

IRG Impact Study

Partner Preview

Q4 2023

CEO: Facing Conflicting Interests



Colleagues



Customers



Community

ŞİRİN GERZE'MİZ ŞİRİN KALSIN
GERZE'MİZE TERMİK SANTRAL
İSTEMİYORUZ...
GERZE ve ÇEVRE KÖYLERİ DERNEĞİ

Capital Markets



**NELSON
PELTZ**

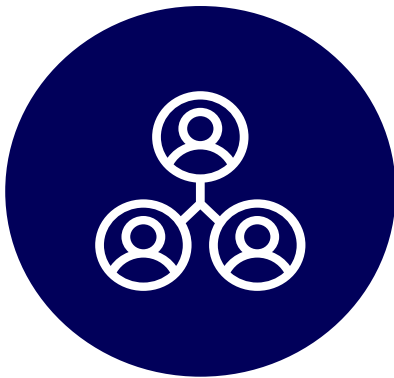
TRIAN FUND MANAGEMENT
FOUNDER & CEO

**SQUAWK ON
THE STREET**

SOAP OPERA AT UNILEVER
PELTZ NAMED TO CO'S. BOARD



Louder, More Demanding, More Powerful



Colleagues



Customers



Community



Capital Markets

Need to make Difficult Choices



Different Directions





New laws mandating ESG Reporting

New bills banning ESG Policies



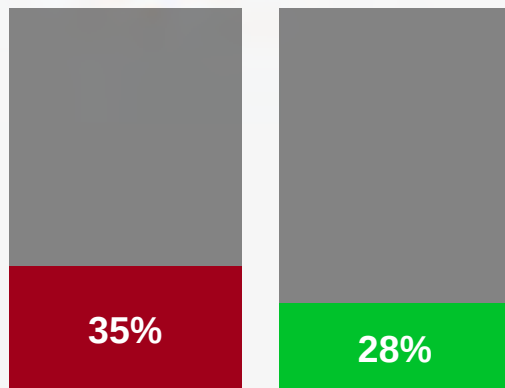


Government Interference

Risk of getting caught in Crossfire



Keeping a low profile



Limited by fear of being
accused of greenwashing or
wokeness

2019



BR
Business
Roundtable

STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:

DELIVERING VALUE TO OUR CUSTOMERS. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

INVESTING IN OUR EMPLOYEES. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

SUPPORTING THE COMMUNITIES IN WHICH WE WORK. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE. We are committed to transparency and effective engagement with shareholders.

EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM, FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.

BRT.org/OurCommitment  Business Roundtable

2019 IRG Growth Study

Building Blocks of Real Growth

HUMANIZED GROWTH

EVOLVING
EXPERIENCES

WHOLE BRAIN

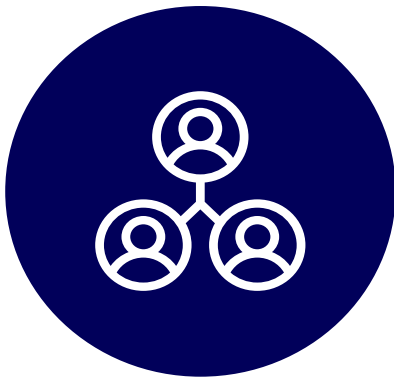
MULTIPLE
MODELS

ANTICIPATIVE
ORGANIZATION

ABUNDANT
MARKETS

OPEN CULTURE

Humanized Growth



Colleagues



Customers



Community



Capital Markets

Interdependent Ecosystem

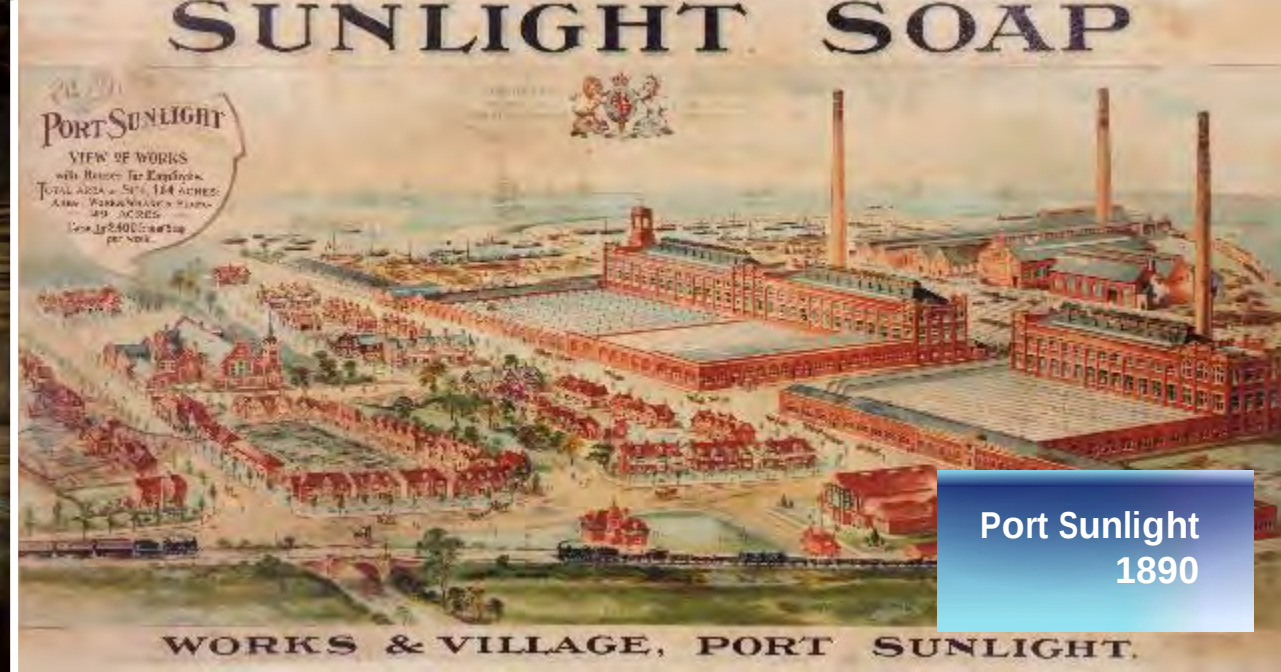


Role of Business in Society

Rome
200 BC



Florence
1480



Port Sunlight
1890

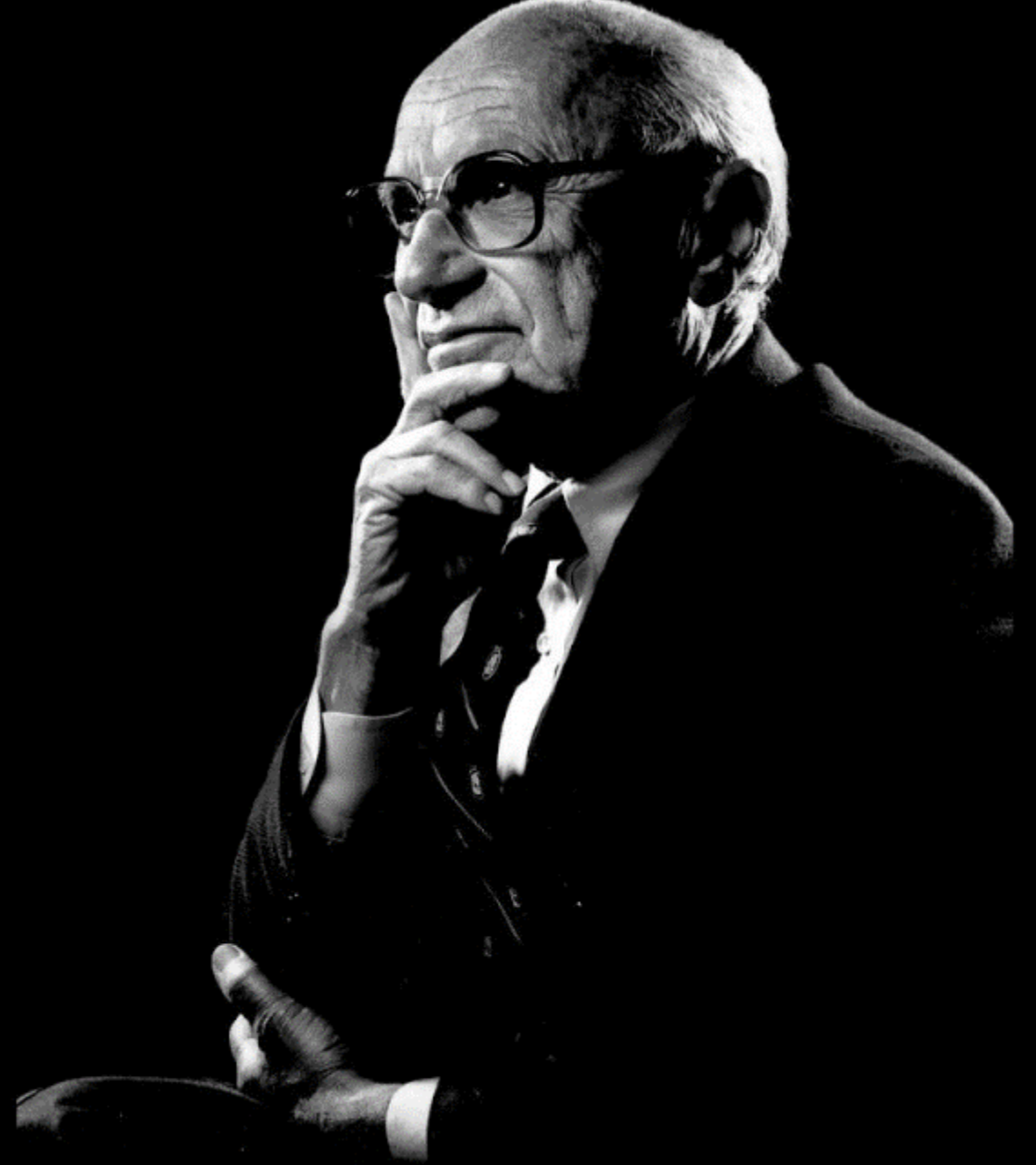


Hershey
1912



Dashing
1930

1974: Shareholder Primacy



End of a 50 Year Era

I must focus on short-term shareholder profits
I must focus on short-term shareholder profits
I must focus on short-term shareholder profits
I must focus on short-term shareholder profits
I must focus on short-term

Ferguson



Fast Forward 4 years

Accusations of doing too little ...





DANONE

... or
too much

CLOSED

UNTIL FURTHER

NOTICE



Top Priority Cross C-Suite



Need for a Roadmap



How?

To lead your organization from shareholder primacy to value creation for all stakeholders

IRG Impact Study

Drivers of Humanized Growth

Proven Methodology



2010



2014



2017



2019

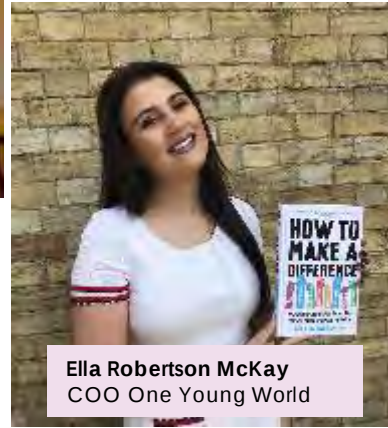


2023

Advisory Board



Sanjiv Puri
ITC Limited



Ella Robertson McKay
COO One Young World



Hans Ploos van Amstel
CFO Partners Group



Lorraine Twohill
CMO Google



Angela Ahrendts
CEO Burberry, Apple Retail



Javier Meza
CMO Coca-Cola
Company



Sylvia Mulinge
CEO MTN Africa



Sue Allchurch
CMO UNGC



Ian Lee
Adecco



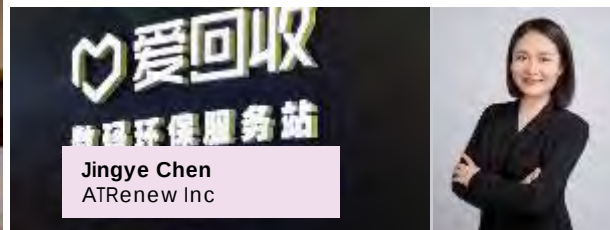
Chris Burggraeve
NYU AB InBev



Jennifer Remling
CHRO WPP



Conny Braams
CMO Unilever



Jingye Chen
ATRenew Inc



Colin Mayer
Oxford University



Halla Tomasdottir
CEO B-Team

Impact Study Partners



SpencerStuart



Yale Program on Stakeholder Innovation and Management



WARC



KENNEDYFITCH



MINDSHARE

THE B TEAM ▶

Annual Meeting Davos 2023



“... I would like to congratulate you for undertaking this new study ...”

- Klaus Schwab, Chairperson of the World Economic Forum

475+ Vision Interviews

Ed Freeman



Patrica Nzolantino



Mark Kramer



Jeremy Grantham

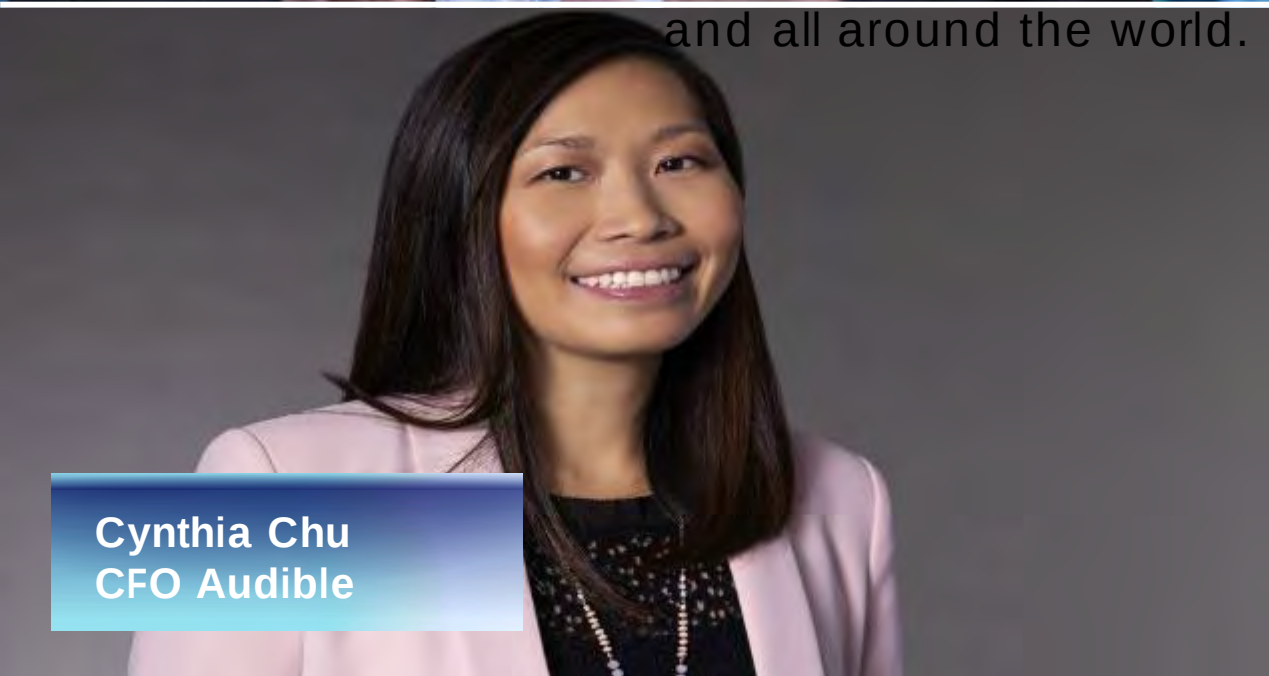




Dirk van de Put
CEO Mondelez



Diane Gherson
CHRO IBM



Cynthia Chu
CFO Audible



Frank Cooper
CMO VISA

450 Chinese C-Suite Leaders



Sustainable Business in China

ZHU Rui (Juliet)

Professor of Marketing

Director of Social Innovation and Business for Good Center

Director of Common Prosperity and Social Innovation Center



**750+ QUANT
Online Survey**



**110K Social AI
Hypertrend Study**



**Board and
5 C-Suite Functions**



**52 Markets
7 Country Studies**

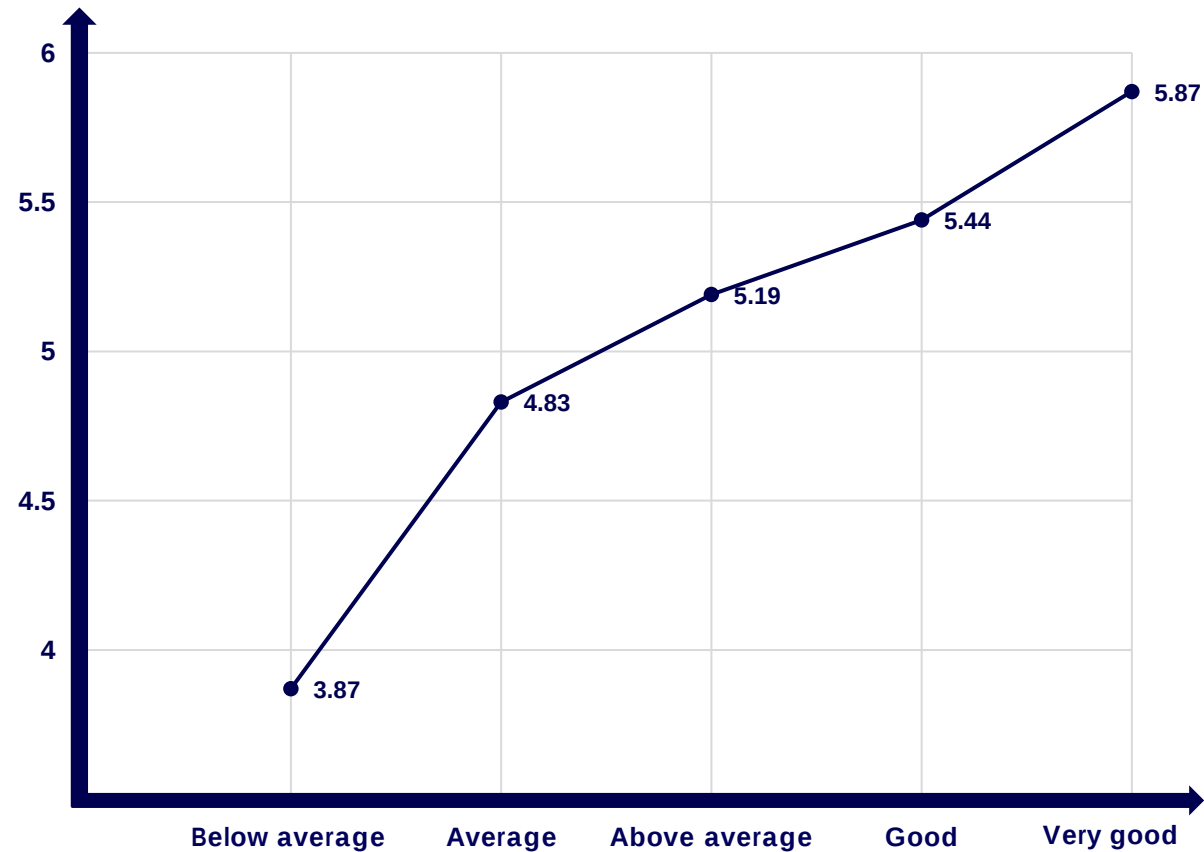
Overperformers vs. Underperformers

WINNERS

LOSERS

Overperformance: Revenue vs. Value

Average Topline Revenue
Growth vs. direct competitors
over the last 3 years



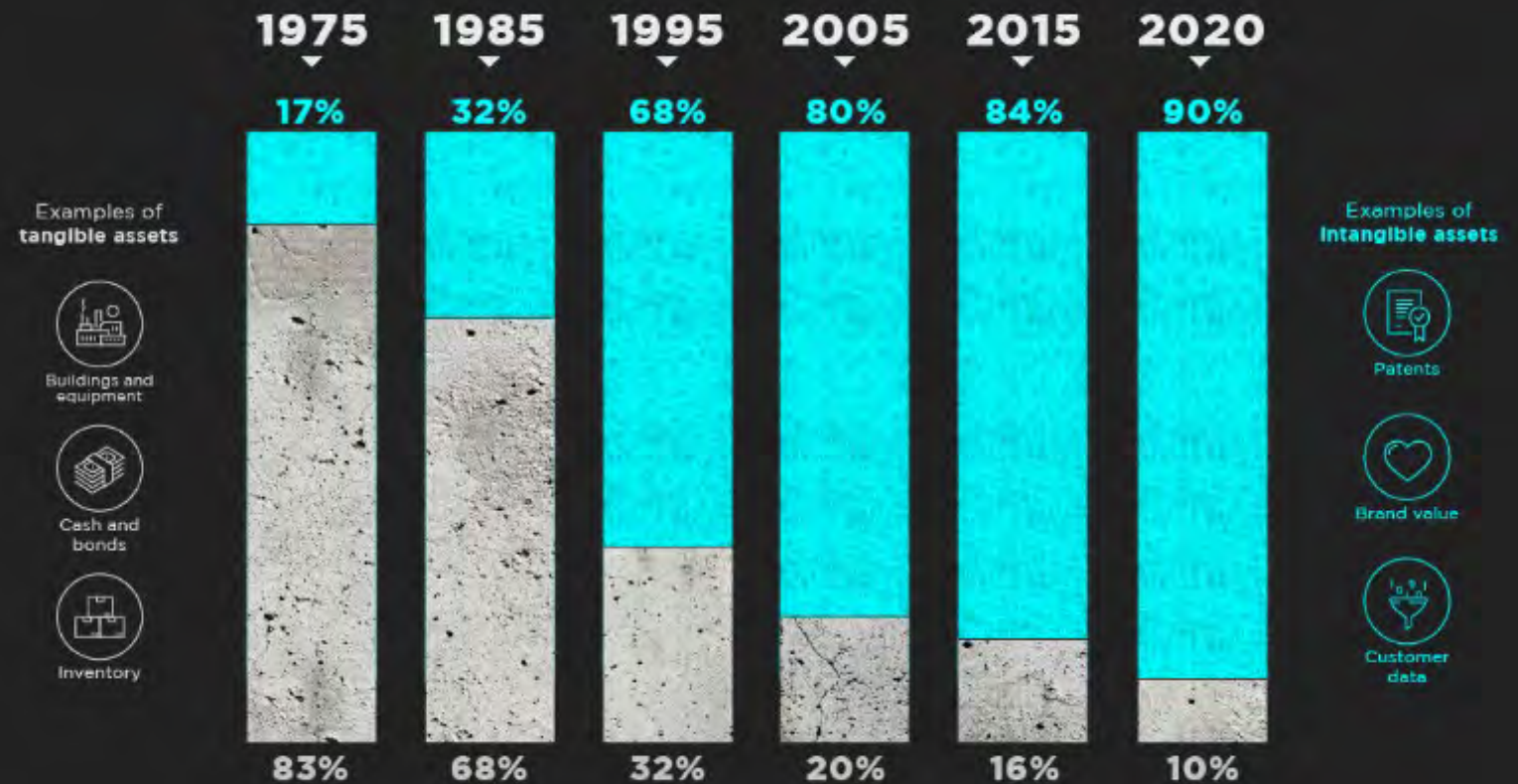
Delivering sustained
value for all stakeholders

N=651

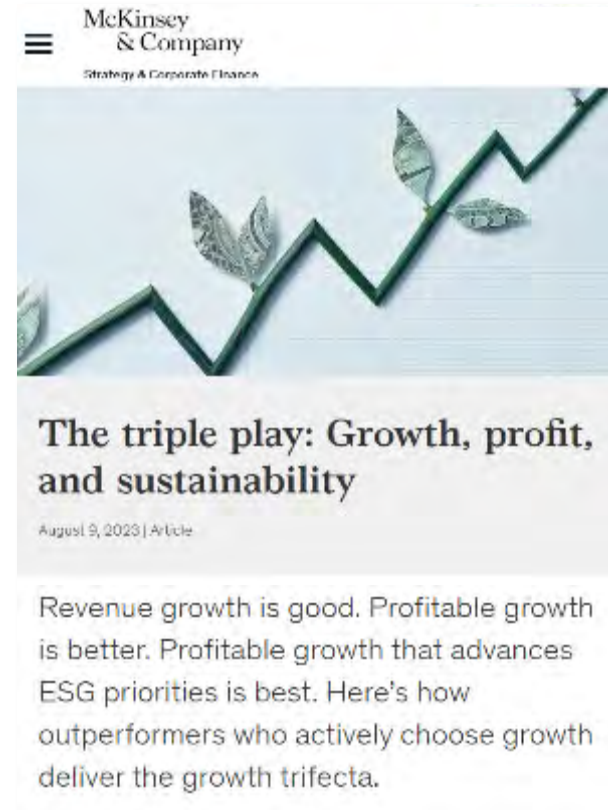
Value? Shift to Intangible Assets

from **17%**

to **90%**

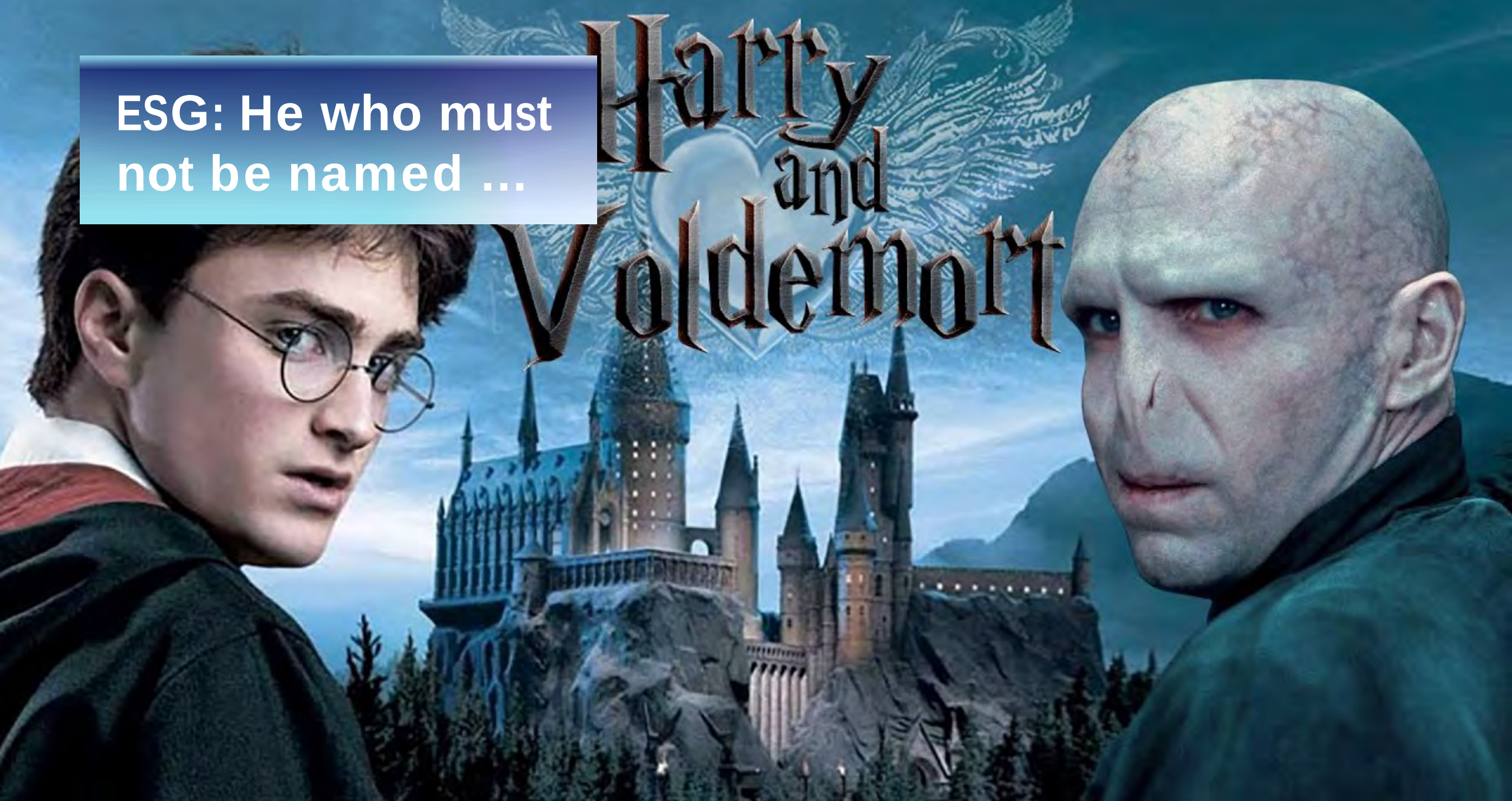


Stakeholder Value Outperformers



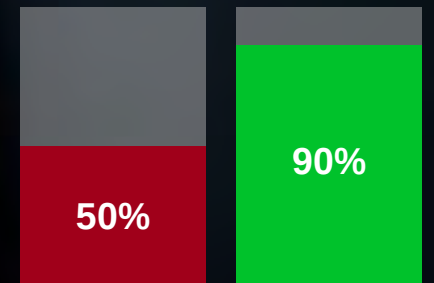
ESG: He who must
not be named ...

Harry and Voldemort



Stakeholder Value: Opportunity or Risk?

opportunity



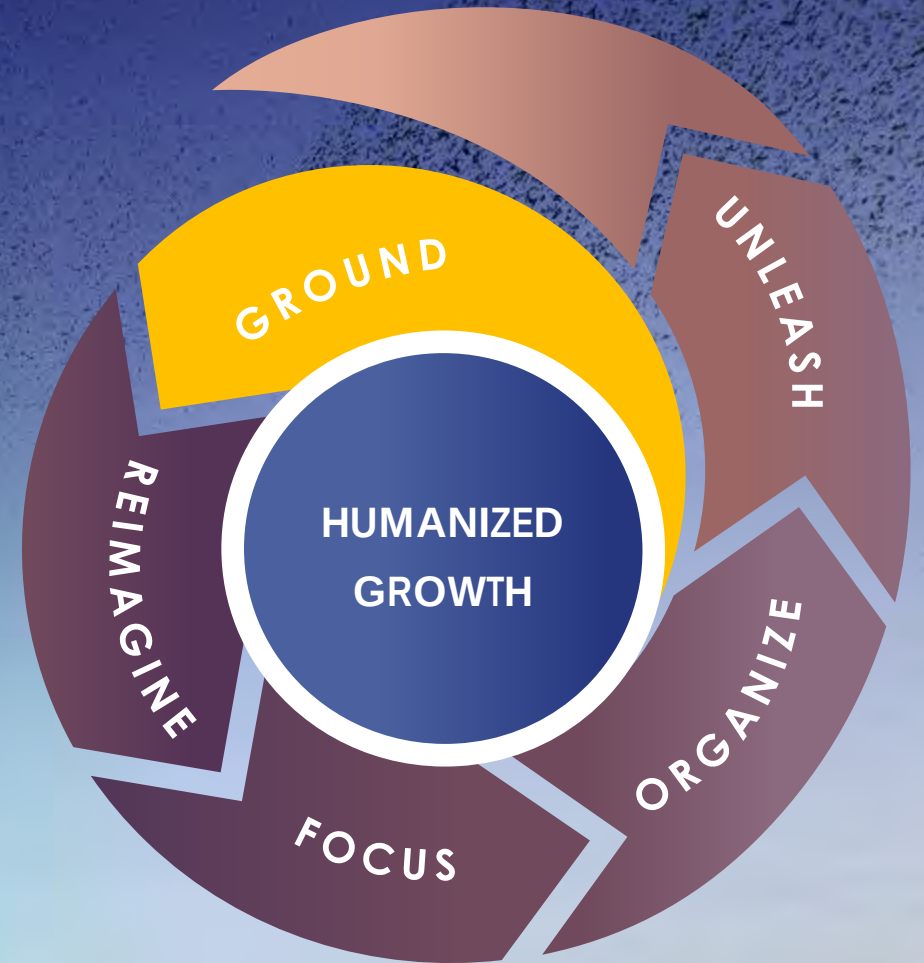
Stakeholder Value
Creation as Opportunity

Drivers of Humanized Growth



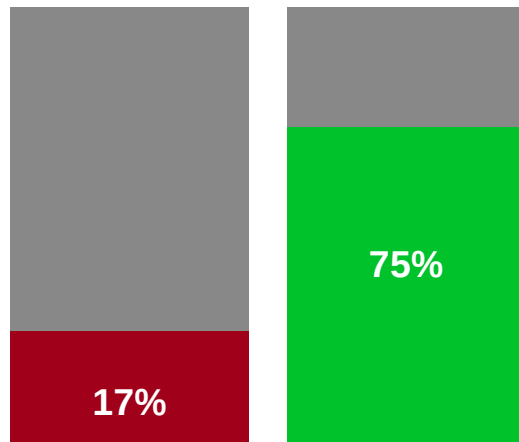
Ground

Human First





Stakeholder Understanding



Understanding Stakeholders



Stakeholder Engagement

NEXT BREAKER

HARGENRADER

ABOUT SEX! INTIMACY AND DIABETES

DEEPTalk



DEEPTalk

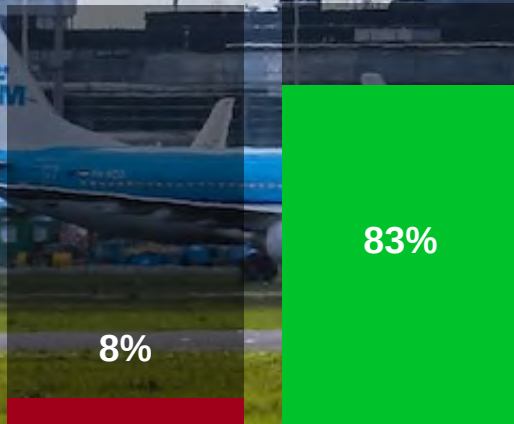
10%

63%

Engaging stakeholders



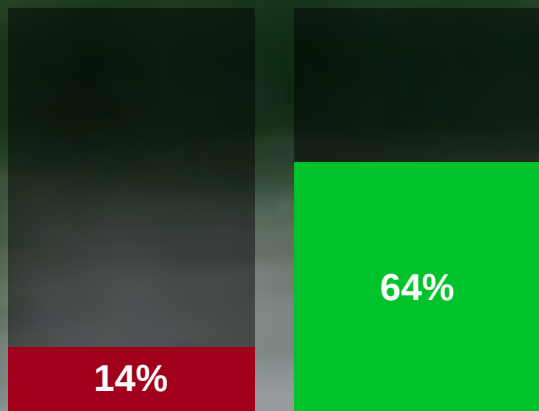
Stakeholder Representation



Represent stakeholders in decision making



Transparency in results



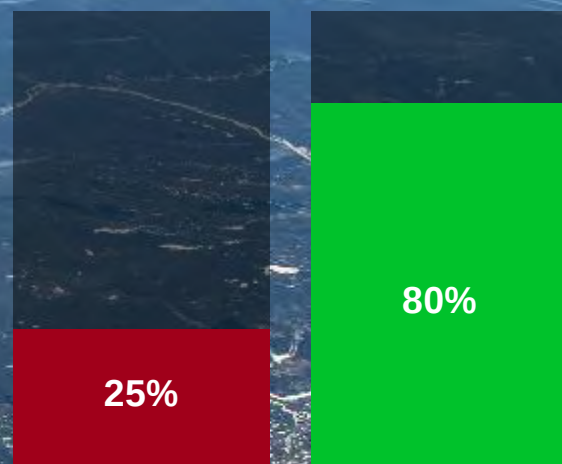
Willingness to share good and bad news

Reimagine

*Future Backward &
Aspiring Role*



Zooming out



Long term focus



Utopian Vision of the Emerging Future





Dystopian Vision of the Emerging Future



Embrace the Good and Bad

**Clean up
your mess,
Shell!**

GREENPEACE

**WE'VE ALWAYS
BEEN CRAZY
ABOUT
COFFEE.
NOW WE'RE CERTIFIED.***



***100% OF OUR ESPRESSO BEANS ARE NOW
FAIRTRADE CERTIFIED.**

IT'S NOT JUST COFFEE. IT'S STARBUCKS.



A FUTURE MADE IN AMERICA



Aspirational Role for the Company



28%

92%

I am proud of my company's
purpose

Back to Basics

WE ARE RESPONSIBLE TO OUR EMPLOYEES WHO WORK WITH US THROUGHOUT THE WORLD. WE MUST PROVIDE AN INCLUSIVE WORK ENVIRONMENT WHERE EACH PERSON MUST BE CONSIDERED AS AN INDIVIDUAL. WE MUST RESPECT THEIR DIVERSITY AND DIGNITY AND RECOGNIZE THEIR MERIT. THEY MUST HAVE A SENSE OF SECURITY, EMPLOYMENT AND PURPOSE IN THEIR JOBS. COMPENSATION MUST BE FAIR AND ADEQUATE AND WORKING CONDITIONS CLEAN, ORDERLY AND SAFE. WE MUST SUPPORT THE HEALTH AND WELL-BEING OF OUR EMPLOYEES AND HELP THEM FULFILL THEIR FAMILY AND OTHER PERSONAL RESPONSIBILITIES. EMPLOYEES MUST FEEL FREE TO MAKE SUGGESTIONS AND COMPLAINTS. THERE MUST BE EQUAL OPPORTUNITY FOR EMPLOYMENT, DEVELOPMENT AND ADVANCEMENT FOR THOSE QUALIFIED. WE MUST PROVIDE HIGHLY CAPABLE LEADERS AND THEIR ACTIONS MUST BE JUST AND ETHICAL.

OUR RESPONSIBILITY IS TO MAKE A SOUND PROFIT. WE MUST DEVELOP, RESEARCH MUST BE CARRIED ON, INNOVATION MUST BE PAID FOR. NEW EQUIPMENT MUST BE PURCHASED, NEW FACILITIES PROVIDED AND NEW PRODUCTS LAUNCHED. RESERVES MUST BE CREATED TO PROVIDE FOR ADVERSE TIMES. WHEN WE OPERATE ACCORDING TO THESE PRINCIPLES, THE STOCKHOLDERS SHOULD REALIZE A FAIR RETURN.

Johnson & Johnson

a.k.a. Corporate Purpose



Harvard
Business
Review

Subscribe

Sign In

Business And Society

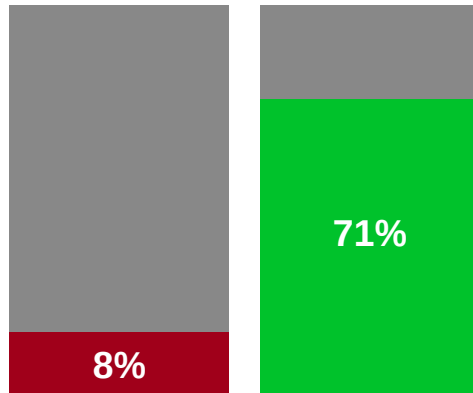
What Is the Purpose of Your Purpose?

Your why may not be what you think it is. by Jonathan Knowles, B. Tom Hunsaker, Hannah Grove, and Alison James

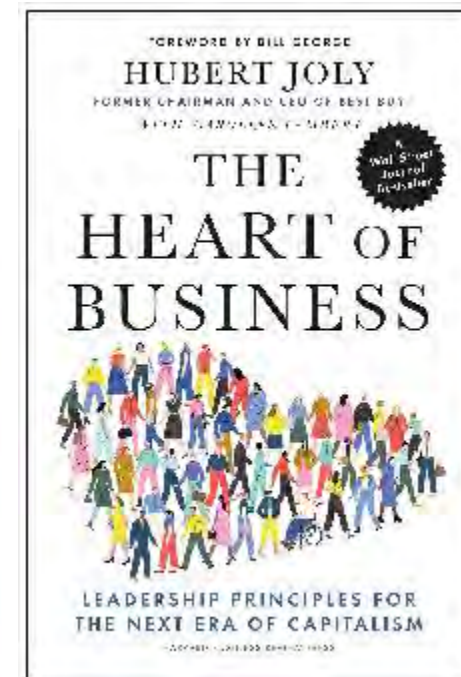
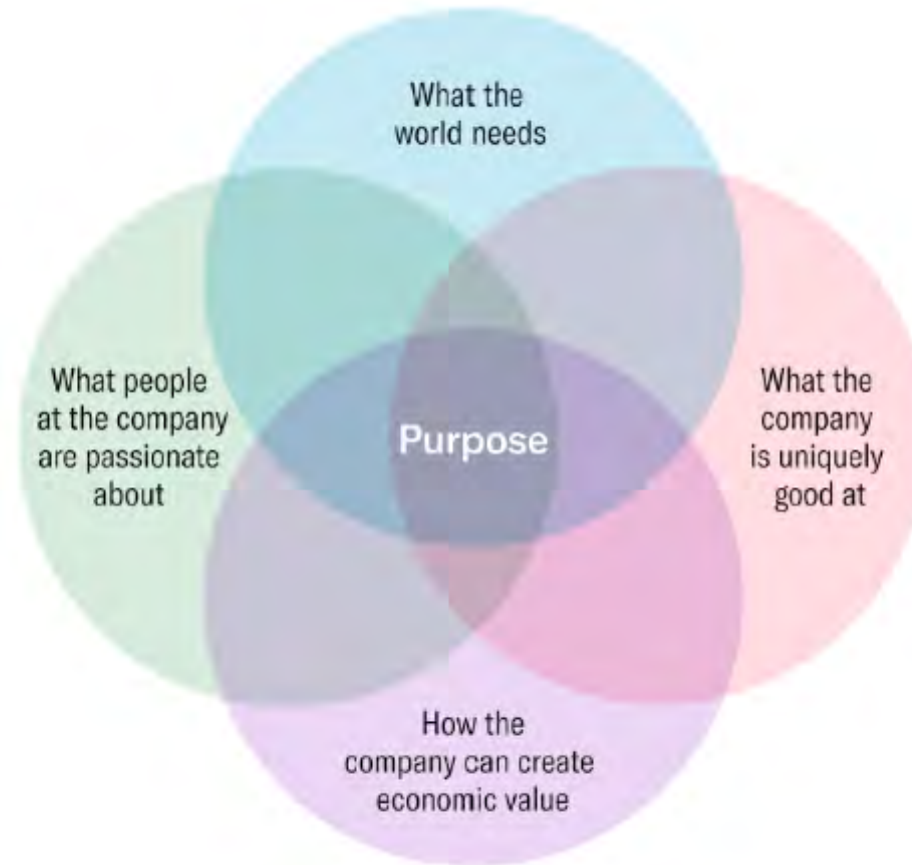
From the Magazine (March-April 2022)



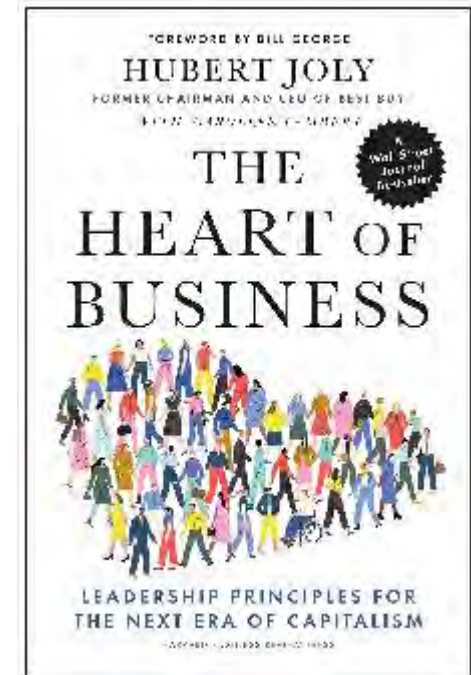
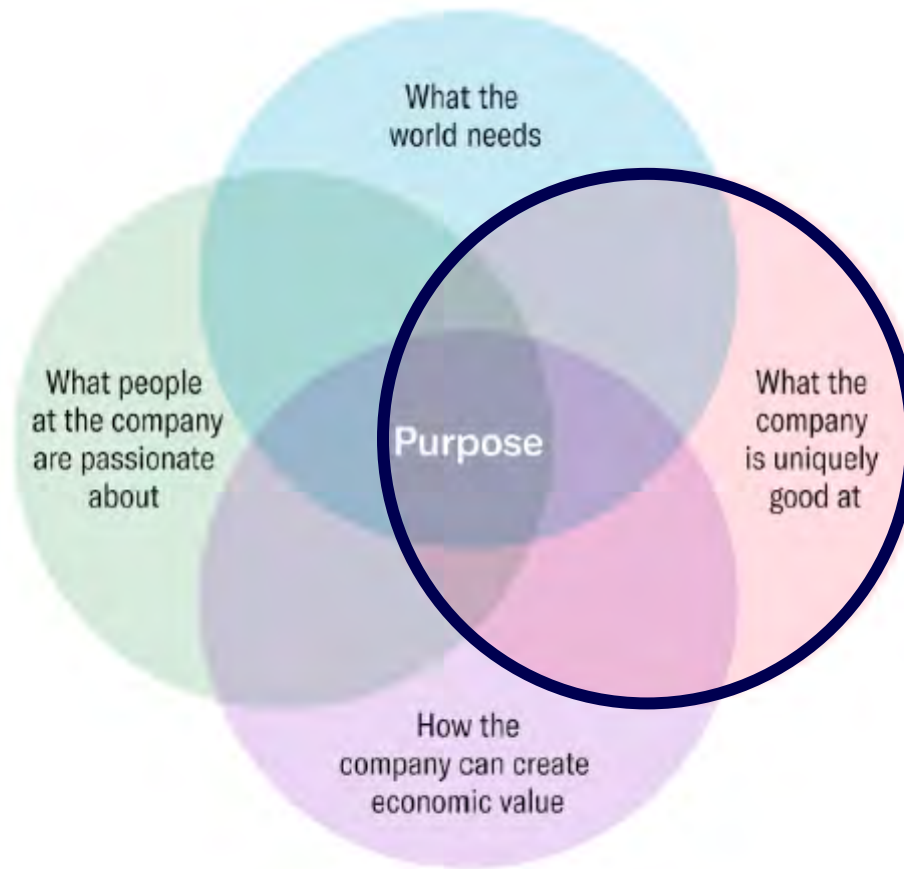
Strategic Purpose as Strategic Filter



In my company, the purpose guides all strategic decision-making



Strategic Purpose



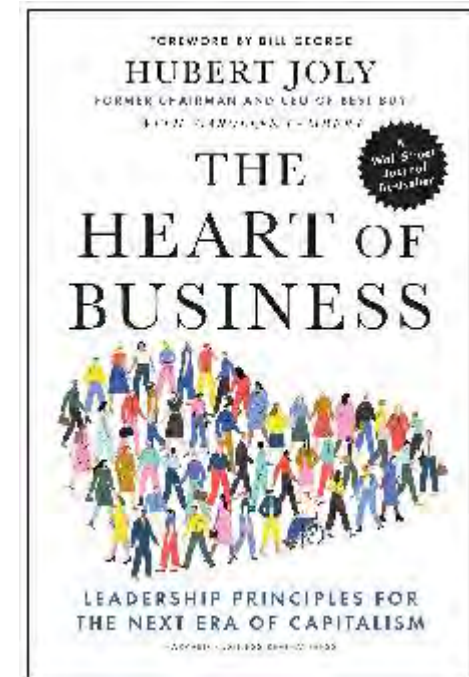
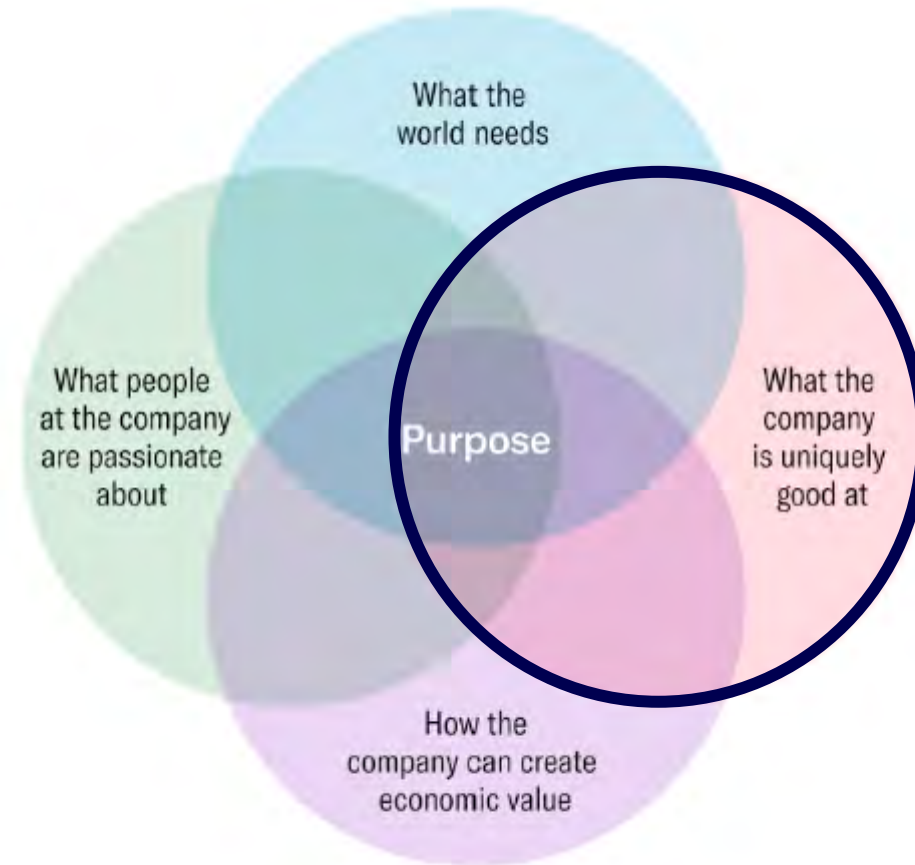
Competency Based Purpose



Unlocked



Strategic Purpose

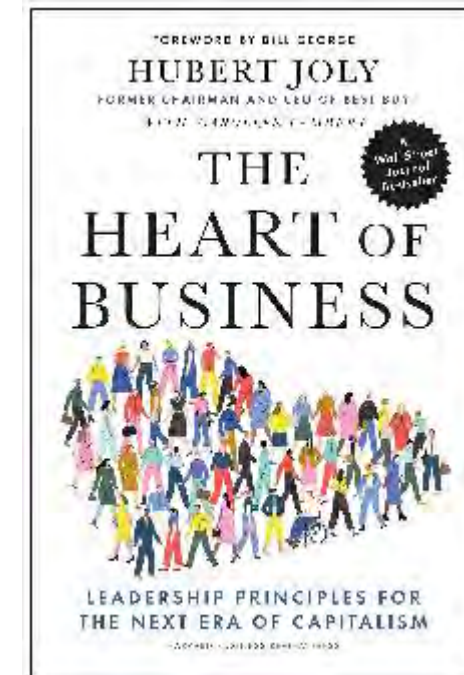
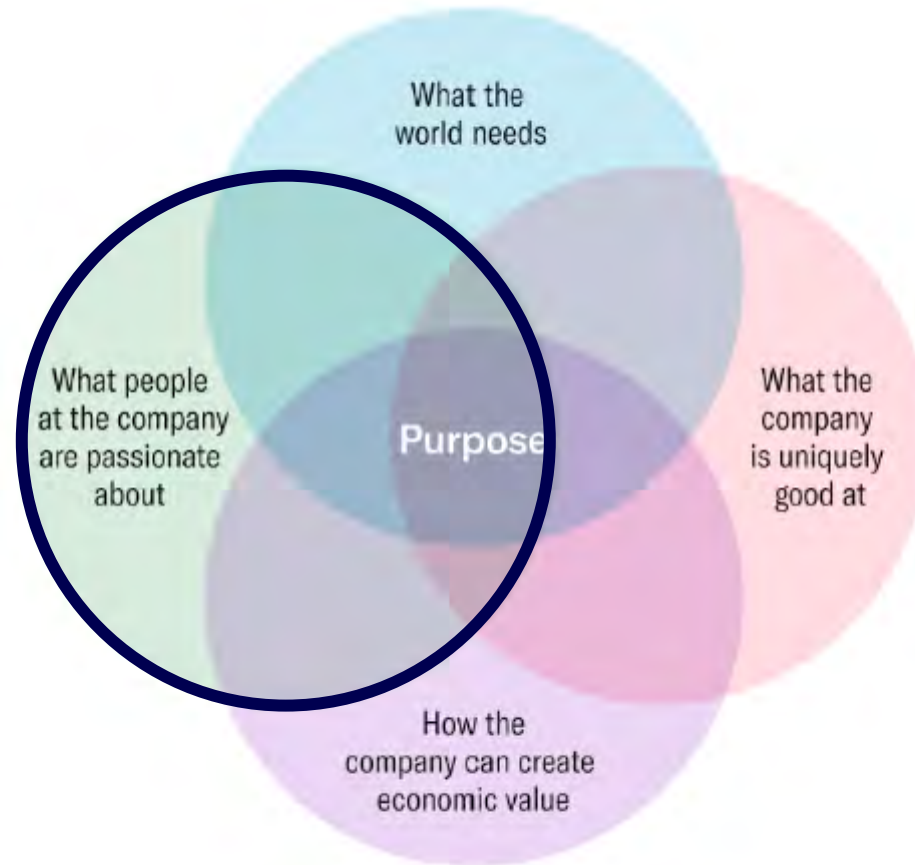


20 22 | BERKSHIRE HATHAWAY

ANNUAL SHAREHOLDERS MEETING



Strategic Purpose



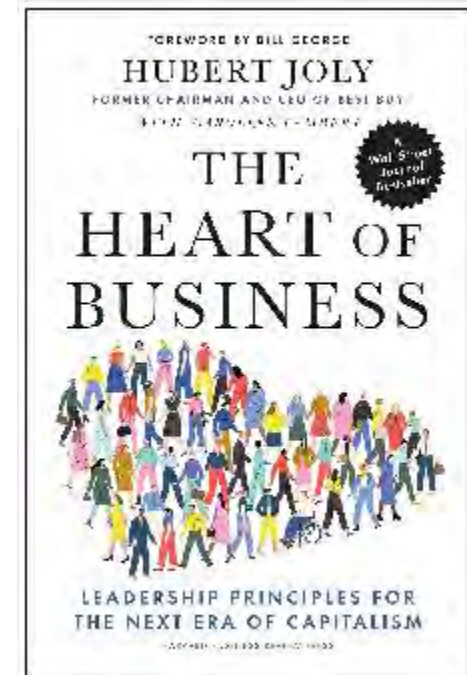
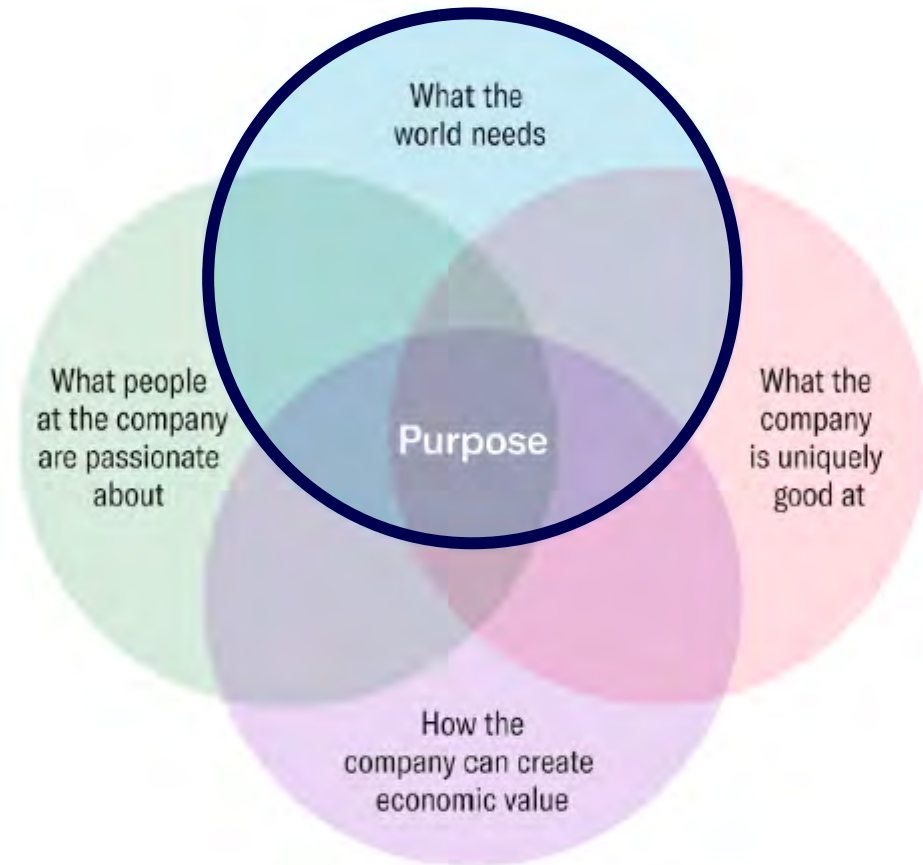
Culture Based Purpose



**The world
we want
tomorrow
starts with
how we do
business
today**
MARS



Strategic Purpose



Why Patagonia is Fighting for Public Lands

Cause
Based Purpose

patagonia



Cause Based Purpose



Connect to deep
Belief Systems



MIND, HEART, WILL

Servicing the
community



Rooted in Company DNA

Believe in something.
Even if it means sacrificing everything.

 Just do it.





Not Marketing / Comms Brand Tactics



Or just a new
Advertising Campaign

Focus

*Holistic Strategy
& Adaptive Change*





Earth is now our only shareholder.

If we have any hope of a thriving planet—much less a business—it is going to take all of us doing what we can with the resources we have.

This is what we can do.

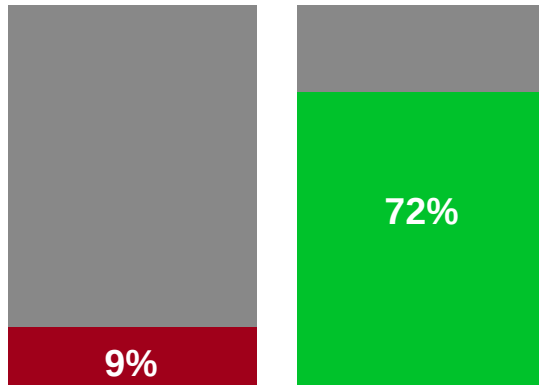
By Yvon Chouinard

**Prioritizing
Stakeholders**



Define Value Per Stakeholder

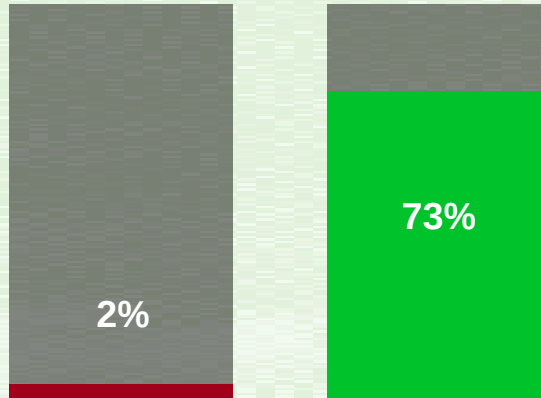
MARS



Value Creation strategy across
all Stakeholders



Holistic Strategy Value Creation



In my company, Corporate Social Responsibility (CSR) is aligned with the overall value-creation strategy



The Dole Promises	
That change	
How we are structured	
How we innovate	
How we package	
How we drive supply chains	
How we measure success	
How we incentivize	
How we grow	
Dole	

Integrated Perspective



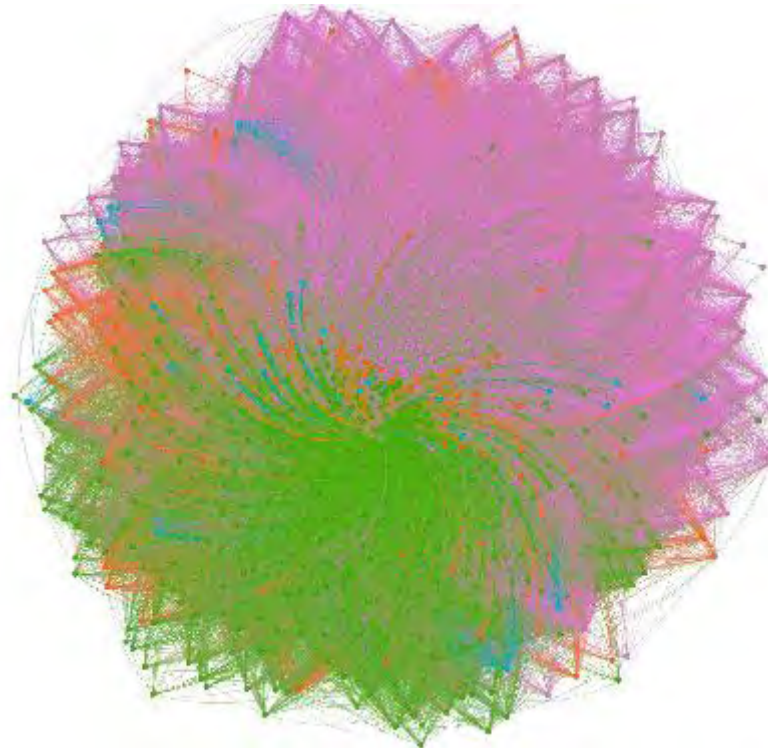
Work, team, business, career , opportunity



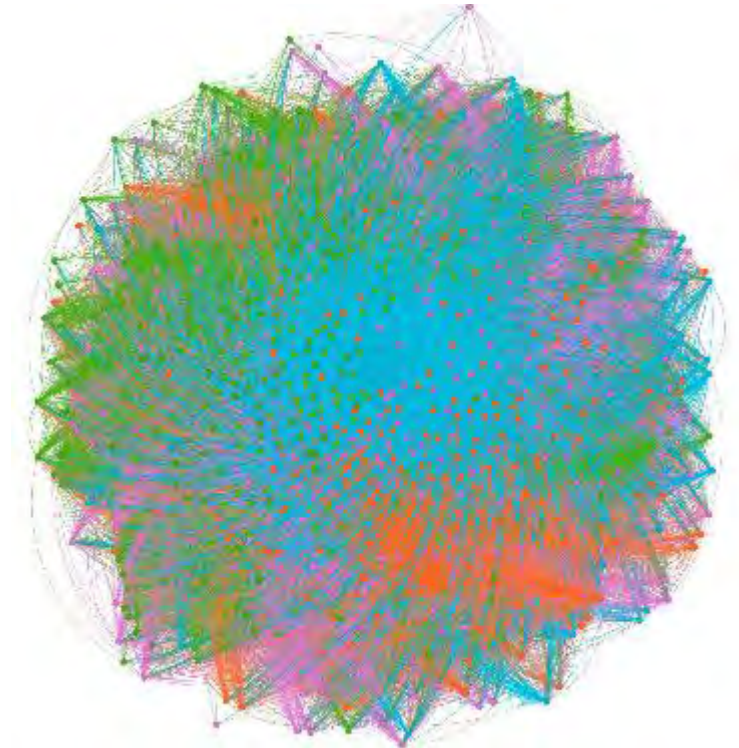
Growth
Stakeholder
Value
Profit
Engagement

Impact

N=97,837 tweets
N=19,952 LinkedIn posts



Overperformers
2 Classes



Underperformers
4 Classes

Not Whack-A-Mole



We will travel again.

Address ST issues
in context of LT

Marriott
INTERNATIONAL





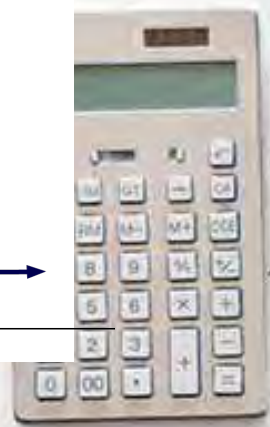
Focus on areas of
Adaptive Change

Orsted



Perform

Transform



Courage to define
what to STOP



The New York Times

CVS Stores Stop Selling All Tobacco Products

THE WALL STREET JOURNAL

CVS Renames Itself CVS Health as It Ends Sale of Tobacco Products

Educate Stakeholders on value created



THE EVERLANE STREET SHOE - NUBUCK

Transparent Pricing

We believe customers have the right
to know what their products cost to make,



New and Shared KPIs



With
New KPIs

charles SCHWAB



TheLayoff.com



glassdoor



KPIs for Measuring Intangibles





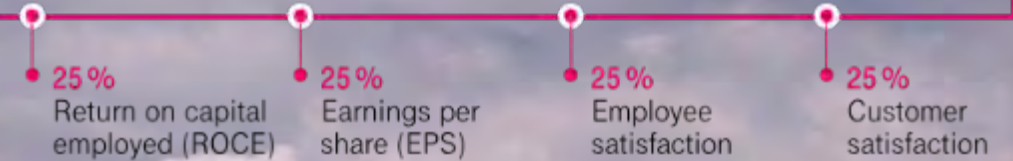
Aligned Incentive Plans

Performance-related compensation components



Variable II (LTI)

Long-term variable performance-based remuneration



61%

10%

Shared targets and KPIs

Reporting Resistance

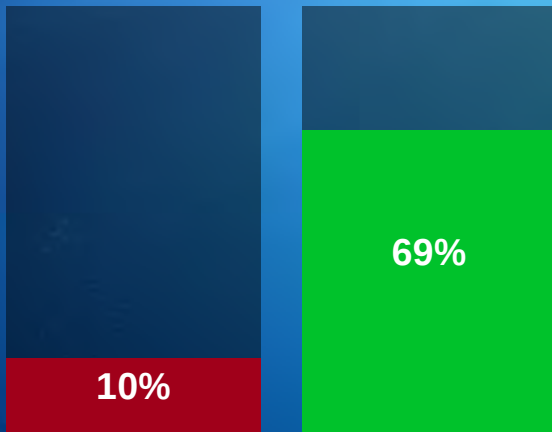


Organize

Interdependence

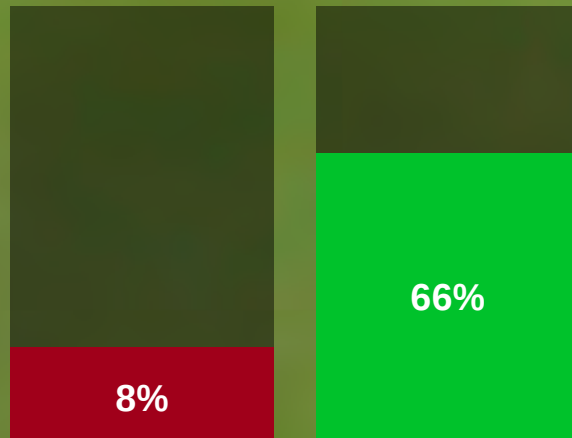


Driving Systemic Change



Systemic change to drive stakeholder value

Recognizing Interdependencies



Working Interdependently



Across functions & Departments





Empowering Closer Colleagues

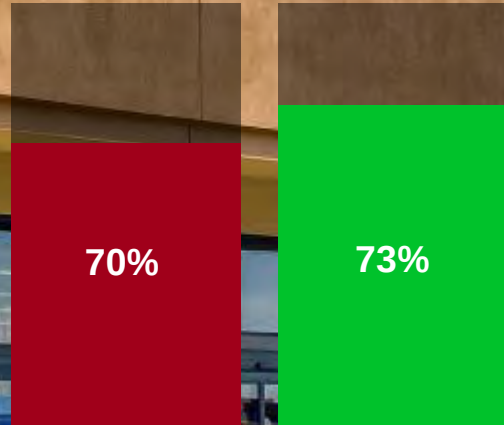


71%

25%

Colleagues closer to stakeholders are empowered to act for the business

Industry Peer Collaboration



Industry Collaboration



NGO Collaboration



Good for People
Good for the Planet

48%

54%

Govt Public Institutions
Collaboration



Government Collaboration

This is a public service message from Lifebuoy

48%

67%

Government & Public Institutions Collaboration



*Washing hands with soap and water or use of an alcohol-based hand sanitizer is one of the World Health Organization recommended measures to help reduce risk of Coronavirus infection.

AD Please follow additional guidelines recommended by health authorities like W.H.O. & C.D.C. / local health authorities

Unleash

Role Modelling

Da Vinci Leadership



Da Vinci Humanized Growth Leader Profile

SpencerStuart

THE B TEAM ▶

Create space for
all people & ideas



Listening Differently



Authenticity and Empathy



Trust



Cybersec

Vulnerability



▶ **WD-40 COMPANY**

Humility & Servant Leadership



FOX
BUSINESS

WD-40 SALES IN 3Q ▲ 15% Y/Y

▶ **FOX BUSINESS ALERT**

NAS 13,726.63 ▲ 41.15 +0.30% | **RUSS 2K** 1,910.22 ▲ 14.96 +0.79%
LAST TRADES ▶ **CO (FAST)** 58.77 ▼ 0.08 | **EXXONMOBIL (XOM)** 105.85 ▲

DOW

34,189.22
▲ 244.82
+0.72%

Leading an Ecosystem



Agility and Courage



Da Vinci Humanized Growth Leader

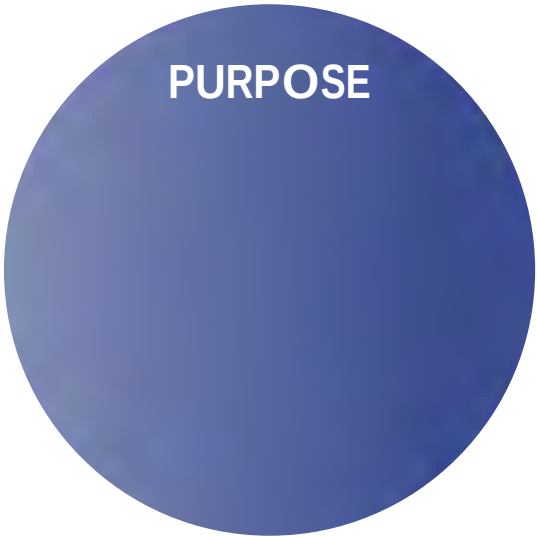


Da Vinci Purpose



SpencerStuart

THE B TEAM ▶

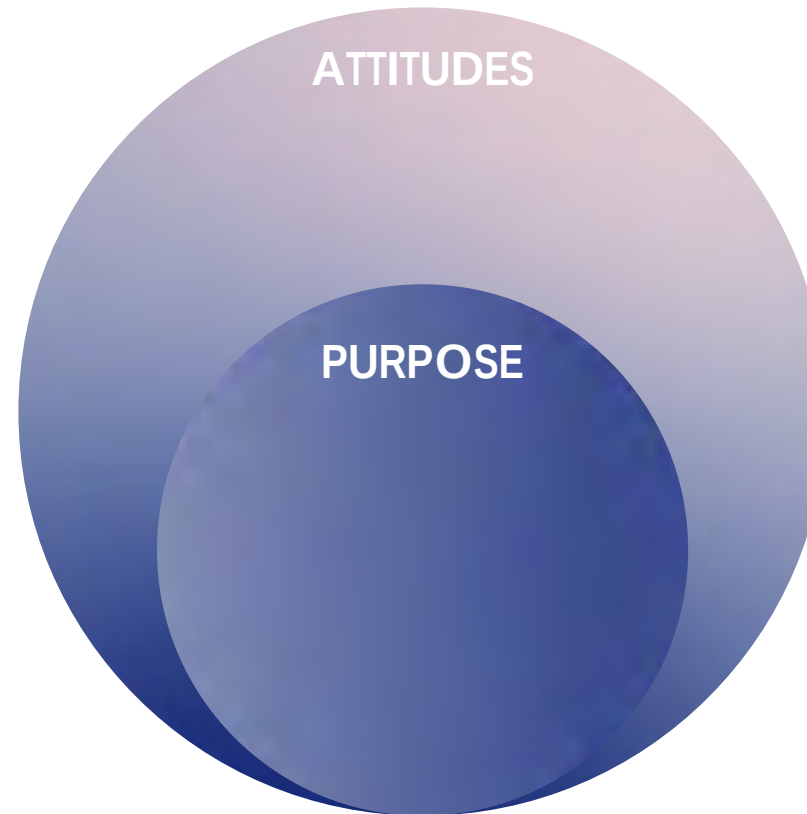


Da Vinci Attitudes



SpencerStuart

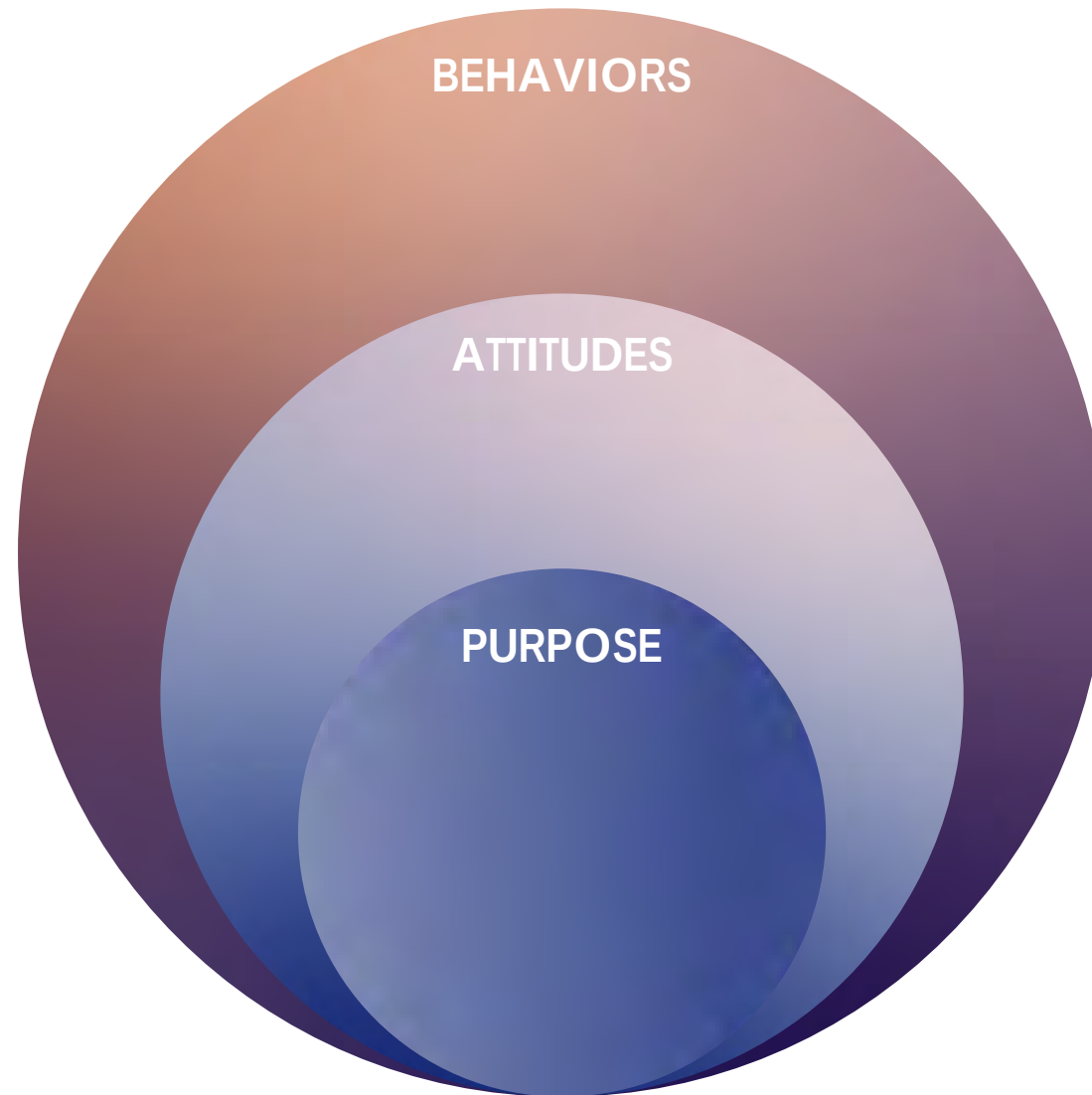
THE B TEAM ►



Da Vinci Behaviors

SpencerStuart

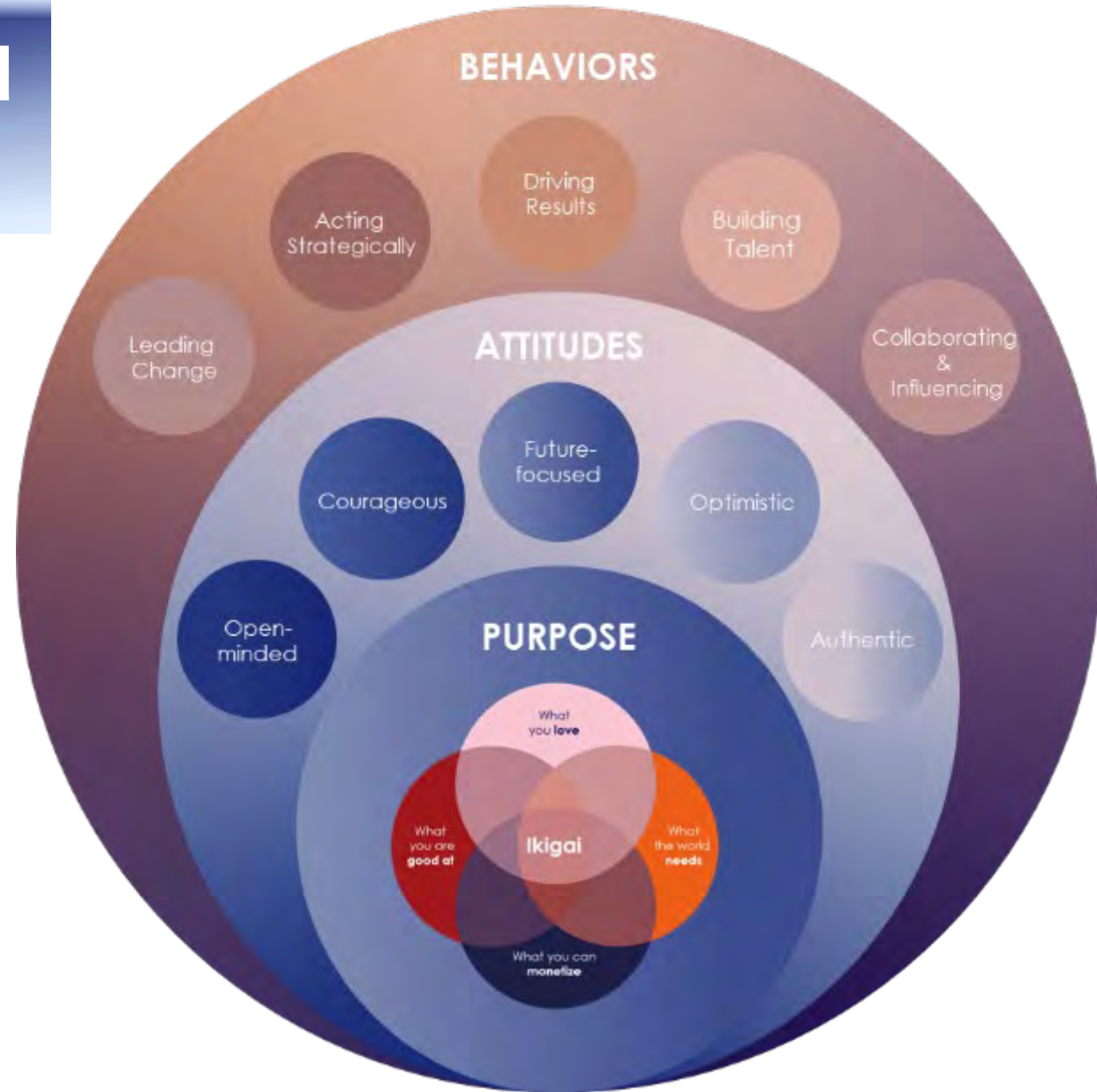
THE B TEAM ▶



Da Vinci Humanized Growth Leader

SpencerStuart

THE B TEAM ▶



Da Vinci Humanized Growth Leader Profile

SpencerStuart

THE B TEAM ▶

Da Vinci Humanized Growth Leader

ATTITUDES

How you think and feel

Open-minded

- Transparent
- Curious, Learning, Adaptable
- Inclusive, Listening, Ecosystem mindset

Courageous

- Unapologetic, taking a principled stand with high integrity
- Grounded in reality
- Bold, willing to make big bets

Future-focused

- Visionary with clarity
- Intentional
- Resilient

Optimistic

- Positive outlook
- Can-do mentality
- Trusting

Authentic

- Approachable, Humble
- Empathetic, kind
- Vulnerable

BEHAVIORS

BEHAVIORS

How you deliver outcomes

Driving Results

- Creates reciprocal stakeholder value
- Shared holistic KPIs for sustainable impact
- Enabling innovation for growth

Acting Strategically

- Filtering all key decisions with business purpose
- Prioritizing and ringfencing strategic initiatives
- Addresses ST challenges in the context of LT strategy

Leading Change

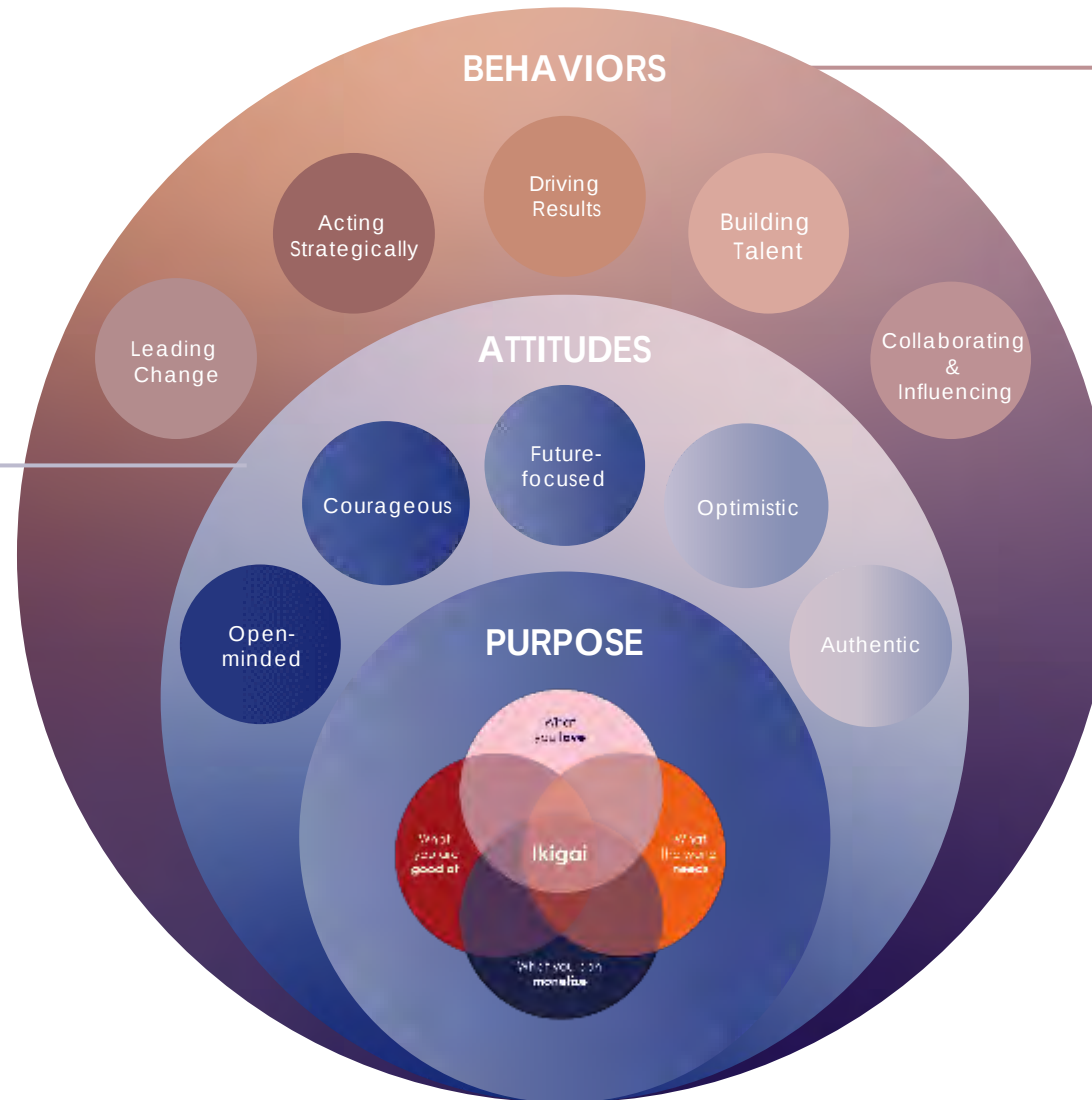
- Providing the roadmap to a future-fit state
- Driving systemic transformation
- Navigating trade-offs with transparency and grace
- Mobilizes a coalition of change leaders

Building Talent

- Servant Leadership
- Develops capability for stakeholder engagement
- Ensures representation of key stakeholder perspectives
- Promoting partnering and empowering all levels

Collaborating and Influencing

- Proactively engaging with stakeholders for win-win
- Fostering interdependence internally and externally
- Investing in relationships/team, mentoring



Thank You

Email:

impactstudy@instituteforrealgrowth.com

SpencerStuart

THE B TEAM ▶

