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# The Compact for Responsive and Responsible Leadership

## A Roadmap for Sustainable Long-Term Growth and Opportunity

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As of 30 November 2016

**This Compact is sponsored by the International Business Council of the World Economic Forum and will be proposed for signature to all participants of the Annual Meeting 2017.**

Corporations and investors are powerful actors in society. As such, their responsive and responsible leadership can significantly improve the state of the world. There is emerging consensus on the need for a new Compact for corporations, their chief executive officers and boards of directors, as well as leading investors and asset managers to create a corporate governance framework with a focus on the long-term sustainability of corporations and the long-term goals of society.

I, the undersigned, share the conviction that:

1. Society is best served by corporations that have aligned their goals to serve the long-term goals of society. The Sustainable Development Goals offer a useful roadmap for such alignment.
2. Short-term financial gains should not distract from the corporate and societal goals of long-term economic prosperity and social welfare.
3. There is a need for a Compact that recalibrates the relationship between public corporations and their major investors, and conceives of corporate governance as a collaboration among corporations, shareholders and other stakeholders working together to achieve long-term value and resist short-termism.
4. Disagreement between stakeholders is best resolved in a transparent and respectful manner, de-escalating conflictual stances wherever possible.

As a responsive and responsible leader I, the undersigned, commit to acting within the remit of my responsibilities, duties and influence to:

1. Ensure the board oversees the definition and implementation of corporate strategies that pursue sustainable long-term value creation.
2. Encourage periodic review of corporate governance, long-term objectives and strategies at the board level as well as clear communication between corporations, investors and other stakeholders about the outcomes.
3. Promote meaningful engagement between the board, investors and other stakeholders that builds mutual trust and effective stewardship, and promotes the highest possible standards of corporate conduct.
4. Publicly support the adoption of the Compact and implement policies and practices within my organization that drive transformation towards the adherence to long-term strategies and sustainable growth for the benefit of all stakeholders.

Name

Organization

Signature

Place/Date

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## Quotes related to *The Compact for Responsive and Responsible Leadership*

9 January 2017



**Frans van Houten**

Dear Klaus, dear participants,

I recall a comment from @AIGore: “When people flirt with despair about the future, they are less likely to take the actions necessary to safeguard it, focusing instead on the short-term.” I agree with this sentiment. And I also observe the call by @LarryFink asking that every CEO lay out a strategic framework for long-term value creation and avoid short-termism.

Especially given the obvious fragilities and uncertainties of today’s world, I see innovation having the potential to change the way the world works in an enormously positive way. It can help resolve world’s challenges and create opportunities, leapfrogging old ways of working. Innovation, however, requires responsive and tenacious leadership to be implemented judiciously. Returns do not come within the quarter or even within the year. We need to have the courage to follow a longer term ‘North star’ to truly achieve progress and create real value for all stakeholders.

On behalf of Royal Philips, I’m proud to sign up to the Compact for Responsive and Responsible Leadership as it connects signatories to a set of common values that take into account a longer-term vision of how leadership must evolve to become yet more inclusive of the stakeholders we serve.

Frans van Houten  
CEO Royal Philips



**Bill McDermott**

Throughout our history SAP has been committed to leading with purpose. Our enduring vision is to help the world run better and improve people’s lives. Together, as citizens, companies and countries, we need to be committed to working together to drive greater progress. There is no time to wait. That’s why we are proud to have signed the Compact for Responsive and Responsible Leadership. With shared commitment and resolve, the best days are ahead for the economy, the environment and society as a whole.

Bill McDermott  
CEO SAP