

Executive Report

CEO Investor Forum

HOSTED BY THE
STRATEGIC INVESTOR
INITIATIVE, CECP



CEO INVESTOR FORUM 3.0

FEBRUARY 26, 2018 | NEW YORK CITY

SAVE THE DATE: Future CEO Investor Forums

April 19, 2018—San Francisco, CA
September 20, 2018—New York, NY



CECP
THE CEO FORCE FOR GOOD
STRATEGIC INVESTOR
INITIATIVE

Repeating the success of past events, CECP's Strategic Investor Initiative (SII) held its third CEO Investor Forum where leading cross-sector CEOs shared their long-term business plans for sustainable value creation with institutional investors. CEO Investor Forum presentations can be viewed at cecp.co/SII.

Speakers at the CEO Investor Forum 3.0 included:

David Abney, Chairman & CEO, UPS

Michael R. Bloomberg, Founder, Bloomberg LP and Bloomberg Philanthropies & 108th Mayor of New York City

Kenneth Frazier, Chairman & CEO, Merck & Co., Inc.

Alex Gorsky, Chairman & CEO, Johnson & Johnson

Omar Ishrak, Chairman & CEO, Medtronic PLC

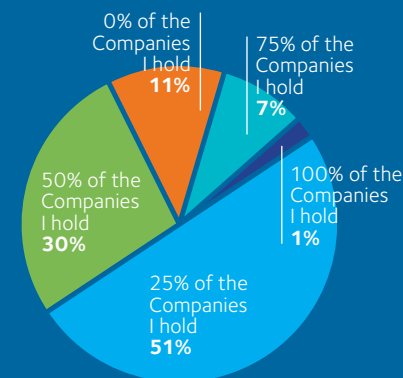
Robert J. Jackson Jr., Commissioner, U.S. Securities and Exchange Commission

Paul Polman, CEO, Unilever PLC

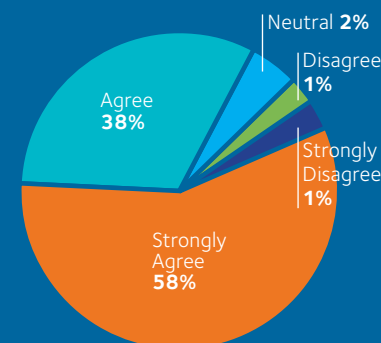
The CEOs presented their strategies to an audience of over 200 major institutional investors that represent more than \$25 trillion in assets under management. CEOs answered seven key questions laid out in CECP's recently released [Investor Letter](#):

- 1** What are the key risk factors and mega trends (such as climate change) your business faces over the next three to seven years and how have these influenced corporate strategy?
- 2** How do you identify your financially material business issues and which frameworks do you use for reporting on these issues? How do these figure into your future strategy and capital allocation plans?
- 3** How do you describe your corporate purpose and how do you help your employees share your vision for the company's role in society? How does this shape your long-term strategy? How does your future strategy act upon this purpose?
- 4** How do you manage your future human capital requirements over the long term and how do you communicate your future human capital management to your investors?
- 5** What is the corporation's framework/strategies for interacting with its shareholders and key stakeholders?
- 6** How will the composition of your board (today and in the future) help guide the company to its long-term strategic goals?
- 7** What is the role of the board in setting corporate strategy and setting incentives for and overseeing management? How does the corporation ensure a well-functioning and diverse board accountable to its key stakeholders?

What portion of companies currently held by investors successfully communicate long-term strategies?



Company long-term plans will influence proxy voting and engagement strategies.



Source: 2018 CEO Investor Forum Live Polling

ATTENDEE PROFILE



5 PRESENTING COMPANIES



\$25+ TRILLION IN ASSETS UNDER MANAGEMENT



ASSET MANAGEMENT FIRMS, PROFESSIONAL SERVICES ORGANIZATIONS

Key Investor Presentation Takeaways

› **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.

› **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 are a mixture of "calculus and chemistry." Because he's 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.

› **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.

"The CEO Investor Forum is a good thing for us because it gives us a chance to really talk about our story and show that we have an eye on a long-term vision that brings long-term value to our customers."

DAVID ABNEY,
CHAIRMAN & CEO, UPS

"Given that we've been in place for more than 132 years and what we're working on today may not be on the market for another 10 or 15 years, it's impossible to do the job right if you're not looking out towards a long-term horizon."

ALEX GORSKY, CHAIRMAN & CEO,
JOHNSON & JOHNSON

"When you run a business, you've got to deal with changes in the business environment, constantly. You have to think about what scientific strategies are going to win 20, 25 years from now."

KENNETH C. FRAZIER,
CHAIRMAN & CEO,
MERCK & CO., INC.

› **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.

› **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.

› **PAUL POLMAN, CEO, Unilever PLC,** 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."



"A business without a purpose has no purpose. Yet, so many CEOs have a hard time defining what the purpose is of their business. They start stuttering and can't get beyond the next quarter. A business cannot be a bystander in a system that gives it life in the first place."

PAUL POLMAN, CEO,
UNILEVER PLC



"Long-term investors can dialogue with companies to define metrics and success. All companies, no matter who they are, talk the same language about short-term metrics, but we don't have that for the long term. I can tell a story, but to what degree will that be completely understood and scalable? I think that needs collaboration."

OMAR ISHRAK, CHAIRMAN & CEO, MEDTRONIC PLC



"I think what we're really trying to get at is two critical issues: Why does the company exist? And why is the company relevant today and why will it be relevant tomorrow? One of the reasons for the Strategic Investor Initiative is to drive this sense that it is good for shareholders to have companies thinking longer-term."

BILL MCNABB, CHAIRMAN, VANGUARD

"I've always been fascinated with people who say companies can't have long-term plans because of the demand on quarterly earnings. You have to explain it to investors. In fact, I would not want to invest in a company that was only investing for the short term."

MICHAEL R. BLOOMBERG,
FOUNDER, BLOOMBERG
LP AND BLOOMBERG
PHILANTHROPIES & 108TH
MAYOR OF NEW YORK CITY



ATTENDEES OF THE CEO INVESTOR FORUM 3.0 INCLUDED REPRESENTATIVES FROM:

Bold lettering indicates Strategic Investor Initiative Advisory Board member

**Indicates event sponsor*

- 1966
- 3BL Media and COMMIT!Forum
- Abbott
- Aetna
- AHA
- AHC Group
- Alexander & Associates LLC
- Allstate Corporation
- Amalgamated Bank
- Amazon.com, Inc.
- Apache Capital Management LLC
- Arabesque Partners
- Arca Continental
- AstraZeneca
- Athene Asset Management
- Aurora Health Care
- Aviva
- Barclays
- BBMG
- BCVB
- BD**
- Black Creek Group
- BlackRock Financial Management Inc.**
- *Bloomberg LP**
- Blue Harbour Group
- BNY Mellon
- BonnEco Inc.
- Boston Consulting Group
- Breckinridge Capital Advisors**
- Brown Brothers Harriman & Co
- BrownFlynn
- Business Insider*
- Business Roundtable
- CaSTRS**
- CDPQ**
- CamberView Partners
- Carbon Tracker Initiative
- Catalent
- Chevron Corporation

LOOKING AHEAD

The fourth CEO Investor Forum will be held on April 19, 2018 in San Francisco, with **Tim Sloan**, CEO, Wells Fargo & Company and **Geisha Williams**, CEO, PG&E Corporation.

This will be followed by the fifth CEO Investor Forum on September 20, 2018 in New York City with **Martin Schroeter**, Senior Vice President, IBM Global Markets, IBM Corporation.

Corporations interested in reserving the few remaining investor presentations in the next CEO Investor Forums should contact Mark Tulay, mtulay@cecp.co.

Citadel
ClearBridge Investments
The Collaboration Vector Inc.
Columbia University
Columbus Point
Comunitas
Consulate General of Denmark in
New York

Cornerstone Capital Inc.

Corporate Responsibility Board
Cost-Benefit Group, LLC and
Envirovaluation.org
Cote Capital
Council of Institutional Investors
CPA Canada
Crowe Horwath LLP
CSRone
Deloitte Touche Tohmatsu Limited
Delwar Capital
Deutsche Bank
Diamondlake Capital
Dynamo Academy
EILEEN FISHER, Inc.
Eli Lilly and Company
Epsen Fuller Group
eRevalue
Ernst & Young International
ESG Institutional Sales
FactSet
Farallon Capital Management

***The F.B. Heron Foundation**

FCLT Global
FedEx Corporation
Financial Accounting Standards
Board
Financial Times

***Ford Foundation**

Fundación SERES
Gabelli Asset Management
Glass Lewis
Global CEO Ventures
Global Sourcing Council
GLOBE Series
GMP Labeling
Goldman Sachs
Governance & Accountability
Institute

Great Hill Enterprises
Great Lakes Advisors
Gregoro LLC
Guggenheim Partners
HAP
Harvard Business School
Harvard School of Public Health
Healthcor Management
Heidrick & Struggles International,
Inc.

Hermes EOS

**Hermes Investment
Management**

High Meadows Institute
Hurley Capital
IEX
Impact Advisory
Inherent Group
International Integrated Reporting
Council
The Investment Integration
Project (TIIP)

JANA Partners

JINYOU CAPITAL

Johnson & Johnson

Jones Day

JUST Capital

Kahn Brothers

KLJ Associates

Kois Invest

KPMG LLP

Kraemer, Schwab & Co.
Krensavage Asset Management
LLC
Leaders Arena
Levin Capital
Lifescience Dynamics
Lincoln Financial Group
Linklaters LLP
ManpowerGroup
Mastercard
Matarin Capital
McGovern Foundation
Medtronic Plc
Mendham Capital Management

Merck & Co., Inc.

Merrill Lynch

MIT Sloan Management Review
Mitsubishi Corporation (Americas)
Moody's Corporation
Morgan Stanley
Morrow Sodali
MSD Capital LP

NASDAQ

Neuberger Berman

New Energy Fund II
New Mountain Capital LLC
New York Life Insurance Company
New York Life Investors
New York University

Nielsen

Nordea Bank AB
Norges Bank Investment
Management
NRG Energy, Inc.
NYU Stern School of Business
Odin Partners

Office of the State Comptroller

Orbees Medical

PPL Corporation

PRI

PricewaterhouseCoopers LLP

Project Ocean Watch
Prosek Partners
Proxy Insight
Putnam Investments
Responsible Investor Magazine
Reuters Breakingviews
Rieg and Associates
Riverbend Advisors
R.J. Campbell Investments LLC
Robert Wood Johnson Foundation
Robin Hood Foundation
The Rock Creek Group
Rockefeller & Co.

RTS

S&P Global

Sabin Center for Climate Change
Law

Safran

SaKe Capital Partners

SAP

Securities and Exchange
Commission

SinCo
Sloy, Dahl & Holst, Inc.
Sodhi Pricing Associates
State Street Corporation
Sustainability Accounting and
Standards Board
Telos Governance Advisers
Terra Alpha Investments
Thomson Reuters
TIAA
Trian Fund Management, L.P.
TruValue Labs
Tygh Capital Management
UBP Asset Management
UBS
UnitedHealthGroup
UN Global Compact Cities
Programme
UNEP FI Positive Impact Initiative
Unilever PLC
United Nations Capital
Development Fund
University of Pittsburgh School of
Computing and Information
UPS

Vanguard

Versanture Consulting
Vinart Corp Capital Management
Voya Financial, Inc.
Wachtell, Lipton, Rosen & Katz
Wafra Investment Advisory
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Walmart

Wells Fargo Advisors
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Whitwell Partners
William Blair
Winston Eco-Strategies
The World Bank
World Economic Forum

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ABOUT THE STRATEGIC INVESTOR INITIATIVE

The Strategic Investor Initiative is developing a new platform for leading companies to develop, convey, and deliver their long-term plans to long-term investors. SII will spark the movement of trillions of dollars of capital to companies demonstrating performance excellence over the long term and will help build trust in capitalism as an engine of global prosperity.



Pictured above: CIF 3.0 participants



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Daryl Brewster, CEO, CECP
Mark Tulay, Director, Strategic Investor Initiative

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.

CECP thanks Bloomberg LP, Ford Foundation, and Heron Foundation for their generous support of CECP's Strategic Investor Initiative (www.cecp.co/SII).

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