

# PTC'20 Power Women Breakfast Series

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**BRT PURPOSE STATEMENT AND THE ESG RISK,  
COMPLIANCE, AND CREATING LONG-TERM VALUE**

# SPEAKERS

**Tara Giunta**  
Partner  
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**Amy Marks**  
Chief Executive Officer  
XSite Modular

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# BUSINESS ROUNDTABLE STATEMENT: PURPOSE OF A CORPORATION

- Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans’
- Moves away from shareholder primacy to include all “stakeholders”:
  - Customers
  - Employees
  - Suppliers
  - Shareholders
  - Communities

# CEO ENDORSEMENTS

JPMORGAN CHASE & CO.

**“The American dream is alive, but fraying....Major employers are investing in their workers and communities because they know it is the only way to be successful over the long term. These modernized principles reflect the business community’s unwavering commitment to continue to push for an economy that serves all Americans.”**

- Jamie Dimon, Chairman and CEO of JPMorgan Chase & Co. and Chairman of Business Roundtable.



**“This new statement better reflects the way corporations can and should operate today...It affirms the essential role corporations can play in improving our society when CEOs are truly committed to meeting the needs of all stakeholders.”**

- Alex Gorsky, Chairman of the Board and Chief Executive Officer of Johnson & Johnson and Chair of the Business Roundtable Corporate Governance Committee.



**“CEOs work to generate profits and return value to shareholders, but the best-run companies do more. They put the customer first and invest in their employees and communities. In the end, it’s the most promising way to build long-term value.”**

- Tricia Griffith, President and CEO of Progressive Corporation.

# BRT PURPOSE STATEMENT

- Delivering value to our *customers*
- Investing in our *employees*
  - *“We foster diversity and inclusion, dignity and respect.”*
- Dealing fairly and ethically with our *suppliers*
- 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*

# ESG AS A COMPETITIVE DIFFERENTIATOR: INTEL

- Reportedly, Intel’s ESG journey started nearly 20 years ago.
- Continuously making the business case for sustainability and social impact policies—and how they help the company increase efficiency and performance, reduce risk and remain competitive for the long term.
  - “Outreach roadshows”
  - Multi-disciplinary approach
    - Investor relations
    - Corporate secretary
    - Corporate responsibility office

Source: “Intel Makes ESG A Competitive Advantage”, by Mary Mazzoni, CR Magazine (Summer 2019)

# INTEL (CONT'D)

- Since 2012:
  - Invested more than \$200 million in energy conservation projects in global operations
  - Result:
    - Cumulative energy savings of more than 4 billion kilowatt-hours and
    - Cost savings of approximately \$500 million through the end of 2018
- Was also among the first to publicly disclose its diversity numbers and engage with investors around inclusion strategies, with a focus on attracting and retaining top talent.
  - In 2015, the company set a goal of full representation of women and underrepresented minorities in its U.S. workforce by 2020
  - Committed \$300 million to this effort and to ***drive inclusion across the tech sector***
  - Met this goal two years early - in 2018!

# INTEL (CONT'D)

- “Publicly reporting our goals and performance has improved accountability, and allowed us to share best practices and insights with others, including our customers and suppliers...What we have found over time is that our ability to continue to drive greater efficiency and be transparent about our results has only increased in importance, as our customers and investors increase their own focus on sustainability performance and goals.”

*Suzanne Fallender, Director of Corporate Responsibility for Intel*



# BLACKROCK STATEMENT

- Sustainability as BlackRock's New Standard for Investing, noting that:
  - Increasing shift by clients to focus on the impact of sustainability on their portfolios, “driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values, and financial markets as a whole.”
  - BlackRock sent letters to companies announcing that it would make investment decisions based on environmental sustainability goals.
- Most significant relates to climate change, “not only in terms of the physical risk associated with rising global temperatures, but also transition risk - namely, how the global transition to a low-carbon economy could affect a company's long-term profitability.”

# BLACKROCK (CONT'D)

- Investment risks presented by climate change are set to “accelerate a significant reallocation of capital, which will in turn have a profound impact on the pricing of risk and assets around the world.”
- BlackRock committed to building more resilient portfolios, including striving for more stable and higher long-term returns.
- “Because sustainable investment options have the potential to offer clients better outcomes, we are making sustainability integral to the way BlackRock manages risk, constructs portfolios, designs products, and engages with companies. ***We believe that sustainability should be our new standard for investing.***”

# BLACKROCK (CONT'D)

- In the CEO letter, BlackRock noted that it

**“will be increasingly disposed to vote against management and board directors when companies are not making sufficient progress on sustainability-related disclosures and the business practices and plans underlying them.”**

-Larry Fink, Chairman and Chief Executive Officer of BlackRock.