Share Long-Term Strategic Plans

To end "short-termism" on Wall Street, CEOs present plans for 3+ years out to investors representing \$25 trillion in AUM

February 28, 2018, New York, NY — CEOs from some of the most prominent companies in the world-- including **Johnson & Johnson, Medtronic, Merck, Unilever, and UPS** -- came together to share their long-term business plans to an audience of more than **275 major institutional investors** at the third **CEO Investor Forum (CIF)** organized by the CECP's [Strategic Investor Initiative \(SII\)](#).

CECP: The CEO Force for Good, created SII to lever CECP's network of business leaders to fundamentally change the conversation between CEOs, boards of directors, and investors, from merely short-term profits to sustained long-term corporate performance. The CEO Investor Forums are a part of SII's effort to promote sustainable value creation and encourage the development and communication of multi-year strategies that include strategic priorities, significant stakeholders, and material environmental, social, and governance (ESG) risks.

Key insights and speakers from the sessions include:

Bill McNabb, Chairman, Vanguard lauded SII's recent [investor letter](#), outlined below, as "a really good start" on the journey to promote long-termism, which he noted means "resilience to disruption." He also issued a call to companies to replace at least one of their quarterly earnings calls with one devoted to discussing their long-term strategy.

David Abney, Chairman & CEO, UPS, identified several mega-trends impacting a global logistics business and outlined key strategies to capitalize on those trends through investments in new technology, including fuel efficiency and clean vehicles, and collaborations in the fastest growing emerging markets.

Alex Gorsky, Chairman & CEO, Johnson & Johnson described how the organization's famed credo integrates into the company and is one of the pillars to creating sustained value. In terms of governance, he noted that the necessary ingredients to build a good Board of Directors as a mixture of "calculus and chemistry." As Chairman of the Board, it's important for him to spend time on getting the right team in place and also reserving 25% of the board for people with a science background to inform the leading research that drives long-term value.

Kenneth Frazier, Chairman & CEO, Merck & Co., Inc. noted that long-term investors can help managers "stiffen their spines" to focus on the long-term. In highlighting research and development as Merck's capital allocation priority, he indicated that there were "no shortcuts" to long-term value.

Omar Ishrak, Chairman & CEO, Medtronic PLC stated that CEOs want to understand "the guidelines that define success" over the long-term as "long-term value metrics are less well-known, less well-established" than those shared on the quarterly earnings call. He also noted that he saw workplace diversity as a driver of growth and sought to monitor diversity at each level of management within the firm.

Paul Polman, CEO, **Unilever** concluded the event and described how the Unilever Sustainable Living Plan and their long-term stakeholder focused operating model had enabled Unilever to deliver out-sized returns to its long-term shareholders. In her introduction, **Michelle Edkins**, Managing Director at **BlackRock** and Global Head of its Investment Stewardship, noted that Unilever had made a concerted effort to attract long-term investors and as of today more than 70% of Unilever's shareholders had held their shares for more than 7 years "not many companies could make the same claim."

"CECP's CEO Investor Forums are operationalizing the call from leading investors for Long Term Plans," said **Daryl Brewster**, CEO, **CECP**. "The third CEO Investor Forum further demonstrates the growing interest we are seeing from companies and leading investors. In the C-Suite and on Wall Street, a shift is occurring from merely short-term financial thinking to the comprehensive communication of Long-Term Plans. Eighty-six of CEOs surveyed say they have been too short-term oriented and 78% of investors surveyed yesterday agreed. CECP's CEO Investor Forums help open the door to sustainable value creation."

The Forum, held on February 26 at Time Warner's Headquarters in New York City, began with remarks from CECP Board Member and SII Co-Chair **Bill McNabb**, Chairman, **Vanguard** and a fireside what with **Michael R. Bloomberg**, Founder, **Bloomberg LP** and **Bloomberg Philanthropies** & 108th Mayor of New York City.

"I would not want to invest in a company that is only running their business for the short-term," Bloomberg said. "Things are changing, every business is getting disrupted... You have to plan for the long-term, you have to think about what-if."

Bloomberg's remarks were followed by **Robert J. Jackson, Jr.**, **Commissioner of the U.S. Securities and Exchange Commission**. After Jackson's remarks, the five CEOs presented to the audience of institutional investors that together represent more than \$25 trillion in assets under management.

Leading up to CIF, nine members of SII's Board of Advisors, led by **Vanguard** Chairman **Bill McNabb**, sent an [open letter to CEOs](#) of major companies. The letter poses seven questions every CEO should answer when presenting publicly-disclosed, investor-facing long-term plans related to three themes: growth, strategy and risk.

"The goal of the Investor Letter and the CEO Investor Forum is to outline the expectations and provide the platform for executives to address how they are positioning their companies for growth, strategy, and risk," said **Mark Tulay**, Director of **CECP's Strategic Investor Initiative**. "In doing so, we aim to shift trillions of dollars of 'patient capital' to reward companies that can mitigate risks and leverage opportunities."

The agenda and full list of presenters and attendees can be [found here](#). The company presentations and Q&A sessions can be viewed as [a web cast \(registration required\)](#).

In addition, [registration is now open](#) for the fourth CEO Investor Forum to take place on **Thursday, April 19, 2018, in San Francisco**. Confirmed speakers include **Tim Sloan**, CEO, **Wells Fargo & Company** and **Geisha Williams**, CEO, **PG&E Corporation**. The fifth CEO Investor Forum will take place on September 18, 2018 and feature **Martin Schroeter**, Senior Vice President, IBM Global Markets, **IBM Corporation** with additional speakers to be announced soon. For more information, contact Mark Tulay, mtulay@cecp.co.

The Strategic Investor Initiative is supported by sponsors including **Bloomberg, LP**, the **Ford Foundation**, and the **Heron Foundation** (www.cecp.co/SII).

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ABOUT CECP: THE CEO FORCE FOR GOOD

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. Founded in 1999 by actor and philanthropist Paul Newman and other business leaders to create a better world through business, CECP has grown to a movement of more than 200 of the world's largest companies that represent \$7 trillion in revenues, \$18.6 billion in societal investment, 13 million employees, and \$15 trillion in assets under management. CECP helps companies transform their social strategy by providing customized connections and networking, counsel and support, benchmarking and trends, and awareness building and recognition.

ABOUT THE STRATEGIC INVESTOR INITIATIVE

The Strategic Investor Initiative is a coalition of thought leaders committed to the long-term movement. Collectively, SII is developing a new platform for leading companies to create, convey, and deliver long-term plans to long-term investors. SII's vision is to spark the movement of trillions of dollars of capital to companies demonstrating performance excellence over the long-term. SII provides tools and resources designed to introduce and support market behaviors that ultimately deliver sustained long-term value for all stakeholders.