

Executive Report



CORPORATE LEADERSHIP, SOCIAL PROGRESS

FEBRUARY 26, 2018 | NEW YORK CITY

SAVE THE DATE
14th Annual Board of Boards
February 25, 2019



CECP

THE CEO FORCE
FOR GOOD



HONOREES RECOGNIZED AT THE EVENT, AND WHO LED THE DISCUSSIONS, INCLUDED:

Doug Baker, Chairman & CEO, Ecolab
Ajay Banga, President & CEO, and
Martina Hund-Mejean, CFO, Mastercard
Richard Davis, Executive Chairman, U.S. Bancorp
Hubert Joly, Chairman & CEO, Best Buy, Inc.
Terri L. Kelly, President & CEO, W.L. Gore & Associates

ADDITIONAL CEO CONVERSATION LEADERS INCLUDED:

David Abney, Chairman & CEO, UPS
Marilyn Carlson Nelson, Former Chairman & CEO,
Carlson Holdings
Doug Conant, Chairman, CECP
Lynne Doughtie, Chairman & CEO, KPMG LLP
Richard Edelman, CEO, Edelman
Bob Forrester, President & CEO, Newman's Own
Foundation; Co-Chairman, Newman's Own, Inc.
Bob Moritz, Global Chairman, PwC
Stuart Parker, CEO, USAA
Michael Roth, Chairman & CEO, IPG

MEDIA PARTICIPANTS:

Adi Ignatius, Editor-in-Chief, *Harvard Business Review*
Alan Murray, Chief Content Officer, Time Inc. and
President, *FORTUNE*, MEREDITH CORPORATION

SPECIAL GUESTS:

Russell Eisenstat, Center for Higher Ambition Leadership
Charles H. Moore, Retired Executive Director, CECP

DIRECTOR EMERITUS HONORED AT CHAIRMAN'S RECEPTION:

Harold McGraw III, Chairman Emeritus, S&P Global

ADDITIONAL CEO PARTICIPANTS INCLUDED:

Thomas J. Wilson, Allstate Corporation
Alan B. Colberg, Assurant, Inc.
Travis Barnes, Barclays
Daniel J. Sullivan, Collette
John Eydenberg, Deutsche Bank
Bill Goodwyn, Discovery Education
Eileen Fisher, EILEEN FISHER, Inc.
Peter L. Malkin, Empire State Realty Trust
Theodore Dysart, Heidrick & Struggles International, Inc.
John Edelman, Design Within Reach
Patrick J. Burke, HSBC Bank USA
Joseph A. Sullivan, Legg Mason, Inc.
Omar Ishrak, Medtronic Plc
Hidemoto Mizuhara, Mitsubishi Corporation (Americas)
Mauricio Gutiérrez, NRG Energy, Inc.
Shelly Lazarus, Ogilvy & Mather
Dante Capitano, RHR International LLP
Harold McGraw III, S&P Global Inc.
Rich Stinson, Southwire Company
Kevin M. Connelly, Spencer Stuart
Surya Kant, Tata Consultancy Services
Stuart Parker, USAA
Bill McNabb, Vanguard
Rodney O. Martin, Voya Financial, Inc.
Thomas J. DeRosa, Welltower Inc.

*Pictured above left to right: Lynne Doughtie, KPMG LLP;
Board of Boards Attendees*

CORPORATE LEADERSHIP, SOCIAL PROGRESS

Nearly 60 CEOs from the world's largest companies convened at CECP's 13th annual **Board of Boards** on February 26, 2018 to discuss the theme *Corporate Leadership, Social Progress* and how companies are infusing stakeholder needs—such as community, customers, employees, and investors—into core business strategy. This *Forbes*-named top-three “power player” event for CEOs, with the vast majority of attendees reporting that they are very likely to recommend the event to fellow CEOs, is a closed-door networking discussion, which included the third **CEO Investor Forum** in the afternoon.

CECP released its new **Strategic Scorecard** tool, including a comparison between CECP companies and non-CECP companies, showing that CECP companies:



➤ Do better financially (as measured in revenue, EBITDA (multiple), and market cap);



➤ Use fewer resources and care more for the environment;



➤ Have less employee turnover, more women in their workforces, and contribute a higher percentage of pre-tax profits to social programs; and



➤ Are more likely to have women on their Boards of Directors and social supply-chain risk-management policies in place

CEO ATTENDEE PROFILE



41

Global Companies



1.4 Million

Employees



\$428 Billion

in Revenue



\$556 Billion

Market Cap



\$3.1 Trillion

in Assets Under Management for Board of Board Companies

"It's a lot of work to evolve company culture and keep it relevant to meet business needs. You've got to keep that connection to get the outcomes you want."

TERRI KELLY, PRESIDENT & CEO,
W.L. GORE & ASSOCIATES



Pictured above top: Hidemoto Mizuhara, Mitsubishi Corporation (Americas); Adi Ignatius, Harvard Business Review; Thomas J. DeRosa, Welltower Inc.

KEY TAKEAWAYS

Participants took part in table dialogues and heard from conversation leaders on CEO Action on Diversity & Inclusion, Future Economies Project, and the Edelman Trust Barometer; attendees also heard panel discussions on inclusion and equity, culture, and collaboration.

- 1. SPEAKING UP:** CEOs are increasingly being asked to speak out on major issues; they must be careful, but to say nothing is to say something.
- 2. STAKEHOLDERS:** The employee base remains a key business asset and infusing purpose has become a direct corporate focus. Diversity in the workforce is central to innovation.
- 3. FOCUS:** The range of vital issues requiring attention demands companies to focus on where they can make the greatest impact based on their skills and resources. Corporate mission and values are a company's "true north" when deciding where to help and when to take a stand.
- 4. LONG TERM:** Leading companies are rebalancing their approach to leveraging their resources and tapping the passion and future vision of the company, which requires a change in the way the company thinks about growth and strategy. While this may require upending traditions, particularly on Wall Street, if companies carry a consistent message about how they will manage for the long term and deliver on expectations, leading investors will ride with them through the quarters.

"I was struck by how many times the word 'purpose' has been used in this room. It is not just about making money; it's being a force for good. If not us, then who?"

HUBERT JOLY,
CHAIRMAN & CEO, BEST BUY

Pictured below: Martina Hund-Mejean, Mastercard; Terri Kelly, W.L. Gore & Associates

"We're very strong financially, and our most important objective is to help military families become more financially secure. I believe everybody wants to work for a greater good. Employees don't want just a job, they want to be part of positive change."

STUART PARKER, CEO, USAA



"One challenge is prioritization. There are so many causes, so many issues, and it's changing rapidly. How do you prioritize? What's right for your company? The answer is to tie it to your company's purpose and mission."

LYNNE DOUGHTIE,
CHAIRMAN & CEO, KPMG

"When you become CEO, people have expectations for you not only as a business leader but also as a community leader. By getting involved, you understand more about what's really going on in the world."

DOUGLAS M. BAKER,
CHAIRMAN & CEO, ECOLAB



"The 1,300 programs that we're doing in 60 countries to touch 360 million people are not exactly moneymakers for the company, quite frankly. But the programs enable us to put the infrastructure in to help these countries prosper over time."

MARTINA T. HUND-MEJEAN,
CFO, MASTERCARD



Pictured above: Alan Colberg, Assurant, Inc.;
Travis Barnes, Barclays; Marilyn Carlson
Nelson, Carlson Holdings

"There isn't enough money in philanthropy alone to solve issues that include 2 billion people in the world who do not have access to financial services. You can write all the checks you want, but you have to put private sector capital ingenuity and innovation to work."

AJAY BANGA,
PRESIDENT & CEO,
MASTERCARD

LIVE POLLING RESULTS

- › **Ninety-three percent of CEOs** feel equipped or somewhat well-equipped to **meet expectations in the current business and sociopolitical environment.**
- › Asked to identify what bold moves they could make toward sustainable business leadership, 37% of CEOs said, **"further integrating my company's values into incentives and practices,"** while 30% percent reported that they could "speak publicly, in my own voice, on what my company is doing, and why," up from 17% in 2017.
- › CEOs were relatively split among their company's status on **how they plan to use savings from the corporate tax cut.** Only 19% said they had announced plans and 25% reported plans were under consideration.
- › When asked how much of the corporate tax cut savings a company will use for **long-term social investments,** one-third of CEOs said their companies would be applying 20%-49% of savings, and another 12% of CEOs said they would be applying most savings to social investments.
- › A key question in the Edelman Trust Barometer 2018 asked, **"which action most effectively builds trust in a company?"** When asked that same question at Board of Boards, 45% of CEOs in attendance said, **"ethical business practices"** and 36% said **"treat employees well."**



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.

CEO FORCE FOR GOOD HONOREES



Pictured clockwise from top left: 1) Michael Roth, IPG; Martina Hund-Mejean and Ajay Banga, Mastercard; 2) Richard Davis, U.S. Bancorp; Doug Baker, Ecolab; Hubert Joly, Best Buy, Inc; 3) Stuart Parker, USAA; Terri Kelly, W.L. Gore & Associates; Alan Murray, Time Inc. and FORTUNE, MEREDITH CORPORATION.



CECP is grateful for the generosity of the event supporters **Newman's Own Foundation, PwC US, and USAA**. CECP also thanks the **Empire State Building** for lighting in CECP blue on February 26th. Additional Board of Boards takeaways can be found at cecp.co/BoB.

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