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# Letter from the CEO

## Dear members and friends of FCLTGlobal,

Investors and companies have contended with disruptions on many fronts in 2022 – the ongoing recovery from COVID-19, turbulent geopolitics, and rising inflation chief among them. In this moment, rewiring capital markets to prioritize a long-term vision in the face of short-term pressures is critical for securing the financial futures of savers and communities the world over.

Adapting to uncertainties like these, and delivering strong performance despite them, is necessary to thrive in the years ahead. Businesses and investors need to demonstrate both resilience and agility. But new data from *FCLTCompass* shows that with short-term pressures mounting, companies and investors are finding it more challenging than ever to focus on the long term. Creating tools and fostering dialogue to build these capabilities is where FCLTGlobal has focused our attention over the past year. Most recently, our executive roundtable (page 12) brought to light the successes and challenges business leaders are experiencing in prioritizing the long-term perspective as they look ahead to 2023.

Expectations of companies are rapidly changing and growing as the role of business in society is more frequently called into question. Meeting those expectations will determine how a company fares over the long term. We know – and research shows – that companies that invest in a broader group of stakeholders outperform over time. Firms that paired a commitment to stakeholder issues and strong performance on material ESG measures generated higher returns, higher sales growth, and lower volatility in returns than firms that did not.

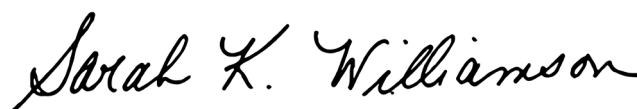
Shifting priorities – including a focus on climate change – also bring meaningful opportunities for growth as industries make the transition to a greener future. Forward-leaning companies and investors are already adapting to seize this opportunity.

Responsible governance, appropriate incentives, and robust investor-corporate dialogue around social and environmental issues are foundational to creating a good business for the long term. For investors, integrating material sustainability-related factors helps build portfolios that will stand the test of time. For companies, strong performance depends on being well-positioned to capitalize on changing circumstances. For both, creating and protecting long-term value requires consideration of the implications of climate change and societal shifts for their businesses.

The last several years have presented many challenges, and the year ahead will undoubtedly do so as well. Navigating the short term while staying on track for long-term performance is the goal. We think of it as keeping your head up, eyes on the destination, but always steering clear of obstacles to create long-term value.

In this environment, our mission remains as critical as it was when we founded FCLTGlobal over six years ago. I want to thank our membership, now 77 strong across 14 countries, for pursuing the ambitious goal to focus capital on the long term. I am confident that the FCLTGlobal community will continue to grow and work toward improving capital markets in order to build savings, wealth, and stronger communities. We appreciate, as always, your meaningful efforts and ongoing support.

Sincerely,



**Sarah Keohane Williamson**

Chief Executive Officer, FCLTGlobal

# FCLTGlobal by the Numbers



**77**

Members



**94%**

Member engagement



**6**

Publications



**81%**

Members involved in research



**21**

Staff



**14**

Countries Represented



**74%**

CEO engagement



**25**

Event presentations



**10**

Research working groups



**60%**

Budget allocated to research

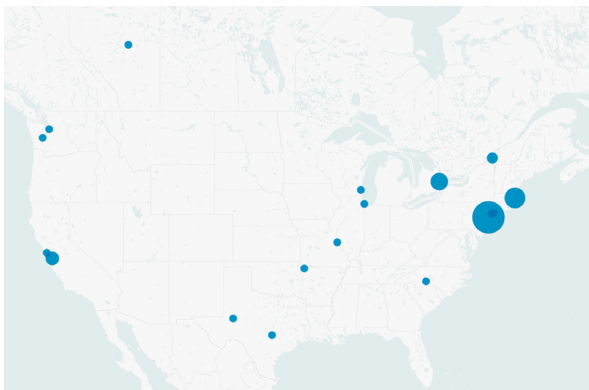
# Our Membership

Our members shape our research and drive the future of global markets. Becoming a member of FCLTGlobal is no small commitment, and each of the organizations below is an integral part of the FCLTGlobal community.



# Global Reach

Our members are headquartered in 14 countries and collectively operate in nearly every country around the world.



## North America

Austin, US (1)	Milwaukee, US (1)
Bentonville, US (1)	Montreal, Canada (2)
Boston, US (7)	New York, US (17)
Charlotte, US (1)	Olympia, US (1)
Chesterfield, US (1)	Purchase, US (1)
Chicago, US (1)	San Francisco, US (1)
Edmonton, Canada (1)	San Jose, US (3)
Kirkland, US (1)	Toronto, Canada (5)
Midland, US (1)	Westport, US (1)



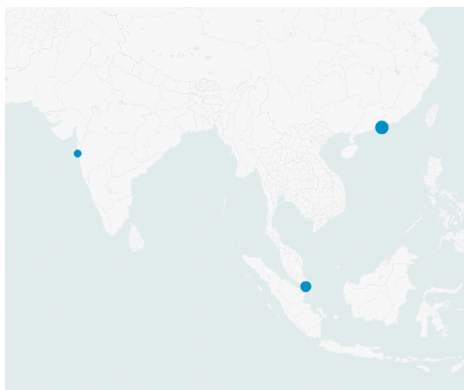
## Europe

Amsterdam, The Netherlands (3)  
Brentford, UK (1)  
Edinburgh, UK (1)  
Heerlen, The Netherlands (1)  
London, UK (7)  
Oslo, Norway (1)  
Paris, France (1)  
Stockholm, Sweden (1)



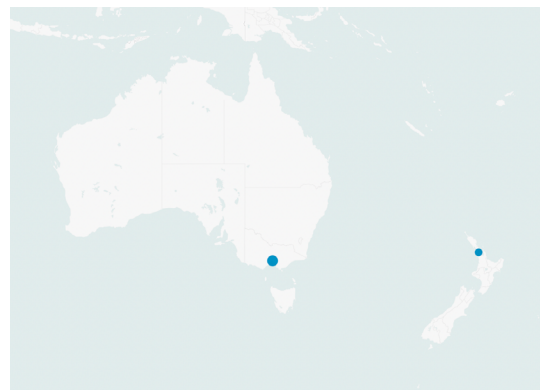
## South America

Sao Paulo, Brazil (1)



## Asia

Hong Kong (3)  
Mumbai, India (1)  
Singapore (2)



## Pacific

Auckland, New Zealand (1)  
Melbourne, Australia (2)

# Research & Thought Leadership

FCLTGlobal's research and tools explore the key levers that can elevate long-term performance. By creating the practical steps that all market participants can take, we aim to make long-term practices the norm across the investment value chain. Here is some of the research we completed in 2021. To learn more, visit [FCLTGlobal.org](https://FCLTGlobal.org).



## 2022 Blue Book

Since FCLTGlobal's founding, we have worked with our members to provide evidence and research that will help to make long-term practices the norm. Practical actions and strategies, rather than theory, have helped to move the needle over the past decade. It is in that spirit that we produced the first edition of the FCLTGlobal Blue Book and launched the project at FCLT Summit 2022. The FCLTGlobal Blue Book is a showcase of how long-term decision-making can create positive outcomes for companies, investors, and their millions of stakeholders globally.

FCLTGlobal's members drive the movement towards sustainable capitalism. The examples included in the FCLTGlobal Blue Book are a compilation of real-world examples of how FCLTGlobal's members are putting long-term strategies into practice today, the first of what we expect to be many such projects to crystalize how companies and investors are translating research to action.

It is our hope that these practical illustrations will inspire others to embrace the mission of focusing capital on the long term. We encourage readers to consider models of long-term decision-making similar to those featured here, and we thank those who have contributed their time, effort, and valuable insight to this project.

Entries in the FCLTGlobal Blue Book include:

- |                   |                             |                                  |                                     |
|-------------------|-----------------------------|----------------------------------|-------------------------------------|
| • AIMCo           | • Dow Inc.                  | • Kering                         | • State Street                      |
| • APG             | • DSM                       | • KPMG                           | • Unilever                          |
| • Baillie Gifford | • Edelman                   | • Mastercard                     | • Vista Equity Partners             |
| • Barclays        | • EY                        | • McKinsey & Company             | • Votorantim                        |
| • BlackRock       | • EQT Partners              | • MSCI                           | • Washington State Investment Board |
| • Blackstone      | • Federated Hermes          | • Nasdaq                         | • Wellington Management             |
| • Brookfield      | • GIC                       | • Nuveen                         |                                     |
| • Bunge           | • IFM Investors             | • Ontario Teachers' Pension Plan |                                     |
| • CDPQ            | • JP Morgan                 | • Russell Reynolds Associates    |                                     |
| • Carlyle         | • Kempen Capital Management |                                  |                                     |
| • CPP Investments |                             |                                  |                                     |



## FCLTCompass 2022

*FCLTCompass* is FCLTGlobal's dashboard tracking the investment horizons of savers, asset classes, and companies worldwide. We produce a yearly report that uses this data to reveal important insights into the state of global capital markets.

Significant evidence shows that taking a long-term approach to investment decision-making delivers superior value over time. Our benchmarking tool traces the world's largest pools of capital as they flow through markets from savers to their ultimate destinations. Tracking this information provides a snapshot of how capital is allocated each year, how those allocations shift over time, and the length of the investment horizons of each segment of the investment value chain.

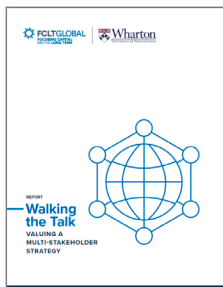
*FCLTCompass* reveals the gaps between intended investment horizons and how capital is actually being allocated around the world. Understanding the status quo, as well as the trends at play within the capital markets, is the first step toward catalyzing broader adoption of long-term investment perspectives.

Last year, the story of *FCLTCompass* was largely one of divergence – in the face of volatility, companies committed to the long term, while investors headed in the opposite direction. This year's edition of the project looked at the economics of recovery, observing how companies, investors, and the national economies in which they operate plan for a return to normalcy and a new way forward.

Emerging from the pandemic, companies became shorter-term in a number of areas. Tensions and short-term pressures compressed corporate investment horizons to just below six years on average – their lowest levels observed in this project to date. In aggregate, corporate use of cash also became shorter-term. Choosing between resiliency and efficiency, companies held onto cash via retained earnings and failed to keep up with 2020 levels of R&D spending. For what cash companies did spend, a significant portion went to buybacks, particularly in the US. Globally, buybacks have nearly surpassed dividends as the preferred method of returning cash to company shareholders.

## Webinar – Receding Horizons: Long-Term Strategies Amid Uncertainty

Our latest data and findings provided a backdrop for a panel discussion about notable changes in capital allocation trends over the past year, how inflation has affected capital market behavior, and implications for both corporate and investor resilience in a recovering economy.



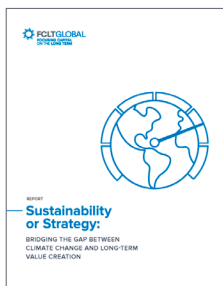
## Walking the Talk: Valuing a Multi-Stakeholder Strategy

Societal expectations of companies are rapidly changing as companies are confronted with responsibilities that go beyond maximizing near-term shareholder return, to being held accountable by an expanding list of stakeholders – including the labor force, suppliers, communities, and governments. We found firms that paired strong stakeholder language (“the talk” with strong performance on material ESG measures (“the walk”) generated 4% higher returns, were more likely to invest effectively in research and development and were more resilient with a 9% lower predicted ROIC volatility over three years.



## Decarbonizing Long-Term Portfolios

Inaction on climate change is an untenable position for investors. Climate change is altering the dynamics of investing by posing serious risks while also inspiring new opportunities. An adaptable, top-down approach to decarbonization provides long-term investors with multiple levers for addressing climate risk while fulfilling their mandates and capitalizing on new prospects. In this report, we offer resources to guide investors in applying the appropriate combination of decarbonization strategies while integrating decarbonization objectives into investment beliefs, risk appetite statements, and investment mandates.



## Sustainability or Strategy: Bridging the Gap Between Climate Change and Long-term Value Creation

There has been significant growth in climate change goals from corporate and investor communities. A growing number of companies and investors have pledged to decarbonize their operations and portfolios. However, despite investor attention, climate change is still not widely reflected in communications to investors. A detailed analysis of the world’s 100 largest companies revealed only 27 of the 84 climate change commitments set at the time of this study mentioned climate change in strategic presentations. Only 26 companies referenced climate change in their financial results disclosures. Our findings suggest companies could do more to bridge the gap between their climate change approach and their long-term value creation strategies to stay resilient in a low-carbon future.



## Institutional Investment Mandates: Anchors for Long-Term Performance (3<sup>rd</sup> Edition)

The mandate agreement is one of the most fundamental tools for influencing long-term investment behavior. Asset owners – the cornerstones of the investment ecosystem – often have very long-term investment goals, such as building endowments for perpetuity and providing for the next generation. The challenge lies in their assets being invested by external managers who may have vastly different time horizons and incentives in mind. FCLTGlobal has conducted research since 2015 to facilitate the creation of mandates that align both parties on long-term goals. Our 3<sup>rd</sup> edition expands on the publications released in 2017 and 2020, offering a starting point for contract negotiations between asset owners and managers to help them draft mandate terms that build trust, ensure alignment, and advance long-term goals.

FCLTGlobal's expanding engagement with global leaders across the world's top asset owners, asset managers, and companies drives our development of practical tools, encouraging the adoption of long-term practices that will lead to a more sustainable economy.



## Panmure House Prize

The Panmure House Prize is named after the home of Adam Smith, the renowned eighteenth-century Scottish economist and philosopher. One of the UK's largest academic awards, the Panmure House Prize provides \$75,000 annually over five years to emerging leaders in academia conducting outstanding research on long-term funding and innovation.

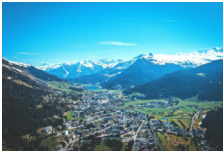
Dr Aravind Ganesh, an assistant professor at the University of Calgary, was the 2022 recipient of the prize. His research explores whether a new crowdfunding platform for peer reviews can be more lucrative than traditional agencies – citing inefficient grant funding decisions mired with hierarchical biases over a merit-based selection process. Ganesh responded, “I am thrilled to be named the 2022 Panmure House Prize winner. This tremendous honour will help drive our research on the real-world performance of our novel platform, Collavidence.com, for funding medical research that involves a precision approach to crowdfunding guided by an open, dynamic peer-review system.”



## January CEO Roundtables – Multistakeholder Capitalism in Practice

CEOs participated in dual roundtables to discuss how stakeholder strategies are being integrated into long-term decision making. Several key issues were identified, including a need to define multi-stakeholder capitalism more clearly and identify stakeholders at the organization level, as well as a call to reframe the idea of ‘trade-offs’ as ‘investments’ in stakeholders.

Due to holding the two sessions with different audiences – one primarily North American and the other with a broader global group – there were interesting differentiations between the roundtables. There was greater emphasis on fiduciary duty in the North American group whereas there was more discussion of universal ownership and the convergence of sustainability metrics in the global group. Both groups agreed addressing stakeholder issues is a worth-while long-term priority requiring a rebalance of markets away from short-term trading.



## May Davos Roundtable – Beyond Accounting to Investing in Stakeholders

The 2022 World Economic Forum Annual Meeting in Davos was set against the backdrop of the Russian invasion of Ukraine, widening geopolitical and economic frictions, a lingering pandemic, and increasing urgency for solutions to the climate crisis. FCLTGlobal hosted a CEO roundtable to discuss the implications of non-traditional corporate metrics and disclosures on the rise amid investors increasingly demanding thorough, transparent reporting on climate and other stakeholder matters. This was a call to reconsider what needs measuring, how to go about it, and to what extent these metrics will change the way capital is allocated.

What came out of this event was the consensus that firms steadfast in their long-term strategies are more resilient than their short-term counterparts and therefore better positioned to withstand market volatility. Other complications for investors included the confusion caused by multiple standards and frameworks globally and the imperative to demystify the S in ESG.



## GIC Insights 2022: Taking Action to Navigate a World in Transition

Companies are facing disruptions across many fronts including shifting macroeconomics, rapid technological change, and sustainability imperatives. As a result, companies are trying to build resilience, or the ability to withstand or adapt to disruption, into their operations and their balance sheets. Shifting away from the short-term returns that efficiency can bring in favor of efforts that build long-term flexibility is the challenge.

How can companies build long-term resilience into their business models to manage potential volatility while staying agile and lean? How can investors evaluate and appropriately value that resilience, enabling companies to maintain a focus on long-term performance?

In November, FCLTGlobal partnered with GIC to bring its unique roundtable meeting format to GIC Insights 2022. C-suite participants, representing leading companies, asset owners, and asset managers around the world, shared how they are keeping their organizations agile to today's challenges, and the obstacles they are encountering as they do so. Platforms such as these where global leaders can exchange best practices and lessons learnt will be critical in finding answers that will stand the test of time.



## FCLT Summit 2022

This year's Summit fell on the heels of the Russian invasion of Ukraine on 24 February 2022, a humanitarian crisis that has caused us all to reconsider our long-held assumptions about the stability of geopolitics and global markets. The war in Ukraine has demonstrated how quickly long-term trends can become near-term issues. Rising geopolitical tensions, the climate crisis, societal expectations of business, and the recovery from COVID-19 were top of mind for executives. Investors and companies faced an inflection point forcing us to re-evaluate our core purpose, dependencies, and operating models.

Communicating strategy in light of these shifts now goes well beyond the traditional investor-corporate dialogue. Business leaders are expected to explain the “why” and “how” of strategic and capital allocation decisions and their impact on key stakeholders. And stakeholders' various objectives and time horizons make an already difficult task that much more complex.

Leaders expressed their ideas on the characteristics of a future-fit organization, how to build long-term governance around geopolitics, modern activism, and investing in an effective climate transition.

Challenging times create opportunity, and this event highlighted practical recommendations from leaders of companies, assets owners, and investment managers on how we can drive change together. As always, FCLTGlobal is conducting new research based on these discussions. We look forward to continuing to build our problem-solving community between now and our next Summit in New York on 28 February 2024.



## PODCAST: GOING LONG WITH FCLTGLOBAL

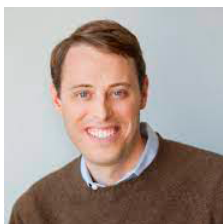
In 2022, we interviewed today's leaders in global business and investing to discuss how they are running their companies for the long term, on issues including capital allocation, risk management, climate change, sustainability, and more. To listen to more episodes, click [here](#).



### **Bob Sternfels, McKinsey & Company**

*"There's no such thing anymore as a corporate strategy and a sustainability strategy. The overall corporate strategy has to have sustainability woven into it."*

What role do consultants and advisors play in fostering sustainable and inclusive business growth? Bob Sternfels, McKinsey and Company's Global Managing Partner, joined the podcast to share insights on how the firm aims to deliver "holistic impact" to its clients, improving financial performance and positively impacting other stakeholders in the process. Other topics included sustainability for global businesses, McKinsey's climate change efforts, and key business trends on the horizon.



### **Seth Alexander, MITIMCo**

*"If we can find the Warren Buffet of a given area, it doesn't really matter what asset class it is. That type of talent applied to an interesting investment niche will generate the type of results that we're looking for on a long-term basis."*

University endowments are meant to create long-term value by definition. In the case of the MIT Investment Management Company (MITIMCo), that long-term value supports not only world-class education but also cutting-edge research and innovation. Seth Alexander, President of MITIMCo, joined the podcast to discuss some of the strategic decisions his team faces, including the evolution of MITIMCO's investment philosophy, resiliency through diversifying assets, and what MITIMCo will be investing in 50 years from now.

## PODCAST: GOING LONG WITH FCLTGLOBAL (CONT.)



### **Scott Sperling, THL**

*“In our experience, the great CEOs are not just driven by their compensation. They are driven by a need to succeed, a need to accomplish and build something great.”*

Scott Sperling joined the podcast to discuss how long-term investors can help build companies of lasting value. With a wide array of experience as a private equity investor and as chair of MassGeneralBrigham, Scott compared the governance models for middle-market companies and more mature organizations, how strategic incentives are critical to maintaining a long-term focus for both, and the wider impacts of inflation and globalization. Looking ahead, we talked about the ideal “hospital of the future”, expanding telehealth and access to care, increasing cost efficiency, and investing in tech and academic medicine.



### **Lori Heinel, State Street Global Advisors**

*“It is a very delicate balance – where do you cross the line from an issue that is actually material to long-term investment performance and something that might be more political?”*

What does fiduciary duty mean in 2022? Lori Heinel, Global CIO of State Street Global Advisors, joined the podcast to discuss how major shifts in the investment industry over the past decade have impacted organizational purpose, strategy, and outlook. Topics included ESG reporting, navigating geopolitics, and the next frontier for long-term investing.



### **Prof. Rachelle Sampson, winner of the Panmure House Prize**

*“Is it possible that rising short-termism is responsible for the changing nature of R&D in firms? [...] What we found was in fact rising short-termism is very strongly correlated with this reduction in breakthrough innovation.”*

Prof. Sampson joins the podcast to discuss her award-winning research, which analyzed the relationship between a firm’s investment time horizons and innovation, finding that long-term-oriented firms are more likely to produce breakthrough inventions. Listen to learn more about the project’s background and a deeper dive on some of the innovations explored in the research.

## PODCAST: GOING LONG WITH FCLTGLOBAL (CONT.)



### **Amy O'Brien, Nuveen**

*"What matters more in my opinion is the word that comes after you use the acronym ESG. Do we mean ESG factors? [...] Do we mean ESG commitments? Do we mean ESG outcomes or impacts? So, first and foremost, let's make sure we understand the context of how that acronym is being used."*

Seventy percent of respondents of Nuveen's annual Responsible Investing survey indicated that seeing the specific societal or environmental benefits of their investments is a critical motivator to participating in responsible investing. Amy O'Brien, Global Head of Responsible Investing for Nuveen, joined the Going Long podcast to discuss her team's approach to meeting that demand, including the evolution of the phrase "ESG", the guiding principles behind Nuveen's proxy voting on environmental issues, and the details behind the organization's 2050 net-zero commitment.



### **John Connaughton, Bain Capital**

*"This notion of building better businesses over the long term – by being partners with management teams to achieve their potential – that's certainly been a critical element of our purpose."*

Historically, the purpose of the private investment industry – whether public or private – has been simply to achieve a return. Bain's John Connaughton joins the podcast to discuss how to break that stereotype, both within his organization and across the industry as a whole. Topics included highlights of Bain's latest ESG efforts, diversity and inclusivity in the private equity industry, and Bain's focus on philanthropy.

## IN THE NEWS

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BARRON'S

GOVERNANCE, RISK AND COMPLIANCE  
**corporate  
secretary**

**Institutional  
Investor**

**Bloomberg**

Environment  
+ Energy  
**LEADER**

INVESTMENT & PENSIONS EUROPE  
**IPE**

| **Buyouts**

**FT** FINANCIAL  
TIMES

**IR**  
magazine

CFO **BREW**

**FORTUNE**

**QUARTZ**

**top1000funds.com**  
INVESTMENT STRATEGIES FOR THE WORLD'S LARGEST INSTITUTIONAL INVESTORS

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### Here's What Companies Can Return When They Don't Just Focus on Shareholders (Institutional Investor)

Companies that make decisions based on the effect on local communities or the labor force may suffer in the short term — but they're better performers in the long run.

### Another Davos is done. What did we learn? (Quartz)

Indeed, money needs to move much faster into decarbonizing the hardest-to-clean-up industries, from aviation to steel, while also supporting new, green technology. For some realist climate investors that may mean investing more in industrials, increasing the carbon footprint of their portfolios in the short term. Sarah Keohane Williamson, CEO of Focusing Capital on the Long Term, suggests the tradeoff is worth it. "Do you want a green portfolio or a green planet?"

### Net-Zero Business Success Requires Stated Strategy, Says Report (Environment + Energy Leader)

In order to strengthen their net-zero transitions, companies should articulate how targets fit into their future based on potential growth, showcase those targets in their strategic plans, identify benefits and risks, and establish accountability systems, according to a report from FCLTGlobal.

### Mandates model from FCLTGlobal helps investors address long/short-term conflict (IPE)

FCLTGlobal's latest report provides a starting point for mandate negotiations that emphasise long-term provisions, rather than short-term incentives which it said are common in today's investment contracts.

# Professional, Sustainable Organization

## BOARD OF DIRECTORS

Guidance from our Board of Directors plays a large part in the impact FCLTGlobal makes on global capital markets. Leaders of FCLTGlobal member organizations in their own right, our directors and advisors are tireless advocates for the long term.



**Carmine Di Sibio**

Global Chairman & CEO  
EY



**Adena Friedman**

President & CEO  
Nasdaq



**John Graham**

President & CEO  
CPP Investments



**Peter Harrison**

Group Chief Executive  
Schroders



**Alan Jope**

CEO  
Unilever



**Kewsong Lee**

Former CEO  
The Carlyle Group



**Bernard Looney**

CEO  
bp



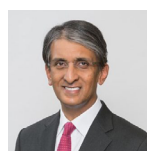
**Geraldine Matchett**

Co-CEO, CFO & Member  
of the Managing Board  
Royal DSM



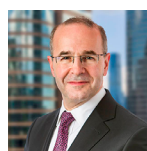
**David Neal**

Chief Executive  
IFM Investors



**Dilhan Pillay  
Sandrasegara**

Executive Director & CEO  
Temasek Holdings



**Kevin Sneader**

Co-President of  
Asia Pacific Ex-Japan  
Goldman Sachs



**Bob Sternfels**

Global Managing Partner  
McKinsey & Company



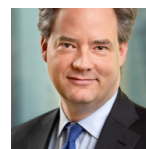
**Howard Ungerleider**

President & CFO  
Dow



**Theresa J. Whitmarsh**

Former CEO  
Washington State  
Investment Board



**Mark Wiedman**

Senior Managing Director  
BlackRock



**Sarah K. Williamson**

CEO  
FCLTGlobal (ex-officio)



**Ronald Wuijster**

CEO  
APG Asset Management



**Lei Zhang**

Founder & CEO  
Hillhouse Capital Group

# Professional, Sustainable Organization

## STRATEGIC ADVISORS

Our Strategic Advisors are executives and leaders from around the world that help shape the agenda of our research and programming.



**Else Bos**

Executive Director & Chair  
of Prudential Supervision  
De Nederlandsche Bank



**Natarajan  
Chandrasekaran**

Chairman  
Tata Sons



**Larry Fink**

Chairman & CEO  
Blackrock



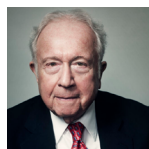
**Lady Lynn Forester  
de Rothschild**

CEO  
E.L. Rothschild, LLC



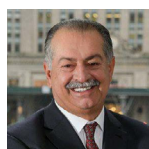
**Chow Kiat Lim**

CEO  
GIC



**Martin Lipton**

Founding Partner  
Wachtell, Lipton, Rosen & Katz



**Andrew N. Liveris**

Former Chairman & CEO of Dow Chemical,  
Chairman of Lucid Motors



**Nitin Nohria**

Former Dean  
Harvard Business School



**Paul Polman**

Co-founder & Chair  
IMAGINE



**Mark Weinberger**

Former Global Chairman & CEO  
EY

# Professional, Sustainable Organization

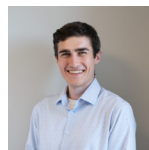
## STAFF AND FELLOWS

Our staff is responsible for working toward our mission of making long-term investing and decision-making the norm through advocacy and thought leadership. We have built a team that has both deep experience in the investment and business communities and a dedication to our goals.

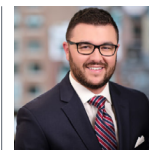
Senior Fellows provide deep insight and lend expertise to our mission.



**Sarah K. Williamson**  
CEO



**Jonathan Brown**  
Designer



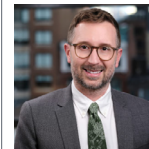
**Ross Parker**  
Director,  
Communications



**Peggy Adams**  
Managing Director



**Bryn Costello**  
External Relations  
Associate



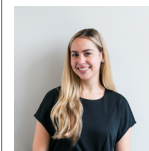
**Joel Paula**  
Research Director



**Ellis Anderson**  
Operations Analyst



**Allen He**  
Director, Research



**Jessica Pollock**  
Research Associate



**Katie Barber**  
Managing Director,  
Global Relationships



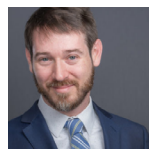
**Kersten Lanes**  
Managing Director



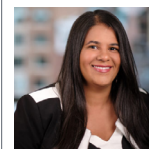
**Veena Ramani**  
Research Director



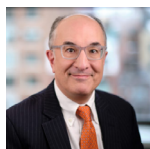
**Savannah  
Behrent-Clark**  
Membership Associate



**Matthew Leatherman**  
Managing Director,  
Programs



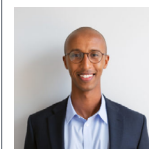
**Anna Maria Recupero**  
Executive Assistant to  
the CEO



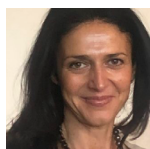
**Steve Boxer**  
Managing Director



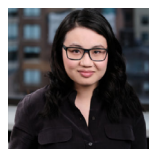
**Demi McClure**  
Events Associate



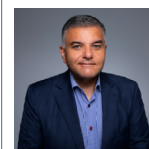
**Nur Robleh**  
Research Associate



**Natasha Braginsky  
Mounier**  
Senior Fellow



**Michelle Mei**  
Associate, Operations



**Prem Samtani**  
Senior Fellow

# Long-term Roadmap

## AN AMBITIOUS RESEARCH AGENDA

Encouraging companies to create long-term roadmaps is a cornerstone of our philosophy on sound business strategy. These plans forgo projecting the next quarter or fiscal year and give stakeholders a clear, concise statement of a company's future goals and how it intends to reach them. Naturally, we have one of our own—our long-term roadmap lays out our trajectory as an organization through 2023.

In the last year, we have developed research products in the following areas that encourage long-term behaviors in business and investment decision-making.

### 2022

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#### **Long-term Investing in the Climate Transition**

We will explore ways investors can build practical, non-concessionary net-zero carbon portfolios while employing alternative financing structures to catalyze greater long-term investment in climate solutions.

Sustainability or Strategy: Bridging the Gap Between Climate Change and Long-term Value Creation, published May 2022

#### **Multi-stakeholder Capitalism in Practice**

We will conduct research, including insights from both companies and investors, aimed at developing new tools emphasizing shared responsibilities and resilience to help reframe the multi-stakeholder business model with new practicality.

Walking the Talk: Valuing a Multi-Stakeholder Strategy, published January 2022

#### **Evolving the Investment Mandate – Institutional Investment Mandates: Anchors for Long-term Performance**

The next edition of our research on investment mandates will respond to growing demand by include mandate-related findings from *Ripples of Responsibility* (2021), as well as featuring elements of our work on investing in the climate transition. It also will include additional case studies of member implementation, adding to the existing library of examples featured in our initial 2018 report.

Institutional Investment Mandates: Anchors for Long-Term Performance (3rd Edition), published July 2022

# Long-term Roadmap

2023

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## Using Engagement to Prioritize Long Term Shareholders

Different groups of shareholders often have very different agendas. Anticipating those priorities and resulting strategies is not always a simple task for companies. In the same way, investors struggle with stewardship and engagement strategy across their portfolio companies, where similar ownership stakes and tactics can yield vastly different results. A better understanding of their shareholder base may help companies more proactively target and attract long-term shareholders. It may also help investors develop effective engagement strategies with portfolio companies. FCLTGlobal is developing new tools to help companies engage productively on their long-term strategies – leading to better outcomes for all parties involved.

## Role of Private Equity to Decarbonize High-Emitting Assets

Private equity is playing a pivotal role in climate change, having emerged as a critical source of finance for transitioning companies and industries. GPs are particularly well placed to invest in the transition of carbon-intensive assets. However, LP decarbonization targets and a lack of GP track record are hampering capital allocation. Well-structured and mutually reinforcing partnership terms between GPs and their LPs (covering fund metrics, goals, and incentives) could position private equity firms to swiftly clean up or wind down transitioning assets while providing accountability to LPs. FCLTGlobal is developing tools that will help both GPs and LPs realign their partnership terms to achieve both portfolio and real-world decarbonization outcomes.

## Long-term Investments in Human Capital

More than ever, companies are putting workers at the core of their long-term strategies. Investing in employees yields long-term benefits, but involves short term capital allocation tradeoffs. Offering competitive wages, benefits and investing in culture can be expensive, and these choices are challenging to make and sustain in a difficult economic environment. How can companies balance these investments and payoffs, and determine an optimal capital allocation and communication strategy for both? To answer this question, FCLTGlobal is conducting a new phase of research on multistakeholder capitalism with the ESG Analytics Lab at University of Pennsylvania's Wharton Business School with stakeholder-group-specific empirical analysis (starting with employees) to fit the circumstances organizations face in fulfilling these responsibilities.

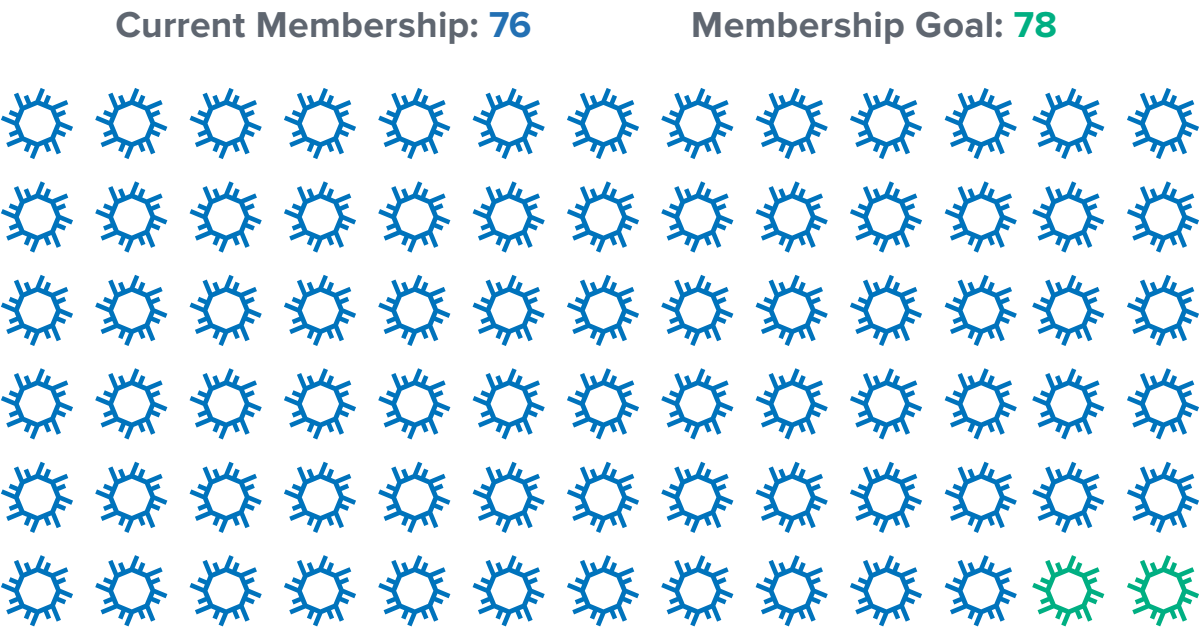
## Performance Metrics in Long-term Pay Design

Findings from *The Risk of Rewards* (2021) show that long-term companies and investors understand a singular focus on total shareholder return does not suit their needs. Our next phase of research will focus on performance metrics in long-term pay design. By taking a bottom-up, evidence-based, and behaviorally centered approach, we hope to determine which, if any, performance-based pay metrics may affect leaders' long-term focus. Findings will have ramifications for financial metrics, accounting metrics, and metrics rooted in responsibilities to stakeholders (e.g., carbon emissions, diversity equity and inclusion, living wage, etc.).

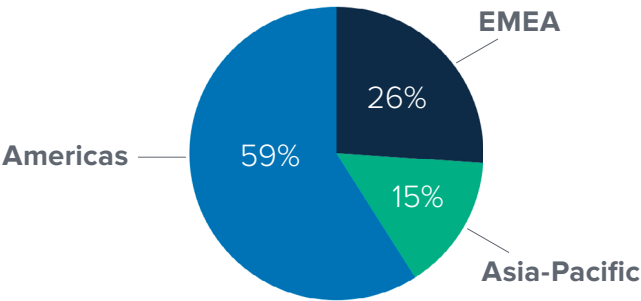
# Long-term Roadmap

## A GLOBAL MEMBERSHIP BASE

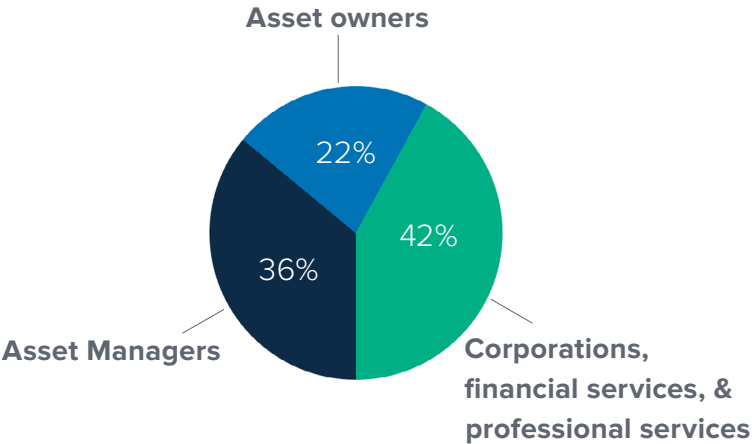
We welcome widely respected organizations representing a cross section of the investment value chain to join our global membership.



Even member distribution across geographies



Even member distribution across sectors



**FOCUSING CAPITAL  
ON THE LONG TERM**

