

Baby Boomers Still Striving to Change the World: The Millennial Corporation

Proposition:

Governments, leaders, religions, corporations and other institutions are failing to reverse the decline in the global condition. Greed, poverty, corruption, fear, pollution, and broken families cast a shadow over the planet that grows darker with each year and each generation. A continuation of this trend is predictable and unsustainable. It is time for change, a new approach. It's time for the private sector to step forward.

We are at a moment in history where the corporate mantra of maximizing shareholder value alone, is insufficient. Corporations should do more and be rewarded for it. Addressing global social and environmental issues must have a place in their planning and investing. In return, investors should reward them with higher multiples. Introducing the *Millennial Corporation*, where those wanting to help make a better world, invest and work.

There are two aspects of the *Millennial Corporation* that make it unique – its character and its social conscious. The concept behind the *Millennial Corporation* is just that, a concept. It is an idea that needs to be researched, defined and taught. That is the Mission of the Center for the Study of the Millennial Corporation - to research, educate and congregate, aligning corporate investors and corporate strategies. The *Millennial Corporation* may very well be our only opportunity to begin poking holes in the dark clouds that linger, letting in the sun's rays to shine on an ailing planet.

Why the Need for the Millennial Corporation

Investors want it.

A growing Robert Louis Stevenson mindset: *Don't judge each day by the harvest you reap, but by the seeds you plant.* "Individuals everywhere are concerned about our country, the world, its people and the environment. For these and other reasons, more people are investing their money to get back more than just a monetary return on their investment. Many are investing to make a positive impact in our country

and around the world as well as to feel that societal concerns should be made an important part of their investment focus.” (4)

There is already demand: “Over the last two years, SRI (Socially Responsible Investing) has grown by more than 22% to \$3.74 trillion in total managed assets, suggesting that investors are investing with their heart, as well as their head. In fact, about \$1 of every \$9 under professional management in the U.S. can be classified as an SRI investment.” (4)

Investment Companies acknowledge the need: “Our global goal is to develop a comprehensive, industry-leading platform of research, advice, and products that is dedicated to sustainable investing and philanthropy. (6)

Signatories of the UN-PRI (The United Nations-supported Principles for Responsible Investment) manage \$59 trillion. This is the direction they are encouraging.

The World wants it

The UN-PRI: The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices.

There are six principles:

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

The Demand is global and deep: “In the US, interest in SRI has traditionally been driven by institutional investors such as pension funds. More recently, the trend has started to catch on with university endowments. Harvard University’s endowment signed the UN PRI initiative last year and is now one of 1,353 signatories worldwide (see Fig. 5 on pg. 13).

The trend is gradually spreading to individual investors as well. In particular, younger individuals from the millennial generation, who are beginning to enter the investment community, have consistently placed a greater emphasis on SRI than their parents and grandparents did, thereby catalyzing the change in attitudes.

In Europe, institutional investors have played a key role in the spread of SRI as well. In addition, governments are facilitating adoption through regulation. At least eight countries have related national regulations that directly impact their pension systems: United Kingdom, France, Germany, Sweden, Belgium, Norway, Austria, and Italy.

In Asia, the approach has gained traction in recent years. According to the Asia Sustainable Investment Review, SRI assets in Asia ex-Japan stood at USD 45bn, growing at a 22% annualized rate (2011–2013). A further strong government policy impetus can be expected on the back of the March 2015 Chinese anti-pollution documentary Under the Dome that has graphically highlighted China’s environmental plight. Several Asian governments including China and Indonesia have recently introduced significant green financing initiatives.” (7)

CEOs acknowledge the need: a 2013 UN Global Compact–Accenture survey of 1,000 CEOs across 103 countries found that 93% believe that sustainability will be important to the future success of their business. This highlights the growing recognition that it is not only a risk consideration for companies but also a competitive differentiator. At the same time, only 32% of the respondents believe that the global economy is on track to meet the demands of a growing population within environmental and resource constraints.

Employees want it

Millennials demand it: While in the past, success was typically measured in financial and career terms, Millennials, like all generations, have expanded this definition to include financial, emotional and experiential factors. A strong financial component remains, particularly having financial freedom. But the most important factors are

emotional/relationship-based, particularly having a happy family and having a deeply meaningful relationship with one's spouse/partner. Experiences also play a role; living a full life with a wide variety of experiences is viewed as another key success factor. (5)

“The millennial generation is poised to take corporate America by storm. It is simply a matter of numbers: this age group represents the largest generation ever, exceeding even the baby boomer population by 10 million people. The generation in between, Generation X, simply lacks the numbers to fill all of the job vacancies that are being created as baby boomers retire and the economy sees an uptick in business growth. As a result, the millennial generation will comprise nearly half of the U.S. workforce—and three quarters of employees globally—by approximately 2022.” (1)

Millennials have embraced it: “81% of Millennials have donated their time or money to a social cause. This generation is significantly more philanthropic and socially minded than prior generations. Not surprisingly, they are attracted to companies that share a similar responsibility.

Unlike previous generations who were willing to overlook or at least tolerate corporate behavior that clashed with their own system of beliefs, this new generation of employees will more readily seek alternative employment if they do not feel that their work provides the ability to influence positive change.

Solid social and environmental policies and community involvement are becoming key recruiting factors for companies who want to attract top millennial workers. Millennials feel an obligation to improve the world around them, and they prefer organizations that reflect this value. (2)

“Once she gets her MBA degree from UC Berkeley in May, Leigh Madeira's dream is to help find funding for young companies devoted to improving the lives of the world's poor.” (3)

Opportunity:

Investors and tomorrow's leaders expect more than financial rewards from the companies they commit to. There is a social conscience among the Millennials that is real, growing and gaining influence.

The *Millennial Corporation* will be valued as much by its profits as it is by its social conscious. Investor satisfaction will be measured not just in dollars but also in their contribution to improvements to the global condition.

The time has come for the *Millennial Corporation*. The organization that is admired as much for its profit sustainability as it is for its contribution to the world's sustainability. Introducing the *Millennial Corporation*.

Footnotes:

- (1) U.S. Bureau of Labor Statistics, "Labor force projections to 2022: the labor force participation rate continues to fall." *Monthly Labor Review*, December 2013.
- (2) *Hiring Millennials: The Generation that Changes Everything* by Rose Ernst and Tara Wyborny. Both work at Genesis 10.
- (3) LA Times, December 7, 2014: *Beyond profits: Millennials embrace investing for social good.*
- (4) Forbes, April 24, 2013 - *Socially Responsible Investing: What You Need To Know*
- (5) UBS Investor Watch – 1Qtr. 2014
- (6) UBS editorial in their March '15 newsletter.
- (7) UBS March 15 newsletter
- (8) **Our three fundamental values — Caring, Global Teamwork and Continuous Improvement — are part of everything we do.** They are the foundation for our business strategy and are reflected in every aspect of our work life.

Caring The Company cares about people: Colgate people, customers, shareholders and business partners. Colgate is committed to act with compassion, integrity, honesty and high ethics in all situations, to listen with respect to others and to value differences. The Company is also committed to protect the global environment, to enhance the communities where Colgate people live and work, and to be compliant with government laws and regulations.

Global Teamwork All Colgate people are part of a global team, committed to working together across countries and

throughout the world. Only by sharing ideas, technologies and talents can the Company achieve and sustain profitable growth.

Continuous Improvement Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, Colgate will become the best.