21st Century Capitalism: *Stakeholder Capitalism*

US Business Roundtable[1] and World Economic Forum's Davos Manifesto[2]


THE WALL STREET JOURNAL.

MARKETS

Move Over, Shareholders: Top CEOs Say Companies Have Obligations to Society

Business Roundtable urges firms to take into account employees, customers and community

JPMorgan Chase CEO James Dimon leads the Business Roundtable. He has challenged the group's shareholder-profit focus as too narrow. PHOTO: JEENAH MOON/REUTERS

[1] *Statement on the Purpose of a Corporation*, US Business Roundtable (Aug. 2019); [2] *Davos Manifesto 2020*, World Economic Forum (Dec. 2019).

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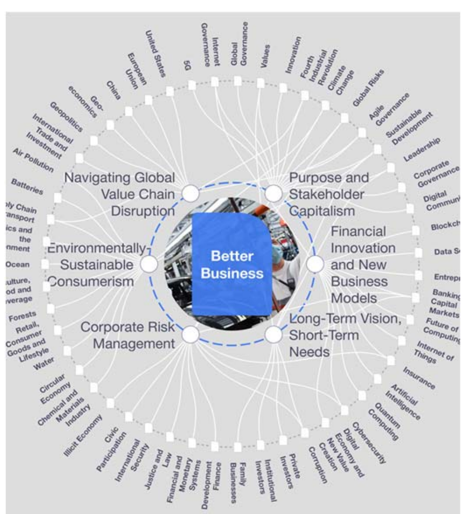
21st Century Capitalism: *Stakeholder Capitalism*

World Economic Forum's "Better Business" agenda maps considerations that companies should contemplate



Source: World Economic Forum.

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Defining ESG Issues

MSCI is one of the most widely leveraged ESG data service providers in the US financial services industry and aids investors in determining whether a company is addressing key Environmental, Social & Governance issues

MSCI

3 Pillars	10 Themes	37 ESG Key Issues	
Environment	Climate Change	Carbon Emissions Product Carbon Footprint	Financing Environmental Impact Climate Change Vulnerability
	Natural Resources	Water Stress Biodiversity & Land Use	Raw Material Sourcing
	Pollution & Waste	Toxic Emissions & Waste Packaging Material & Waste	Electronic Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building	Opp's in Renewable Energy
Social	Human Capital	Labor Management Health & Safety	Human Capital Development Supply Chain Labor Standards
	Product Liability	Product Safety & Quality Chemical Safety Financial Product Safety	Privacy & Data Security Responsible Investment Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing	
	Social Opportunities	Access to Communications Access to Finance	Access to Health Care Opp's in Nutrition & Health
Governance	Corporate Governance*	Board* Pay*	Ownership* Accounting*
	Corporate Behavior	Business Ethics Anti-Competitive Practices Tax Transparency	Corruption & Instability Financial System Instability

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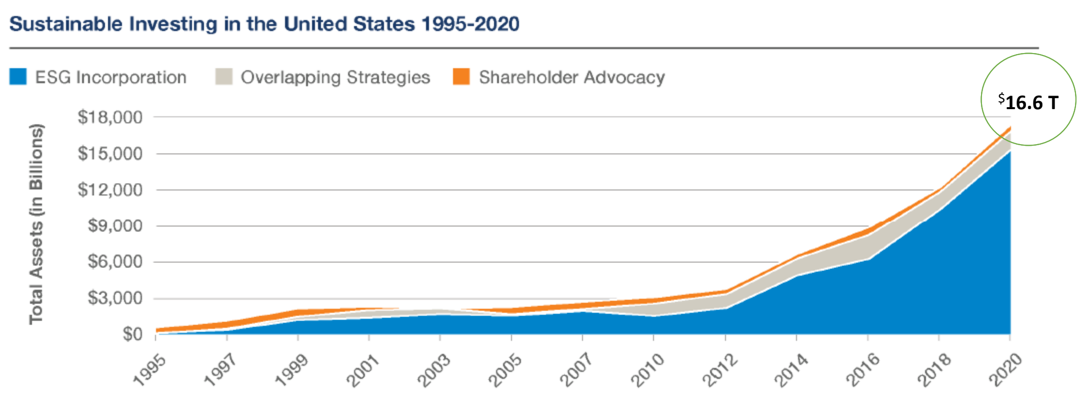
Responsible Investing

> $16 trillion in responsible investing strategies today in the United States



Source: *Fast Facts*, The Forum for Sustainable and Responsible Investment (2021).

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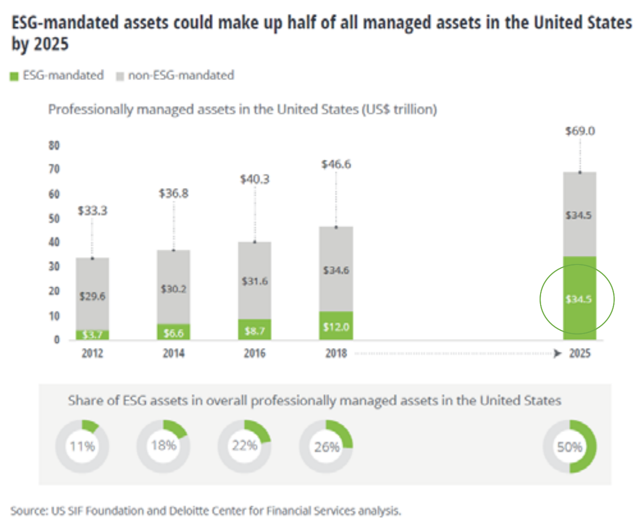
Responsible Investing

> $34T in responsible investing strategies by 2025 in the United States



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Largest Institutional Investors by Equity Assets

The top 10 institutional investors manage and vote almost $17 trillion worth of securities worldwide

Asset Manager	Value of global EUM[1] (US$ Billions, as of 12/31/2019)
Vanguard	$ 4,318
BlackRock	$ 3,815
State Street	$ 2,088
Fidelity	$ 1,765
Capital Group	$ 1,563
T. Rowe Price	$ 965
Northern Trust	$ 650
Invesco	$ 599
J.P. Morgan AM	$ 585
Geode Capital	$ 446

Vanguard, BlackRock, or State Street is the largest shareholder in 88% of S&P 500 firms[2] **88%**

Passive share of U.S. equity open-end and ETF assets is 50.15% versus 49.85% for active funds[3] **50%**

[1] *Pensions & Investments Research Center; S&P Global Capital IQ and company websites; please note that these numbers are prior to the COVID-19 market collapse in March and the rebound thereafter;* [2] *How Big a Problem Is It That a Few Shareholders Own Stock in So Many Competing Companies?*, Harvard Business Review (Feb. 22, 2019); [3] *U.S. Mutual Fund and Exchange-Traded Fund Flows*, Morningstar (Sept. 13, 2019).

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Institutional Investor Annual Letters

BlackRock

"In the near future—and sooner than most anticipate—there will be a significant reallocation of capital… [o]ur investment conviction is that sustainability, and climate-integrated portfolios, can provide better risk-adjusted returns to investors... [w]e believe that sustainable investing is the strongest foundation for client portfolios going forward."[1]

- Larry Fink | CEO

Vanguard

"ESG starts with G. [The E&S] must be overseen by a company's board… in particular, how a company's strategy and the related [E&S] risks are governed by its board."[2]

- Glenn Booraem | Head of Investment Stewardship

STATE STREET GLOBAL ADVISORS

"[W]e see that shareholder value is increasingly being driven by issues such as climate change, labor practices, and consumer product safety. We believe that addressing material ESG issues is good business practice and essential to a company's long-term financial performance—a matter of value, not values."[3]

- Cyrus Taraporevala | CEO

[1] Larry Fink 2020 CEO Letter, Blackrock (Jan. 2020); [2] What we do. How we do it. Why it matters: Vanguard's Investment Stewardship Commentary, Vanguard (May 2019); [3] CEO's Letter on our 2020 Proxy Voting Agenda, State Street Global Advisors (Jan. 2020).

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Global Investor Support

The UN Principles for Responsible Investment (UNPRI)*

PRI Principles for Responsible Investment

Over 2,300 signatories

Principle 1	*We will incorporate ESG issues into investment analysis and decision-making processes*
Principle 2	*We will be active owners and incorporate ESG issues into our ownership policies and practices*
Principle 3	*We will seek appropriate disclosure on ESG issues by the entities in which we invest*
Principle 4	*We will promote acceptance and implementation of the Principles within the investment industry*
Principle 5	*We will work together to enhance our effectiveness in implementing the Principles*
Principle 6	*We will each report on our activities and progress towards implementing the Principles*

*About the PRI, United Nations Principles for Responsible Investment (last accessed February 2021).

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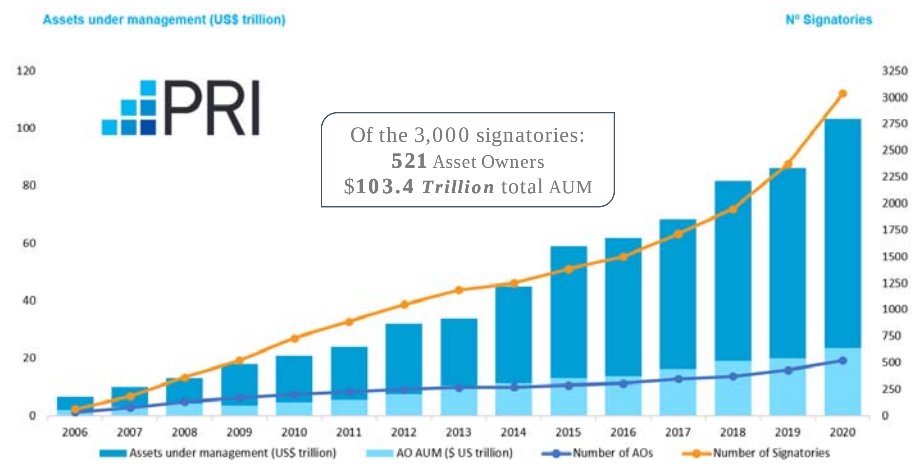
Global Investor Support

Exponential growth in UN Principles for Responsible Investment participation*



*About the PRI, United Nations Principles for Responsible Investment (last accessed February 2021).

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