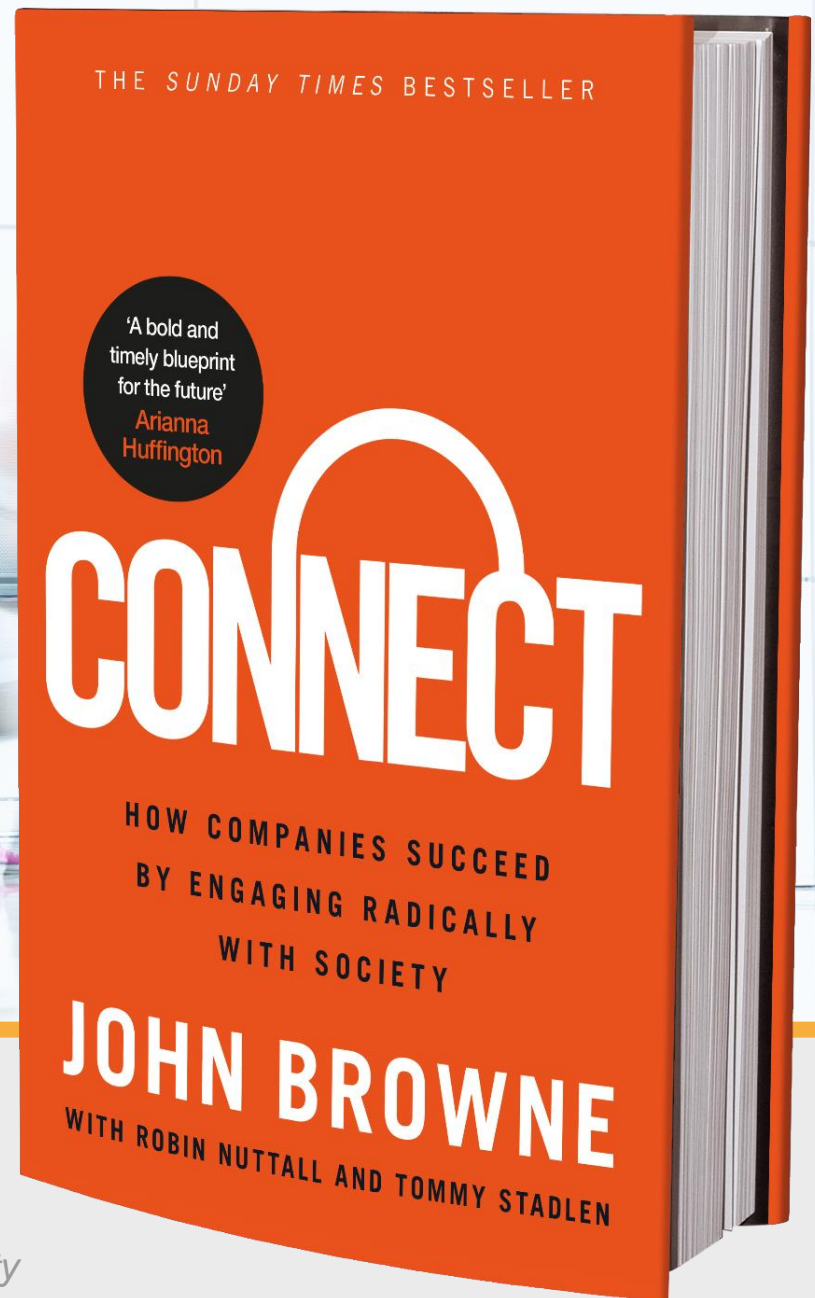


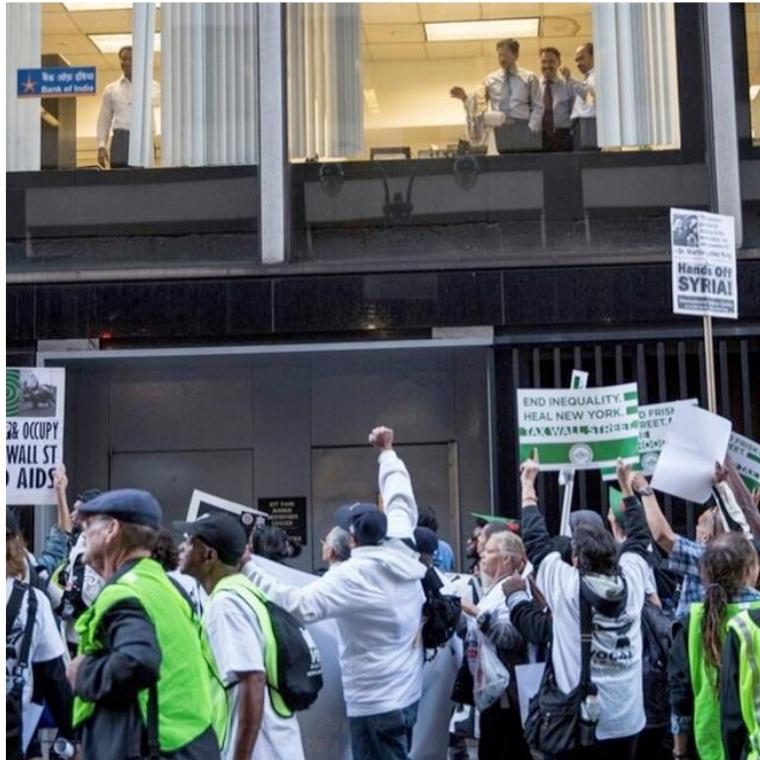


‘Shows why and how  
business must radically change’

*John Hennessy, President, Stanford University*



# Cycles of anti-business sentiment extend back over 2,000 years



N.b. Ifl between quasi-scholar, complaining of the oppressed and miserable state of the people with reactionary or fascist movements in modern times. Neither side has the olive; both are opposing the only ultimately progressive force, the merchants!

CSR has failed both companies and society  
because the initiatives are almost always  
**detached from the core commercial activities**





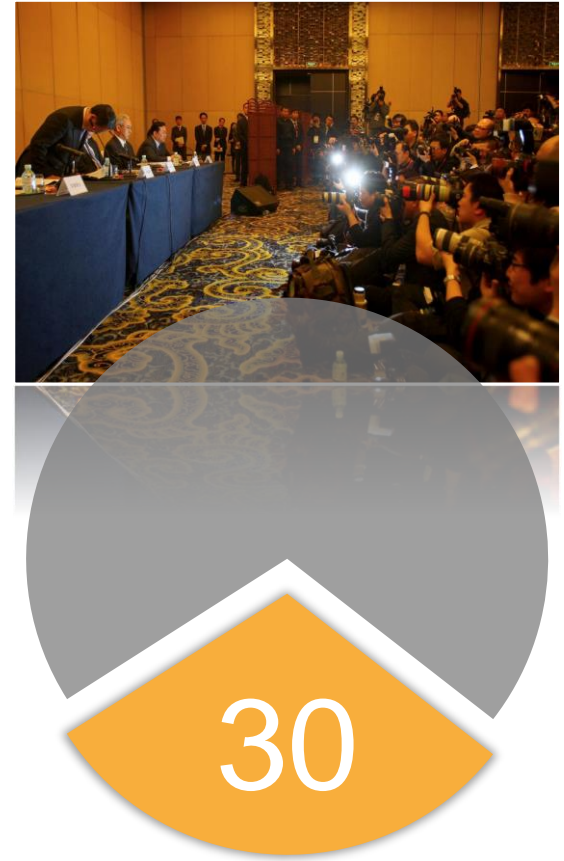
# The “30-30-30” phenomenon



30% of value  
is at stake



CEOs spend  
30% of their time  
on this issue











Less than  
30% engage  
successfully

# One third of corporate profits **are at stake**

Value at stake globally is ~\$4 trillion p.a.

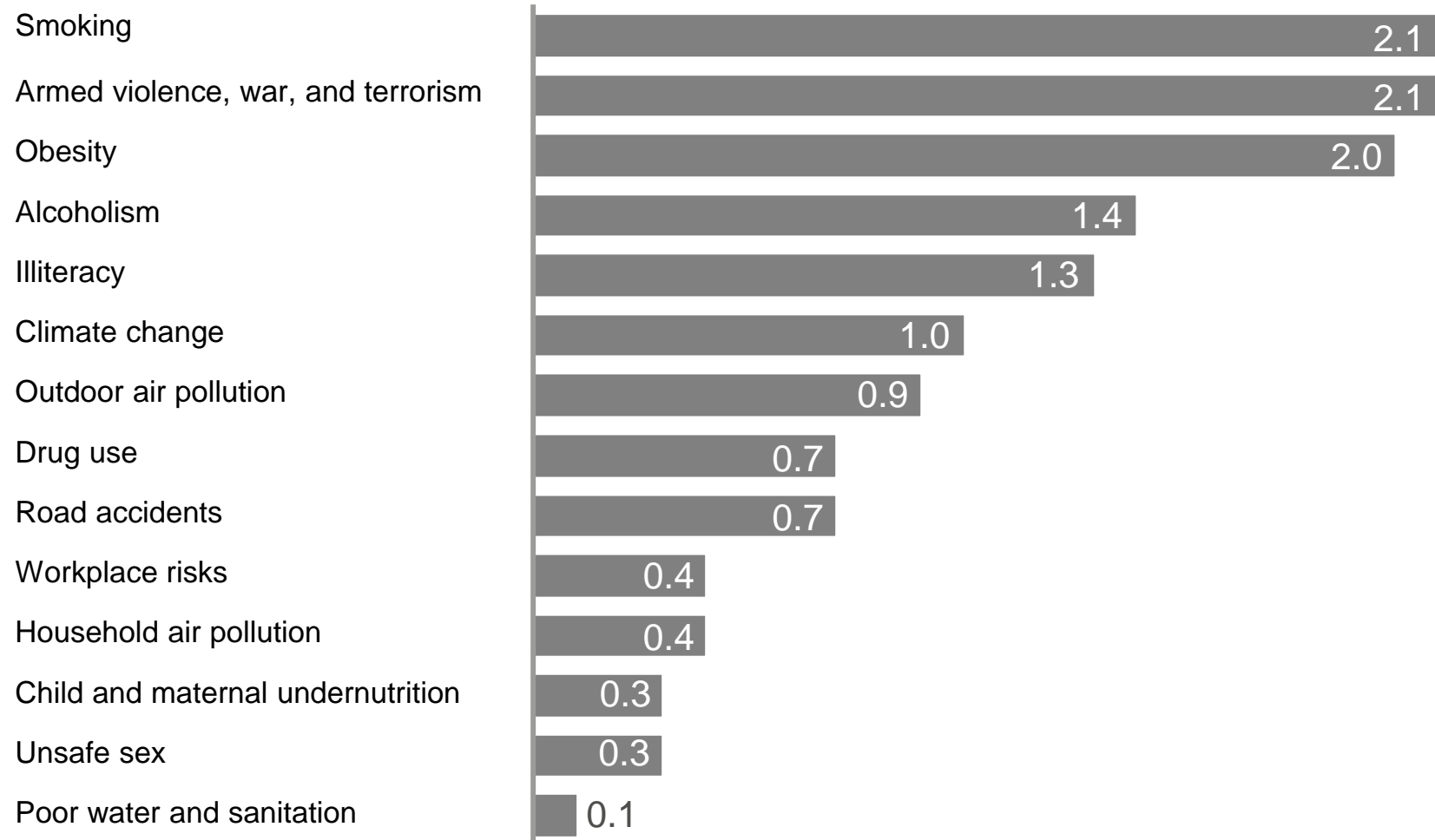
Estimated share  
of EBITDA at stake  
Percent

Banks		50–60	Capital requirements, systemic regulation ('too big to fail'), consumer protection
Consumer goods		25–30	Obesity, sustainability, food safety, health and wellness, labeling
Automotive, Aerospace and defense, Tech		50–60	Government subsidies, renewable regulation, carbon emission regulation
Pharma and Healthcare		25–30	Market access, generics regulation, pricing, funding of innovation, clinical trials
Telecom and Media		40–50	Tariff regulation, access to infrastructure, fiber deployment, licensing, spectrum
Transport, Logistics, Infrastructure		45–55	Pricing regulation, liberalization of sector
Energy and Materials		35–45	Tariff regulation, renewable subsidies, Interconnection, access rights
Resources		30–40	Land access rights, community engagement, reputation risks

# Business will be asked to play a role in solving top social burdens

Estimated annual global direct economic impact and investment to mitigate selected global burdens, 2012

**Selected global social burdens**  
\$ GDP trillion



SOURCE: McKinsey Global Institute

# Investors also emphasize social license to operate



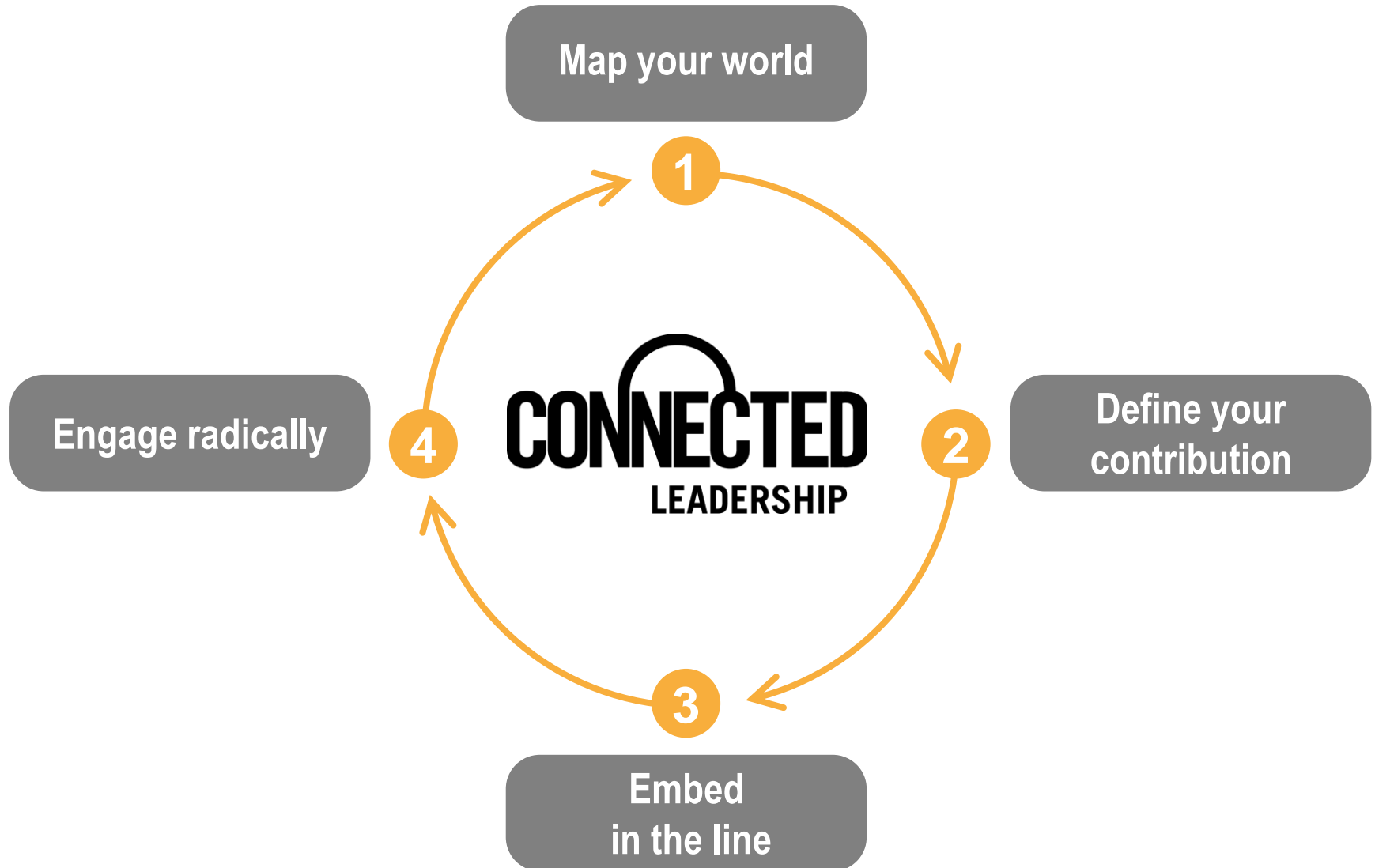
BLACKROCK®

“Society is increasingly turning to the private sector and asking that companies respond to broader societal challenges [...] without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders”

*Larry Fink*

Chairman and Chief Executive Officer  
Annual Letter to CEOs, January 2018

# The four tenets of **connected leadership**





# Map **your** world

1

Percent of executives in our survey stating somewhat or very effective

54

Quantifying the economic impact of external issues on our company

51

Quantifying the economic impact of external issues on stakeholders

- Distinguishing secular trends from fads
- Quantify value at stake
  - Near term
  - NPV
  - Reputation

# Define your contribution

2



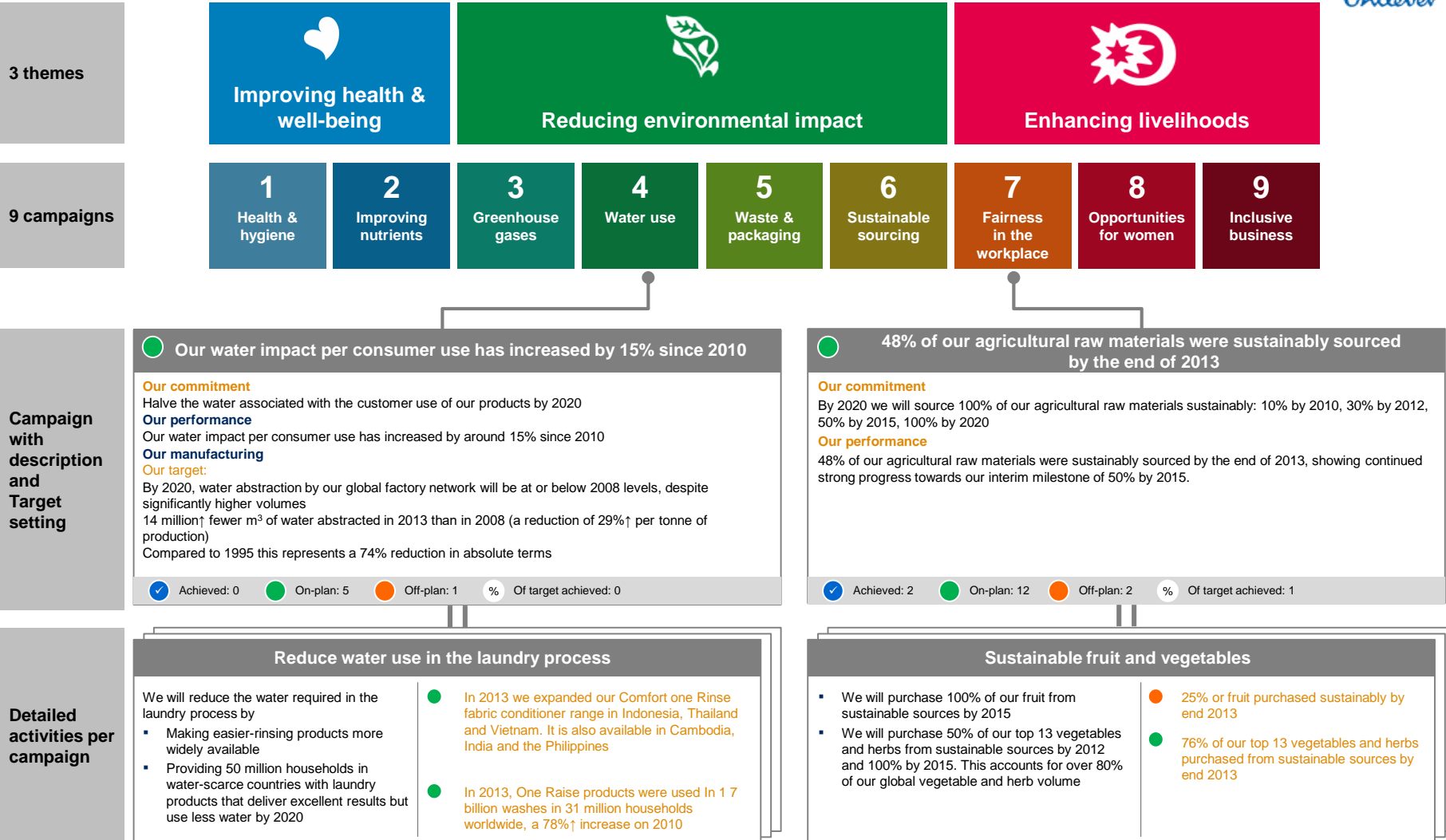
UNILEVER  
**SUSTAINABLE  
LIVING PLAN**  
SMALL ACTIONS. BIG DIFFERENCE.



**Danske** Bank

**RioTinto**

# Sustainable living plan



Unilever has structured its Sustainable Living Plan around 9 initiatives. Business leader scorecards include social contribution metrics

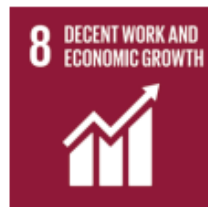
# Measuring contribution to UN SDGs



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

**Our 2017 target:**

To help 10,000 children and young people in our markets improve their financial skills in 2017.

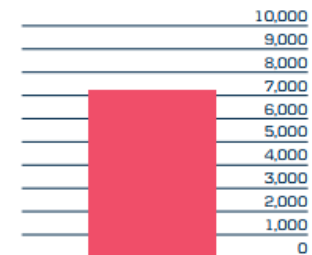


Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

**Our 2017 target:**

To support startups by facilitating applications to 2,000 startup jobs and guiding 800,000 visitors to discover Nordic startups on The Hub platforms in 2017.

2016 Performance



In 2016, 7,408 children and young people improved their financial skills by participating in Money Week, our SMART Money programme in Denmark and our Young Dreams workshop in Finland. Further, some 67 schools registered for our SMART Partnership programme in Northern Ireland.

# Embed in the line

3

Percent of executives





# Half of the top 10 capabilities are organizational

Difference in percent between most successful and all other respondents who say their company is very effective in given activity<sup>1</sup>



<sup>1</sup> Top 10 activities with largest gap between successful and other companies

SOURCE: January 2016 McKinsey Quarterly survey of 1,334 executives

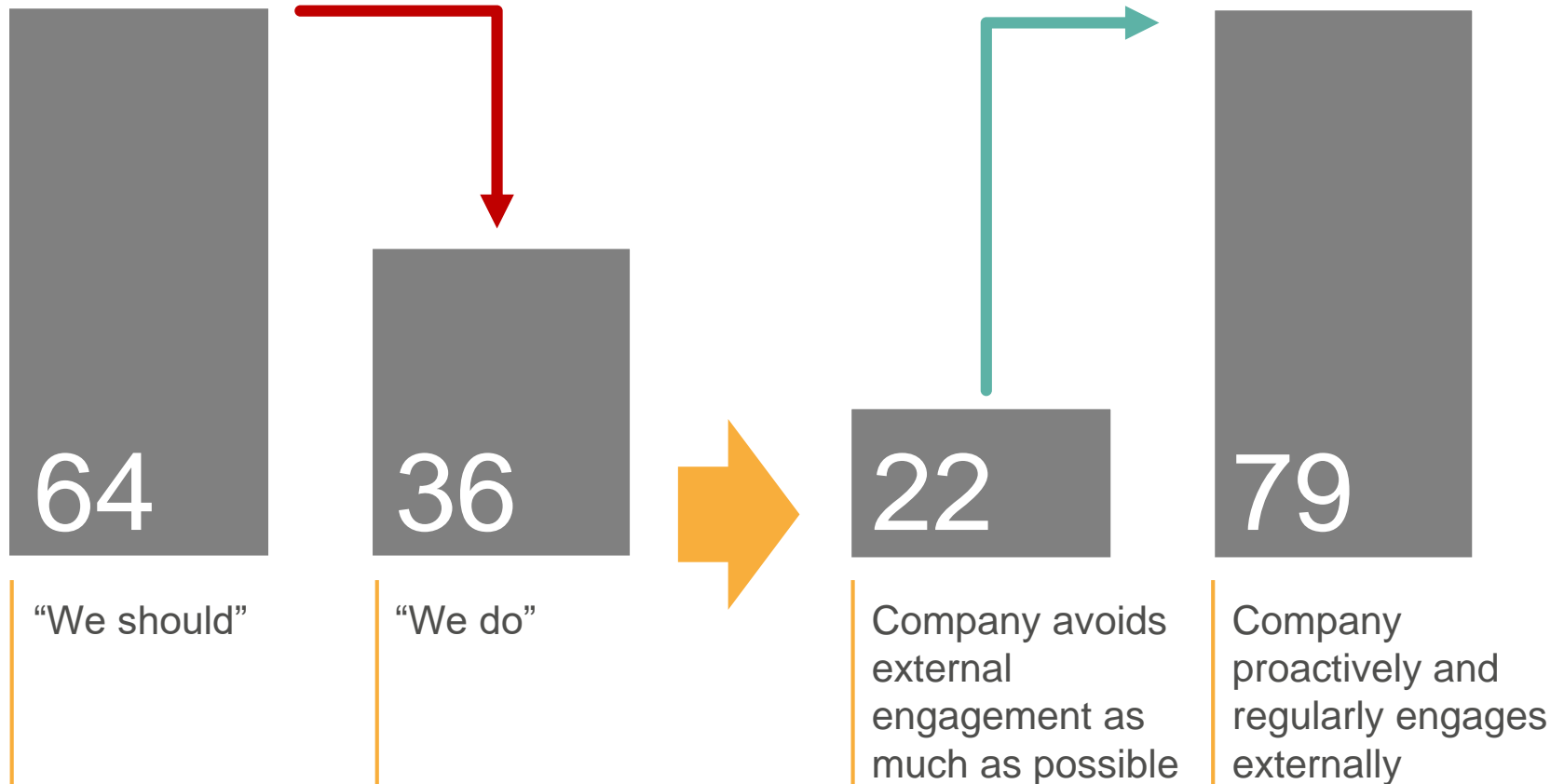
# Engage radically

Percent of executives

4

Proactively and regularly engage,  
regardless of immediate interest

Companies which succeed in  
engaging externally



# Engage radically





# Connected leadership will define competitive advantage in the future



**Disruptive technologies**



**New theatres of engagement**



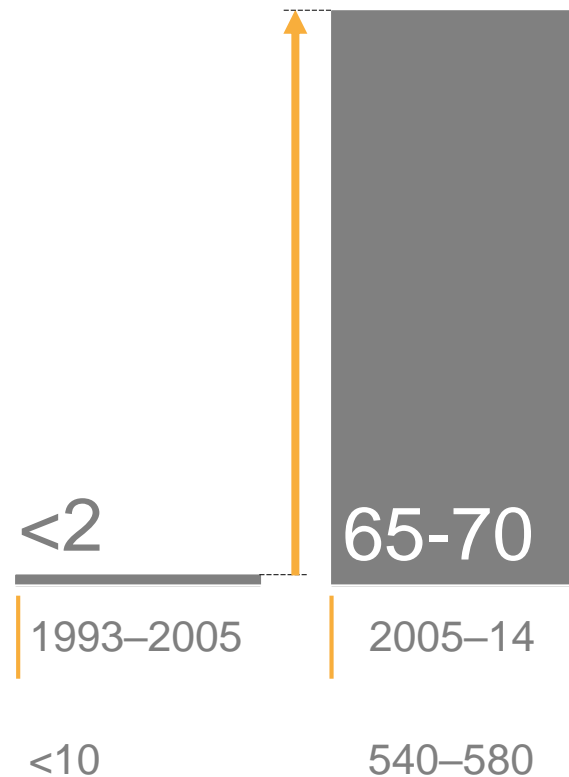
**More demanding global population**

# Poorer than their parents?

Share of households with flat or falling incomes, %

## By market income

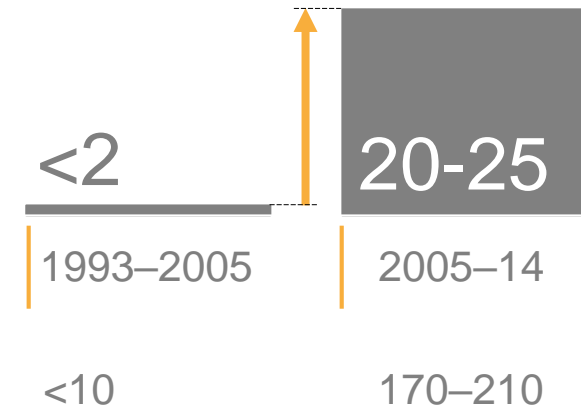
Wages and capital income



Millions  
of people

## By disposable income

Income after accounting for taxes and transfers





A blurred photograph of a crowd of people walking through a modern, brightly lit interior space, possibly a shopping mall or a public building. The people are out of focus, creating a sense of motion. The background features large glass panels and a polished floor that reflects the scene.

# Q&A

