

# Executive Report

## CEO Investor Forum

HOSTED BY THE  
STRATEGIC INVESTOR  
INITIATIVE, CECP



## CEO Investor Forum 5.0

SEPTEMBER 20, 2018 | NEW YORK

**SAVE THE DATE: Future CEO Investor Forum**  
February 25, 2019 | New York



**CECP**  
THE CEO FORCE FOR GOOD  
STRATEGIC INVESTOR  
INITIATIVE



# CIF 5.0 Overview

The CEO Investor Forums are the premier platform for CEOs to share their long-term business plans for sustainable value creation with institutional investors, representing \$45 trillion in assets under management. To date, more than 30 CEOs and senior leaders – representing more than \$2 trillion in market capitalization – have presented or committed to present their company's long-term plan at one of CECP's CEO Investor Forums. On September 20, 2018, SII held its fifth CEO Investor Forum with long-term presentations from:

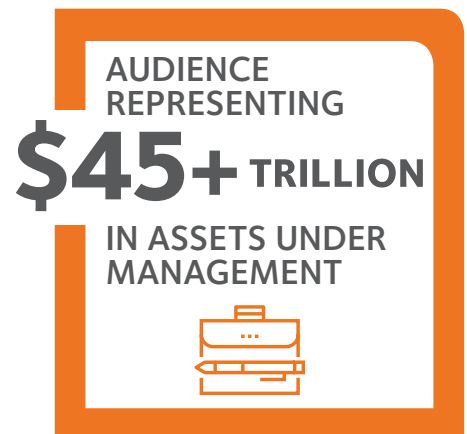
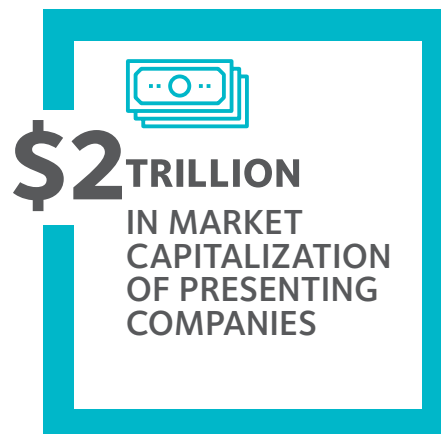
- ▶ **Emma Walmsley, CEO, GSK;**
- ▶ **Mauricio Gutiérrez, President and CEO of NRG Energy;**
- ▶ **Martin Schroeter, Senior Vice President, IBM Global Markets, IBM Corporation**

According to these leaders, their respective industries are going to dramatically transform in the oncoming decades and their companies are well-positioned to take advantage of these shifts.

In addition to the three companies presenting their plans, the audience heard about the latest research from **Professor George Serafeim of Harvard Business School** and developments in long-termism from the following speakers:

- ▶ **Dana K. Bezerra, President, Heron Foundation**
- ▶ **Gib Bulloch, Founder, Accenture Development Partnerships**
- ▶ **Bruce Clark, Senior Vice President, Corporate Finance Group, Moody's**
- ▶ **Maggie De Pree, Global Co-Director, The League of Intrapreneurs**
- ▶ **Richard Edelman, President & CEO, Edelman**
- ▶ **Chris Fowle, Head of Americas, PRI**
- ▶ **Erika Karp, Founder and CEO, Cornerstone Capital Inc.**
- ▶ **Pierre Le Manh, CEO, Ipsos Public Affairs**
- ▶ **Tim Nixon, Managing Editor, Sustainability, Thomson Reuters**
- ▶ **Gail Sussman, Managing Director, US Public Finance, Moody's**
- ▶ **Gabriel Torres, Vice President-Senior Credit Officer, Sovereign Risk Group, Moody's**
- ▶ **Swami Venkataraman, Senior Vice President, ESG, Moody's**
- ▶ **Morgan Williams, Foundational Data Product Manager, Bloomberg LP**

## CEO Investor Forums: Track Record of Success





# CEO Investor Forum 5.0 Key Takeaways

## PRESENTER

**Emma Walmsley, CEO, GSK**



“Since becoming CEO last year and working very closely with the board, I’ve defined a simple long-term goal for our company, to be one of the world’s most innovative, best performing, and trusted healthcare companies.”

According to **Emma Walmsley, CEO, GSK**, there will be material shifts in how the company designs and manufactures products, who the competitors are in the industry, and how the company will interact with patients. To address these changes, GSK established three enduring priorities, which are supported by an interconnected focus on shifting the company’s culture:

» **PRIORITY #1 - INNOVATION:** It can take more than 10 years for a drug to be developed, tested, and brought to market. As a result, investments in research and development are crucial

to the long-term success of GSK and therefore, innovation is essential to achieve the other priorities.

» **PRIORITY #2 - PERFORMANCE:** GSK has made significant capital investments in each of its three business units in order to deliver stable earnings and continuity of cash flow.

» **PRIORITY #3 - TRUST:** To continue to earn trust, GSK’s areas of focus are: using science and technology to address health needs, making their products affordable and available in a way that performs for shareholders, and to be modern employer.

Each of these priorities are served by GSK’s work on culture. Walmsley noted culture change takes time and it is a key topic for the Board, C-Suite, senior leaders, and frontline employees. GSK is measuring culture and incentivizing change with a focus on recognition and rewards. This is all in effort to bring competitive shareholder returns & deliver on our purpose: help people all over the world do more; feel better; and live longer.

“To remain a high-performing company for the long-term, we don’t just need great products. We also need to run our business the right way.”

—Emma Walmsley, CEO, GSK



Footage from many of the sessions can be viewed at  
<https://cecp.me/2018SeptCIFVideos>



# CEO Investor Forum 5.0 Key Takeaways

## PRESENTER **Mauricio Gutiérrez,** President and CEO of NRG Energy



“More than ever, consumers have the opportunity to shape how electricity is delivered. It’s not that our electrons are better than our competitors. How electricity is used, delivered and experienced will dramatically change in the oncoming years.”

When **Mauricio Gutiérrez, President and CEO of NRG Energy**, looks at the changing landscape of the power industry, he sees seismic shifts similar to how Starbucks, Netflix, and Uber disrupted their respective industries that were previously largely undifferentiated products. Consumer and business customers are placing new demands, according to three mega-trends:

- » **DECARBONIZATION OF THE ECONOMY:** Renewable energy is the most visible, but other forms of decarbonized energy generation are just as essential.
- » **DIGITALIZATION:** The “internet of things” is enabling the “internet of electricity” – the electric power grid is transforming to a decentralized, multidirectional, and digital system
- » **CUSTOMIZATION:** Consumers today are demanding the custom delivery of energy needs.

“With so many ambitious targets it’s important to highlight that nearly 80% of executive management compensation is sided to long-term performance. I bring up executive compensation because I believe that transparency creates trust, invites honest dialogue, and shows that we’re not just talking about creating long-term value.”

—Mauricio Gutiérrez, CEO, NRG Energy

## PRESENTER **Martin Schroeter,** Senior Vice President of IBM Global Markets



“Our view is that 80% of the world’s data is sitting behind the firewalls of our clients and if you link that with deep insight, you can find a way to extract value that you could help the incumbents become the disruptors. With that point of view, we’ve been retooling and transforming IBM again to prepare for a world where we see the incumbent disruptor as the next phase.”

The common thought was that incumbent business would be victimized by new companies taking advantage of technological changes, according to **Martin Schroeter, Senior Vice President of IBM Global Markets**. Rather, due to IBM’s shift to software and services, IBM is placing a “big bet” to help these companies become the “incumbent disruptors” by unlocking and understanding the data they already own. To do this, IBM is focusing on three needs:

- » **BUILD A CREDIBLE LEVEL OF TRUST AND TRANSPARENCY FOR ARTIFICIAL INTELLIGENCE (AI):** To meet this need, IBM uses three principles: the purpose of AI has to be clear; AI data belongs to IBM’s clients; and AI has to be transparent, explainable and audit-able.
- » **ACCESS TO TALENT:** IBM sees the need for the US economy to create 16 million “New Collar Jobs” – technological jobs that aren’t necessarily blue- or white-collar roles.
- » **MOVE DATA FREELY:** Data plays such an essential role; cross-border data flows make a bigger impact than trade or investment flows. It’s critical for governments to protect responsible data exchanges.



## PRESENTER **Dr. George Serafeim,** **Professor, Harvard Business School**



“In some sense you can think about this as the impact assessment of CECP and the Strategic Investor Initiative. What is their impact? What are the long-term plans doing? And I have to say it’s actually adventurous and courageous of them to do an impact assessment of themselves.”

As a special keynote presentation, the audience heard from **Harvard Business School Professor George Serafeim**. For the first time in a public setting, Professor Serafeim unveiled the results of a collaborative research project between **SII, Harvard**, and **KKS Advisors**. The study [published in Harvard Business Review](#) looks to address two goals of the joint research project:

- » **DEFINE WHAT MAKES A “GOOD” LONG-TERM PLAN.** The researchers pulled from [SII’s Investor Letter](#) and other sources to create a framework of nine components of a quality long-term plan presentation.
- » **IDENTIFY IF THERE’S A MARKET REACTION TO THE LONG-TERM PLAN PRESENTATIONS.** Using a three-day window, the researchers identified that there is evidence of a market reaction to CEO presentations, primarily around trading volume. There was further evidence indicating that the higher quality the long-term plan presentation, the greater the magnitude of the volume reactions.

Serafeim noted that this is foundational research based on 19 presentations and that further study will be necessary. In addition, the team is working to build resources, such as a database, to facilitate future research that can be accessible to companies and investors.

SII will hold the next CEO Investor Forum on February 25, 2019 in NYC and feature presentations from:

- **Steven Collis, Chairman, President & CEO, AmerisourceBergen Corporation**
- **Tim Hockey, President & CEO, TD Ameritrade Holding Corporation**
- **Marco Tronchetti, Executive Vice Chairman & CEO, Pirelli**

Corporations interested in reserving the few remaining investor presentations in the next CEO Investor Forums should contact SII Director Mark Tulay, [mtulay@cecp.co](mailto:mtulay@cecp.co).



## POLL QUESTION

What is your view on the balance of how CEOs currently spend their time?

OVERLY SHORT-TERM 26%  
SOMEWHAT SHORT-TERM 47%  
IN BALANCE 17%  
SOMEWHAT LONG-TERM 9%  
OVERLY LONG-TERM 2%



# CEO Investor Forum

HOSTED BY THE  
STRATEGIC INVESTOR  
INITIATIVE, CECP

## 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.



Pictured above: CIF 5.0 participants

## 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 \$11.3 trillion in revenues, \$23.8 billion in societal investment, 17.4 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 | 85 Broad Street  
27th Floor  
New York, NY 10004  
212-825-1000  
cecp.co

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

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

**Bloomberg**



**HERON**

