

Presentation to the Public Affairs Council 17 February 2020



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Stakeholder Capitalism

Public Affairs

Stakeholder Relations

ESG Decision



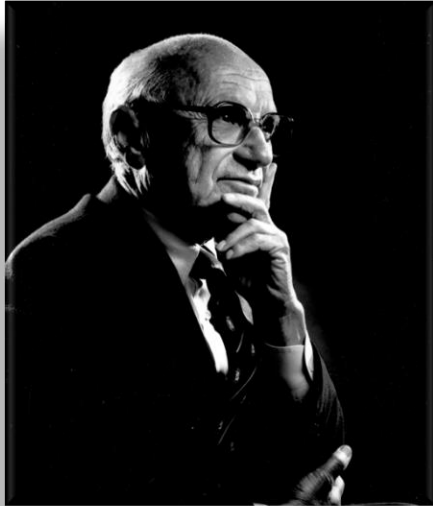
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**A shareholder is
essentially an owner
in a company**



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Shareholder Capitalism



The social responsibility of business is to increase its profits

The Friedman doctrine, also called shareholder theory or stockholder theory, is a normative theory of business ethics advanced by Nobel Prize laureate economist Milton Friedman which holds that a firm's sole responsibility is to its shareholders



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Philanthropy

Corporate Social Responsibility

ESG

Stakeholder Capitalism



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**A stakeholder is
anyone impacted by
a decision**



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United via social media, stakeholders demand organizations' co-responsibility on ESG+ pressing issues. These demands are

mobilizing businesses for stakeholder capitalism and governments for new laws and guidelines toward net-zero.



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Stakeholder Capitalism influential



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Klaus Schwab, WEF Founder, Chair



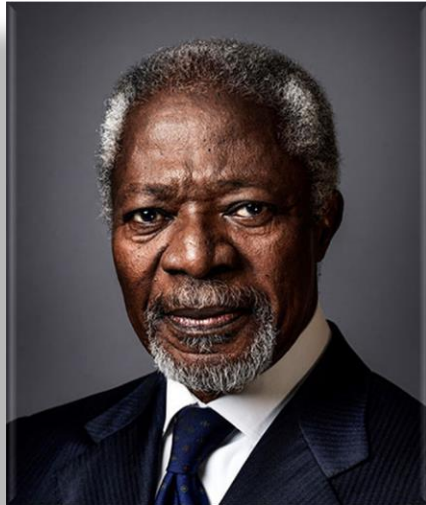
“A global economy that works for progress, people, and planet”

Stakeholder capitalism is as a system that includes all stakeholders' interests. Metrics from GRI and others: governance, planet, people, and prosperity. Ex.: Salesforce, New Zealand



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Kofi Annan, former UN SG, Peace Nobel Prize



“Let us be good stewards of the Earth we inherited”

Launched the UN Global Compact at the WEF on 31 January 1999. The UNGC is the world's largest corporate sustainability initiative. UNGC highlights: the 10 Principles and the 17 Sustainable Development Goals (SDGs)

WE SUPPORT



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Greta Thunberg



“I have learned you are never too small to make a difference”

Founded the FFF, a global climate strike movement that she started in August 2018, at 15 years old. Greta's quotes: “how dare you” at the 2018 UN Climate Change Conference – and “our house is still on fire and you're fuelling the flames” at the WEF, Davos 2020.

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Larry Fink, BlackRock, Chair and CEO



“Net zero: a fiduciary approach”.

“I strongly support moving to a single global standard, which will enable investors to make more informed decisions.” “I have great optimism about the future of capitalism and the future health of the economy – not in spite of the energy transition, but because of it”.



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The death of Breonna Taylor



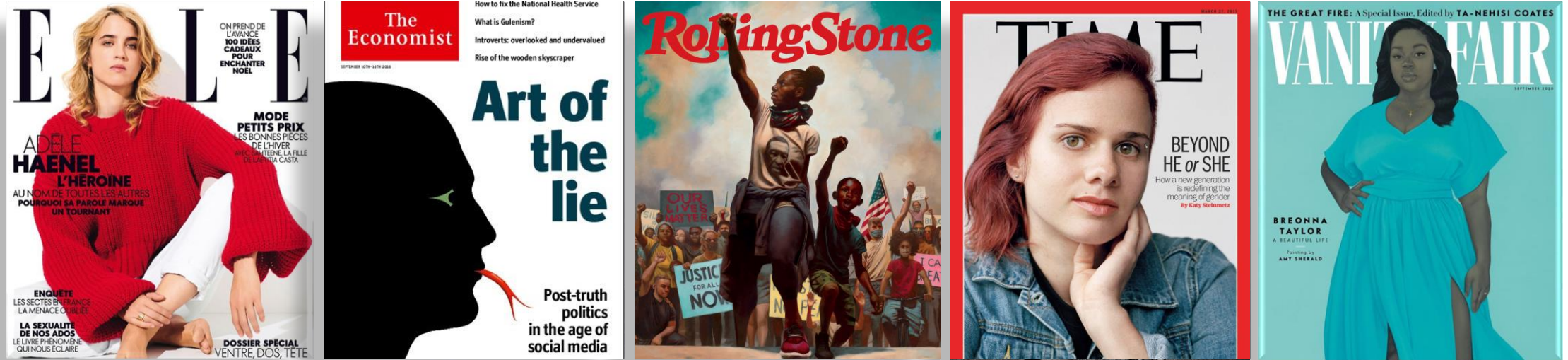
“Say her name”.

“The killing of Breonna Taylor, a black woman who was shot in her Louisville home by US police in March - has resonated around the world, with protesters demanding that the public “say her name”. Source: BBC



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Diverse issues on mainstream media



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Business and stakeholders



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Stakeholder Capitalism metrics: GRI, Big4, WEF

21 core and 34 expanded metrics and disclosures

Core metrics: A set of 21 more-established or critically important metrics and disclosures. These are primarily quantitative metrics for which information is already being reported by many firms (albeit often in different formats) or can be obtained with reasonable effort.

Expanded metrics: A set of 34 metrics and disclosures that tend to be less well-established in existing practice and standards and have a wider value chain scope or convey impact in a more sophisticated or tangible way, such as in monetary terms. They represent a more advanced way of measuring and communicating sustainable value creation.

The recommended metrics are organized under four pillars that are aligned with the SDGs and principal ESG domains **Principles of Governance, Planet, People and Prosperity.** They are drawn wherever possible from existing standards and disclosures, with the aim of amplifying the rigorous work already done by standard-setters rather than reinventing the wheel.



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Standards-setters



Climate Disclosure Standards Board (CDSB)

Global Reporting Initiative (GRI)

International Integrated Reporting Council (IIRC)

Sustainability Accounting Standards Board (SASB)



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B-Corporations



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Net-zero pledges



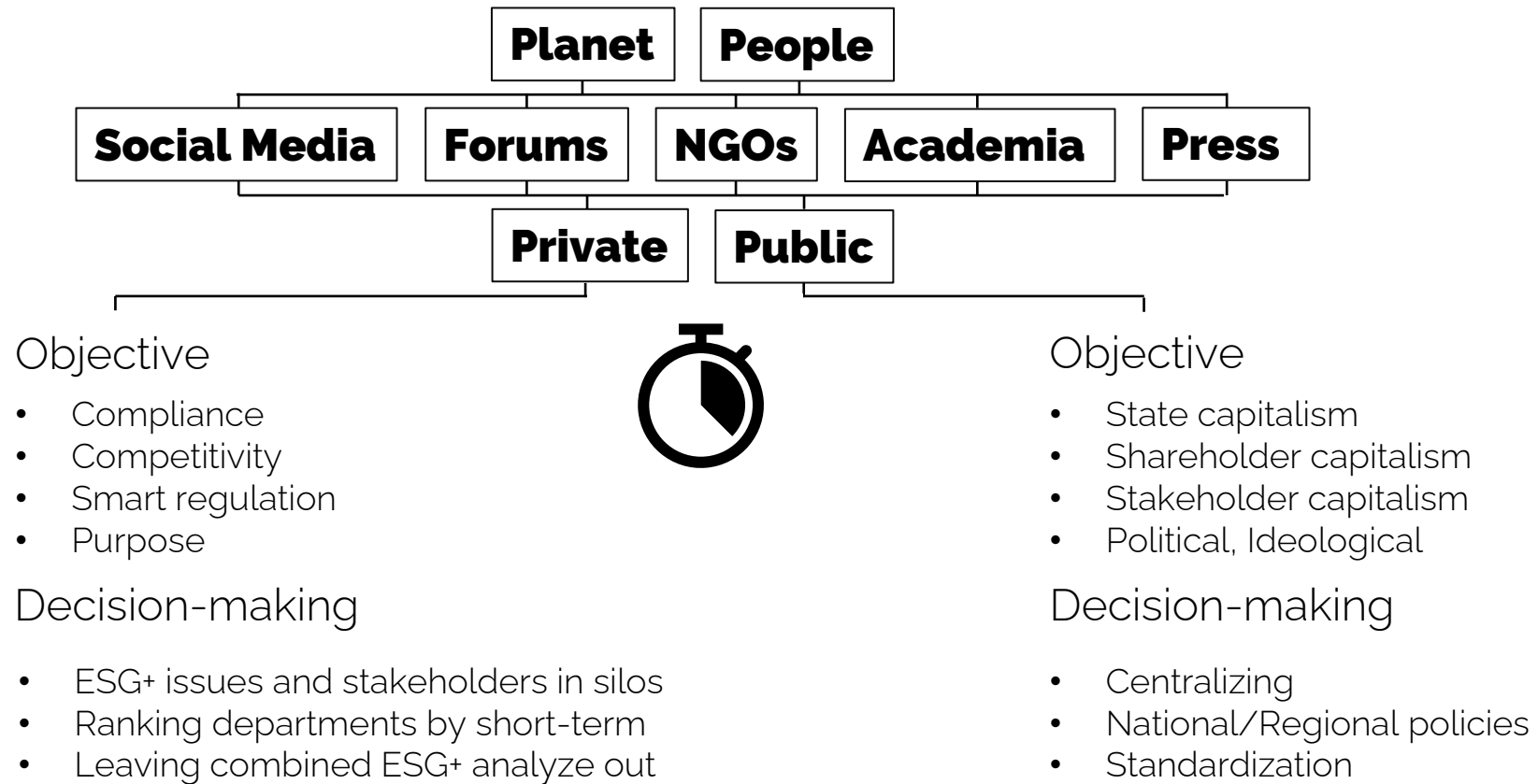
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New Rules of the Game



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Beyond political capitals

The City

Wall Street

Frankfurt

Amazon

Brussels

DC

Davos

Shanghai

Beijing

Toquio

Moscow

Wellington

Pretoria

Glasgow 2021



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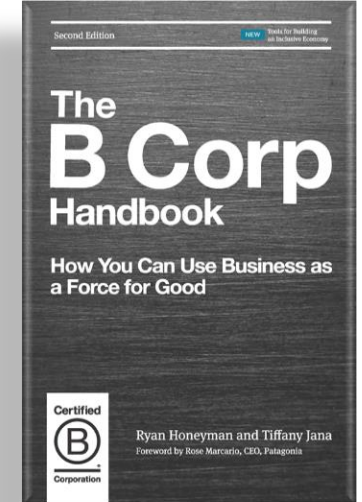
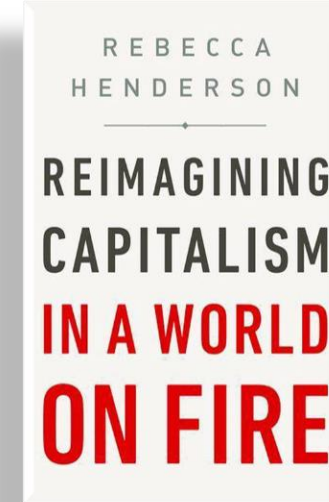
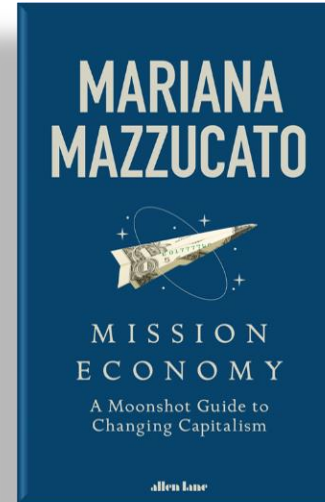
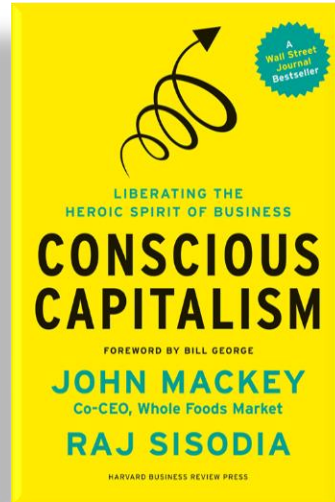
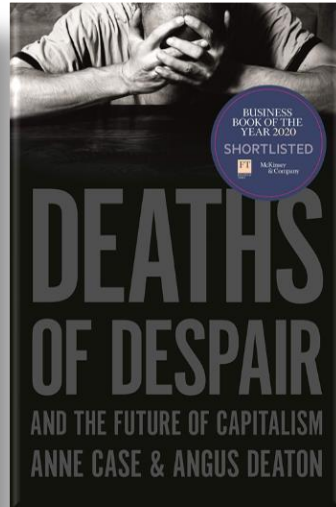
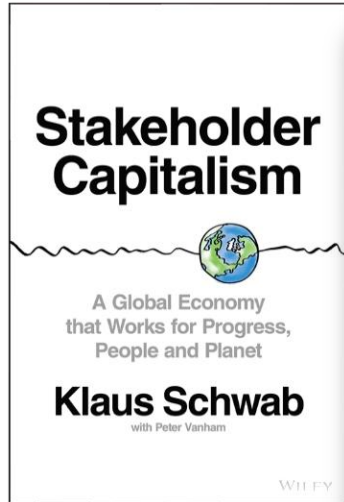
Points of observation

- **The European Commission is revising its Non-Financial Reporting Directive.**
- **The International Organization of Securities Commissions (IOSCO) has set out its intention to accelerate the harmonization of sustainability standards.**
- **The US Securities and Exchange Commission (SEC) has amended its rules to enhance human capital disclosures.**
- **The International Financial Reporting Standards (IFRS) Foundation has agreed to consult on broadening its mandate to include sustainability issues.**
- **The International Federation of Accountants (IFAC) has called for the creation of an International Sustainability Standards Board to sit alongside the International Accounting Standards Board (IASB) under the auspices of the IFRS Foundation.**



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References



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Structured discussions



**Stakeholder Capitalism
Executive Program**



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Suggestions:

- **Influence your organization to adopt an ESG+ multi-stakeholder teamwork**
- **Make sure your team and the multi-stakeholder is diverse**
- **Be agile - relevant stakeholders can raise issues very fast**
- **Advice the risks and opportunities from your stakeholders' perspectives**
- **Understand or cooperate to form your organization's policy proposal on pressing issues for your sector, region, and background (climate, diversity, equality, ethics, institutions)**
- **Know or co-develop your organization's position for international net-zero standards**



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Direct impact

Today leaders need to understand and decide on climate, inclusion, inequality, and diverse cross-departmental matters satisfying its investors, clients, employees, and other relevant stakeholders.

However, organizations are still dividing ESG issues and stakeholders into silos and ranking departments by their impact on short-term results, leaving other critical information and analysis outside the decision process.

Public Affairs represents relevant stakeholders and needs to exchange findings, forecasts, analysis, advice, and executions with investor relations, communications, HR, marketing & sales, and CSR.

All relevant stakeholder representatives need to work smoothly, continually, and unbiasedly, supported by soft and hard data, with or without universal metrics, but always with KPIs.

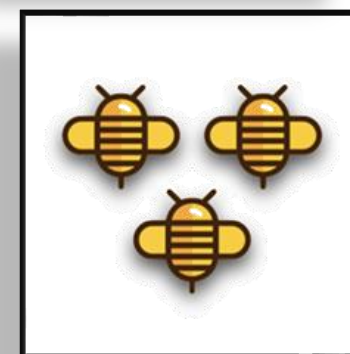
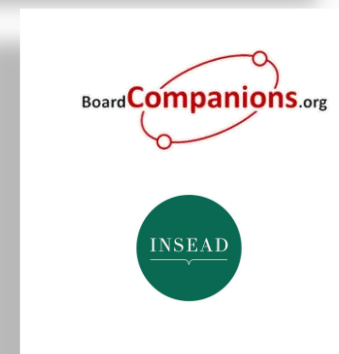
As a result, CEOs will make ESG+ well-informed, inclusive decisions.

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Alcatel-Lucent 



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5A ESG Decision

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ESG crisis management

We support you in defining measurable goals and building workable long-and short-term approaches, backed by reliable narratives and speaking points, bespoke speaker training, and specific tactical solutions.

Increase productivity

We provide practical solutions to reduce errors and duplications by consolidating your ESG multi-stakeholder communication investments across departments, measured by number of occurrences and cost reduction year after year.

Amplify public and social capital

We help you build a consistent plan for telling your ESG history to relevant stakeholders, increasing credibility among clients, employees, governments, media, communities, and others. A stakeholder's survey measures the plan.



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5A ESG Decision System

1. Adopt

a multi-stakeholder team with a full-time Chief Stakeholder Officer or a part-time committee with rotation leadership to

2. Anticipate

ESG+ risks and opportunities,

3. Analyse

a true combined strategy,

4. Act

consistently, and

5. Advance

with your teams.



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5A ESG Dashboard



Risk assessment
Crises management
Do the Right Thing
Social Image
Productivity / Competitivity

Online dashboard
Interactive
Agile
Customized
Integrated

Available May 2021



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