



## How Global Executives Understand Value Creation Today



Association  
of International  
Certified Professional  
Accountants®

*The unified voice of AICPA and CIMA*



**VALUE  
REPORTING  
FOUNDATION**  
INTEGRATED  
REPORTING  
FRAMEWORK

# Foreword

Purpose  
Drives  
Profit

Exactly twenty years ago, three colleagues and I published a book entitled, *The ValueReporting Revolution: Moving Beyond the Earnings Game*. A “rallying cry for radical improvements in corporate reporting”, we called for a revolution to enable sound, long-term investment decisions. We set out the need to understand broader value drivers for effective corporate strategy as a leading indicator of future financial performance.

At the time, the book was considered cutting edge. It was developed through our observation of best practice business management during the 1990s – arguing that if forward thinking, well managed organizations were doing this internally, they should communicate it externally to enable investors and other stakeholders to obtain a fuller understanding of how an enterprise creates value over time.

While our ideas garnered interest and a growing group of advocates, including the AICPA’s Enhanced Business Reporting Consortium and the founders of the International Integrated Reporting Council (IIRC), in the wake of Enron and other reporting scandals and the global financial crisis, most of the focus in corporate reporting continued to center on traditional financial accounting and reporting.

Fast forward to the current day and as this survey indicates, the arguments we espoused in our book are now widely accepted. There is empirical evidence that these are the tenets of both good business and sustainable development. Not just the right thing to do, but the best thing to do for your business and your stakeholders, including investors. The Covid-19 pandemic has reminded us of the interconnectivity of business, society and planet.

However, this survey also shows that while we have won the hearts and minds of many business leaders globally, there is a gap between buy-in and action. Executives understand the importance of embedding purpose, culture and values into their organization, but some still struggle to make this a reality.

I am proud to be a director of the newly formed Value Reporting Foundation – the result of the merger between the IIRC and the Sustainability Accounting Standards Boards (SASB) – two organizations I have been involved in since their inceptions a decade ago.

The Value Reporting Foundation offers a robust, market-led set of tools businesses can use to move from buy-in to action.

Integrated Thinking Principles, which organizations can use to better manage their resources and to build a collective mind across the board, senior management and employees.

The Integrated Reporting Framework, which I encourage business leaders to embrace without a compliance mindset, to access its real benefits – a better understanding and effective communication of strategy, performance, governance and prospects through a multi-capital lens.

And SASB Standards – which provide investors with comparable information on the sustainability factors most relevant to financial performance and enterprise value.

The Value Reporting Foundation, along with its partners, has also recognized the need for alignment among the frameworks and standards that have been developed in this space. As such, we are providing active support to achieve the ambition of a global International Sustainability Standards Board under the IFRS Foundation’s governance.

Ultimately though it is my experience, having served as a director of major companies, that the businesses most likely to get ahead – the ones that will be successful in the long-term, attracting talented employees and a lower cost of capital – are those that don’t wait for this to become mandatory. They are those that see the value in embedding purpose, culture and values in their business – like many of those in this survey. They are those that utilize effective reporting and disclosure to drive a shared understanding of value. They are those with their eye on the long term.

**Robert H Herz**  
Board Director, Value Reporting Foundation

# How Global Executives Understand Value Creation Today

This report, the fourth in a series designed to provide boards with insights into how businesses are shaping their narrative on how they create, preserve and erode value, is the outcome of a survey of executives in more than 20 countries around the world. As this report shows, we are witnessing significant changes to what society expects of business and how businesses think about and communicate their purpose.

Prior reports in this series argued that changing societal expectations meant that businesses were increasingly expected to seek to achieve both profits and purpose. We found that executives now overwhelmingly believe that managing companies using corporate purpose as a strategic framework – including as a filter or lens for decision-making – is critical to making good decisions and creating sustainable profits over the long term. The interdependency of purpose and profit is clearer than ever before, with executives reporting a significant jump in investor interest in purpose, values and culture.

The link between purpose and profit is increasingly understood as more and

more businesses are coming to understand that profits are best secured through delivering on a company's purpose: creating value for those stakeholders identified by management as critical to the success of a business over time, such as employees and customers. Creating value for these stakeholders forms the basis of sustainable profitability. This was reinforced during the Covid-19 pandemic which amply demonstrated the links between protecting the well-being of key stakeholders and corporate performance.

Nearly all executives surveyed, 98%, believe that it is critical to have a corporate purpose. There remains,



however, a gap in action. Only about half of respondents indicate that their organization currently has a clearly defined purpose.

Almost all executives surveyed, 99%, continue to agree that understanding all dimensions of how value is created, preserved or eroded is necessary to make timely, well-informed decisions. This includes understanding and measuring value drivers across human, financial, intangible and natural capitals. However, as we found in prior surveys, a majority do not feel that they have the tools and techniques to incorporate broader performance measures into strategic decisions. And only a small minority, 11%, are making extensive use of broader performance metrics in strategic decisions.

The Value Reporting Foundation was formed in June 2021 out of the merger between the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). The Value Reporting Foundation supports business and investor decision-making with three key resources: Integrated Thinking Principles, the Integrated Reporting Framework and SASB Standards. These resources make it easier for businesses to communicate long-term strategy and provide a comprehensive view of corporate performance. For guidance on how to evolve your reporting, visit: [www.valuereportingfoundation.org](http://www.valuereportingfoundation.org)

Respondents also reported that taking a longer-term approach to managing their businesses would improve their ability to create value. However, again we see a gap in action as less than a third report that they currently use a planning horizon of more than three years.

Value creation today

Purpose  
is  
profitable

In 2020, we once again asked executives around the world what information was most critical to communicate how they believe their organization will perform in the short, medium and long-term. The number one answer was expressing a clear statement of purpose, mission and values.

Over the course of our surveys of global executives, starting in 2014, the perceived importance of communicating strategic goals, key performance indicators and investment plans has either remained flat or declined. Meanwhile, purpose has steadily grown in important. Nearly all executives surveyed, 98%, now view corporate purpose as either important or critically important.

We found that while nearly all organizations now have a statement of purpose, only about half of executives believe that their purpose statement is very clear (51%). While purpose is seen as important to deliver long-term value and of increasing interest to investors, about half of companies still see room to improve the clarity of their purpose. These respondents told us that their corporate purpose was either unclear or only somewhat clear.



## Wide support for purpose-driven management approaches

While accounting and information systems are still primarily geared to produce financial information, a majority of businesses see potential to improve their ability to capture the information most critical to successfully managing their businesses.

98%

of business leaders say that it is important for companies to have a clearly defined purpose

But only

51%

report having clarity of purpose in their organization

Our survey results demonstrate that purpose and profits are no longer seen as separate or in conflict. Executives listed statement of purpose as the most important information to communicate regarding the ability of the organization to create value in the future. Having a clear business model, strategy, metrics and roadmap were also ranked in the top five issues in terms of relevance for disclosure.

What information do you feel is most critical in communicating how you believe your organization will perform in the short, medium and long-term? Please choose your top 5.

		% of companies currently capturing
1	Expressing a clear statement of purpose, mission and values	89%
2	Explaining how the company's business model creates long-term value by identifying key value drivers	78%
3	Providing metrics and targets indicating the company's ability to deliver on strategy	78%
4	Highlighting sources of competitive advantage such as talent	72%
5	Laying out a detailed execution roadmap that defines short, medium, and long-term actions linked to key milestones and strategic goals targeted at long-term value creation	69%

Companies deliver profit through successfully creating value for customers and other key stakeholders.

This survey demonstrates that organizations are now adapting to the changing priorities of customers, as individuals become more engaged in the purpose and values of the organizations whose products and services they use. This aligns with the thinking of the Statement of the Purpose of a Corporation, put out by the Business Roundtable in 2019 and signed by 181 CEOs of large corporations.

VALUE CREATION TODAY

The percentage of those who agree that organizations need to shift their focus to wider value considerations has remained relatively stable at over 80% since we began asking this question in our 2016 survey.

What has changed is that companies see customers, employees and even society as a whole as more central to the value creation process. We also asked specifically about issues that are included in company purpose statements. Business leaders reported the top three factors linked to purpose are values (83%), strategy (72%) and culture (64%).

As purpose is increasingly linked to strategy, and strategies increasingly recognize the importance different resources have - including financial, social, natural and intellectual - on the ability of the organization to create value, business leaders report that there is room for improvement in disclosing long-term strategy. When asked about their organization's success in reporting strategy clearly, more than 50% responded that they were only 'somewhat' successful.

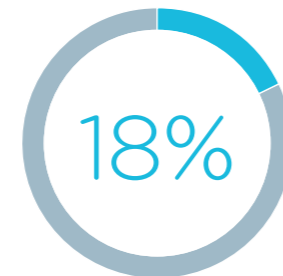
In this survey, we also found more interest in managing using longer time horizons. Most companies in our sample use a strategic time frame of two to three years. Only 28% work with a time horizon of more than three years, although 58% would like to do so. A substantial majority of executives surveyed, 75%, believe that company performance would improve if management used longer-term perspective for strategic planning.

An even higher percentage believe it is extremely important to effectively explain their strategy for delivering long-term value to key stakeholders. An effective explanation must include information about strategy for delivering future performance. Only 18% of executives think past performance is extremely important to investors. It is future performance that is seen to be of paramount importance, with 70% of business leaders believing that this is extremely important to communicate to investors.

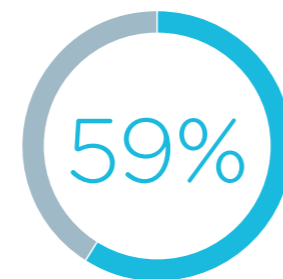
In analyzing company performance, how important do you believe past, current and future performance are to investors?

% of executives that see information as extremely important for investors:

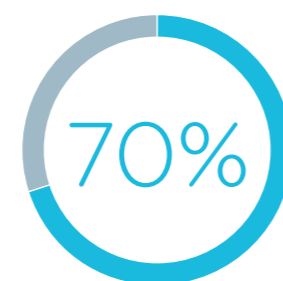
Past performance



Current performance



Future performance



As the ideas of integrated thinking and integrated reporting have become the de facto norm, large majorities of executives continue to view integration as relevant to their objectives and supportive of business success. In terms of integrated thinking:

Value in wider value creation

99%

continue to agree that understanding all sources of value is important internally, and is a pre-requisite to making timely, well-informed decisions.

94%

believe that it is important to use broader performance information along with traditional financial information to manage value creation.

80%

are already using broader performance information to manage their companies, or are developing tools and techniques to do so.

Still challenges in using

11%

of executives report making extensive use of broader performance metrics for internal decision-making.

Integrated thinking drives better decision-making

71%

think that integrated thinking can eliminate silos and support decision-making across different departments and business units, allowing them to focus more effectively on value creation.

76%

believe it can reduce short-term thinking within the company by supporting decision-making and actions that focus on sustainable creation of value over the short, medium and long-term.

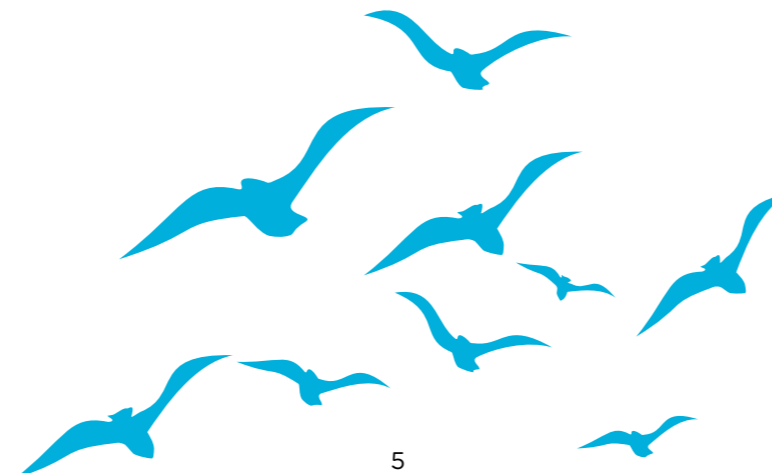
Integrated reporting drives transparency and accountability

75%

of executives think that integrated reporting better enables a company to communicate the full range of factors that materially affect its ability to create value over time.

75%

of executives feel that integrated reporting can enhance accountability and responsibility for both tangible and intangible assets (financial, manufactured, intellectual, human, social and relationship and natural).





‘Ultimately, purpose is the engine of long-term profitability.’

– Larry Fink, CEO, BlackRock

### Purpose is profitable: additional research

Our survey results show an increased interest in purpose, both by business leaders and by investors. Other authors and researchers have come to similar conclusions. Companies are more likely to be resilient in the face of unexpected shocks and hardships if they are managed for the long-term. In the long-term, meeting societal needs and key stakeholder expectations will be increasingly important for the viability of the business.

In her book *Leading with Noble Purpose*, author and consultant Lisa McLeod makes a compelling argument that many formerly successful companies have lost market share and relevance by focusing on profit without purpose. In doing so, they lose insight into customers’ needs and wants and subsequently become less able to meet customer expectations.<sup>1</sup>

Profit is an outcome of creating value for an organization’s key stakeholders, particularly customers. To deliver value for these stakeholders, purpose has to become an organizing principle that creates great clarity about why a company exists. Clarity about a company’s ‘why’ is different than clarity about strategy, which is the ‘how’. In his 2009 bestseller *Start with Why*, author Simon Sinek explained that great companies know why they are in business, and they communicate this well. This clarity of purpose motivates employees, boosts productivity, and becomes a strategic asset and competitive advantage which sets them apart from peer companies.<sup>2</sup>

Professor Alex Edmans of London Business School makes the case that it is in companies own interest to adopt social objectives and deliver value for

stakeholders. Increased profits are likely to be a by-product of these activities – resulting in a return on investment that could not be justified using financial analysis. Edmans refers to this thinking as the “pie-growing mentality”. Instead of seeing value created for society as somehow harmful to investors, Edmans has found that there is no conflict. Creating value for all stakeholders ultimately improves profits and firm value.<sup>3</sup>

While it is generally assumed that purpose can have an impact in the long term, researchers have found that communicating strategic plans in the context of corporate purpose can have dramatic, immediate effects. Researchers analyzing market reaction to strategy presentations at investor conferences have found that when CEOs demonstrate great clarity of purpose their company’s stock benefits from value rises and increased trading volumes. Adjusting for market movements in general, stock prices rose by an average of 1.6% following these strategy presentations.<sup>4</sup> Other researchers have found that better quality disclosure on themes like corporate purpose and competitive positioning is linked to larger capital market reactions.<sup>5</sup>

As transparency expectations increase the need for companies to explain their decisions, their motivations and the processes through which decisions are made, business leaders are turning to purpose as a lens for decision-making. Of 750 leaders interviewed as part of the 2021 Ethics Survey conducted by Principia, 90% believe it to be essential for ethical companies to pursue purpose beyond profit, and 96% believe that following the letter of the law – including fiduciary responsibility – is no longer sufficient. Companies are now expected to

articulate and demonstrate their own values and principles.<sup>6</sup> These should ideally be linked to their purpose.

Corporate purpose is also growing in importance as urgent transformation is required to address global challenges such as those set out in the UN Sustainable Development Goals (SDGs). To successfully embed sustainability into a company and make business model changes required to be resilient in the face of global challenges, transformation, clarification and focus on a company’s purpose are often necessary. A recent report by the UN Global Compact and Russell Reynolds Associates found that 92% of CEOs think that integrating sustainability is critical to the success of businesses, but only 48% are actually integrating sustainability into their operations. Clarifying purpose, and aligning strategy with purpose, is seen as a critical route to achieving better outcomes for businesses, investors, society and our planet.<sup>7</sup>

Investors are also paying attention to companies’ ability to embed sustainability across their businesses and deliver value for key stakeholders. Larry Fink, CEO of the global investment firm BlackRock, believes that the growth prospects of each company are dependent on its ability to operate sustainably and serve key stakeholder groups. In his 2020 annual letter to CEOs, he wrote that a “strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society. Ultimately, purpose is the engine of long-term profitability.”<sup>8</sup>



# Trends over time

In each of our surveys since 2014, we've asked executives about future trends that may impact business success. The growth in importance of meeting the evolving disclosure and transparency needs of customers, employees and public trust is something executives foresaw. In 2020, companies report that meeting the information needs of these groups continues to grow in importance, along with growth in the importance of communicating effectively with suppliers. The global Covid-19 pandemic heightened awareness of interdependencies, including the critical importance of suppliers and supply chains.

Executives globally continue to agree on the importance of understanding and effectively communicating how their business creates value for key stakeholders in the long term. The percentage of executives who view this as important has held steady over the course of our four surveys.

As a business leader, how important is it that you can effectively explain how your business creates value for your key stakeholders in the long-term?

% of executives who believe this is important or very important



It is clear from our survey that while investors remain an important audience for many executives, there has been a significant increase in the relative importance of communicating value creation strategies and plans to employees, customers and suppliers.

RESULTS FROM OUR SERIES OF SURVEYS

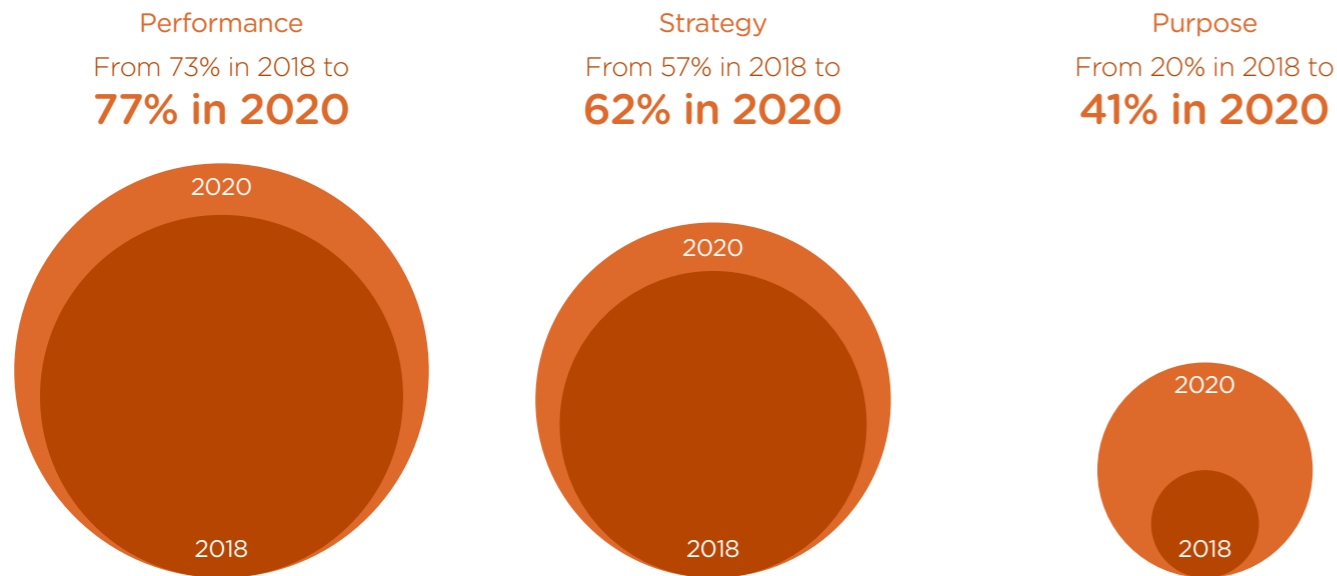
Executives' views on communication to stakeholders have undergone a shift since 2014. In our initial surveys, companies viewed investors as the primary audience for value creation information. While investors remain an important audience for many executives, there has been a significant increase in the relative importance of communicating value creation strategies and plans to employees, customers, and suppliers. The importance of transparency and public trust has also increased over time.

More work needs to be done to communicate to key stakeholders how the organization creates, preserves and erodes value. While 90% of business leaders surveyed believe their current reporting meets the needs of investors to some degree, only 28% have confidence that their reporting amply meets the information needs of all of their key stakeholders.

The importance of communicating value creation strategies and plans to employees, customers, and suppliers has grown. The importance of transparency and public trust has also increased over time.

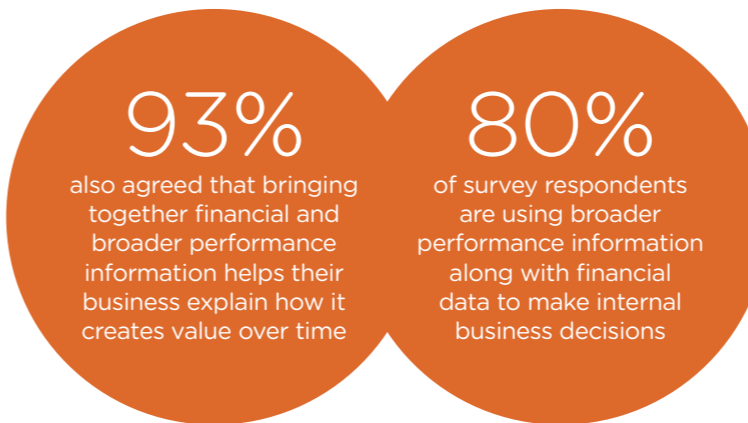
The information that executives identify as most wanted by investors has also shifted over time, with a significant increase in interest in corporate purpose.

In your opinion are investors applying any pressure or showing interest in the following reporting topics?

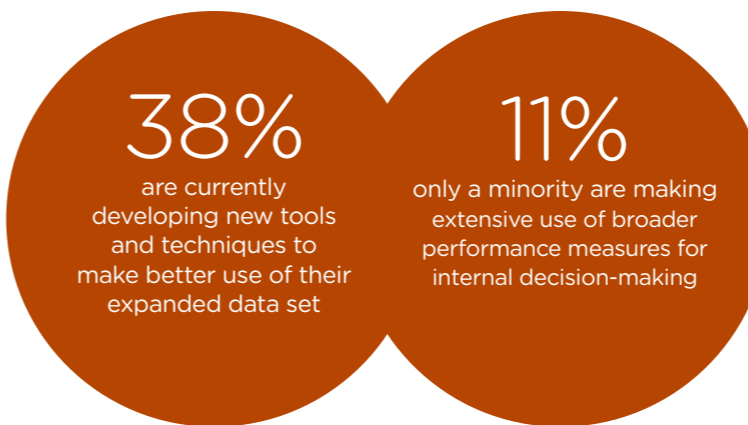


Since we began asking executives about the importance of disclosing financial and ESG or non-financial information together in 2016, nearly all executives surveyed agree with the importance of providing a holistic picture of corporate value creation. This has remained fairly constant over time, with between 94% to 99% of executives believing this is critical for reporting. In 2020:

Progress has been made



More work to be done



At least half of executives believe that in the last three years their reporting has continued to:

- become more reliable for internal and external use;
- have a better focus on outcomes for the business; and
- become more forward looking.

This positive trend is in line with prior survey findings.





# Links to wider trends and implications for the *future*

Black Sun has done a review of developments globally in this space to provide its insights into the wider trends and implications for the future.

Accountability to internal and external stakeholders, through reporting and other disclosure tools, can make the business more resilient. While the focus of corporate law remains on shareholder interests in many countries, this is changing as there is greater expectation that boards must establish their company purposes, act in a way they consider most likely to promote the fulfilment of their purposes, and have regard to the consequences of decisions for both shareholders and key stakeholders.<sup>9</sup>

There are a range of emerging forms of law that enable purposeful business and formalize the idea that a business should seek sustainable wealth creation with benefits to all key stakeholder groups. In France, for example, a new corporate law adopted in 2019 allows boards to state a 'raison d'être' other than profit. The Transparency in Supply Chains Act in California and in the "Loi sur le devoir de vigilance" (due diligence law) in France create specific avoidance of harm through supply chains in particular.<sup>10</sup> In the future, these attributes will increasingly be expected of all companies, either through legal frameworks or stakeholder pressure.<sup>11</sup>

As integrated thinking and reporting have become the de facto norm, there are currently initiatives underway to better align and streamline reporting standards, moving to greater global coherence. Over time, these could result in enhanced, more comprehensive and coherent standards that are more useful for both reporting organizations and users of information.

There is a growing expectation among investors that companies will use industry-specific key performance indicators to provide comparable information across companies. This fits with our finding that there is room to improve non-financial or ESG disclosure to all stakeholders, including investors. It is recommended that companies use key performance indicators that are aligned to their purpose and strategy and that are useful for internal management. With movement toward greater standardization for key industry-specific metrics, companies may elect to use a combination of standardized indicators and company-specific metrics.

It is likely that greater use of third-party assurance for broader information will become more common, and ultimately required, in the coming years. Only around half of executives believe their company does a good job of capturing the information most critical to run the company. Pressure to disclose higher quality data externally may encourage companies to make further investment in the business critical ESG data that management and the Board need for internal decision-making.

Looking forward, executives expect investors' demand for information around purpose, values and culture to increase significantly. Companies will therefore need to improve the clarity of their purpose, and the extent to which their purpose is linked to strategy, risk and opportunity management and incentives. An authentic, strategic approach to purposeful value creation is likely to result in greater resilience, better preparing firms for the next crisis. Reporting can be a useful tool to support this resiliency, providing greater insight into decision-making and outcomes to help drive further change.

Countries like the UK have introduced stakeholder-friendly changes to their corporate governance code, with specific responsibilities to stakeholders.

# Communicating the Role of Corporate Purpose in driving Value Creation

1

What is your company's purpose? In other words, why are you in business? Why does your organization exist? Purpose explains why an organization exists and the issues it sets out to solve. It should stand the test of time. While strategies can and should be adjusted to respond to changes in stakeholder needs and the business environment, an organization's purpose is more fundamental to its core capabilities.

To deliver sustainable value for key stakeholder groups, purpose must be simple and clear, not a vague set of values. When purpose is clear and well understood within the organization, it helps to focus effort. The CEO of Merck, Kenneth Frazier, has told shareholders that the company purpose is "what makes our people come to work every day. It's what makes them make the tremendous commitment that gives them the willingness to make the discretionary effort."<sup>12</sup>

2

How do key stakeholders benefit from the corporate purpose? Companies have always delivered shareholder value through meeting key stakeholder needs. Articulating this in the context of purpose, culture and values and with clarity to both investors and other key stakeholders is increasingly important. Organizations must create products or services that solve problems or create benefits to generate sustainable value.

"The purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems," says Professor Colin Mayer of the Saïd Business School at Oxford University.<sup>13</sup>

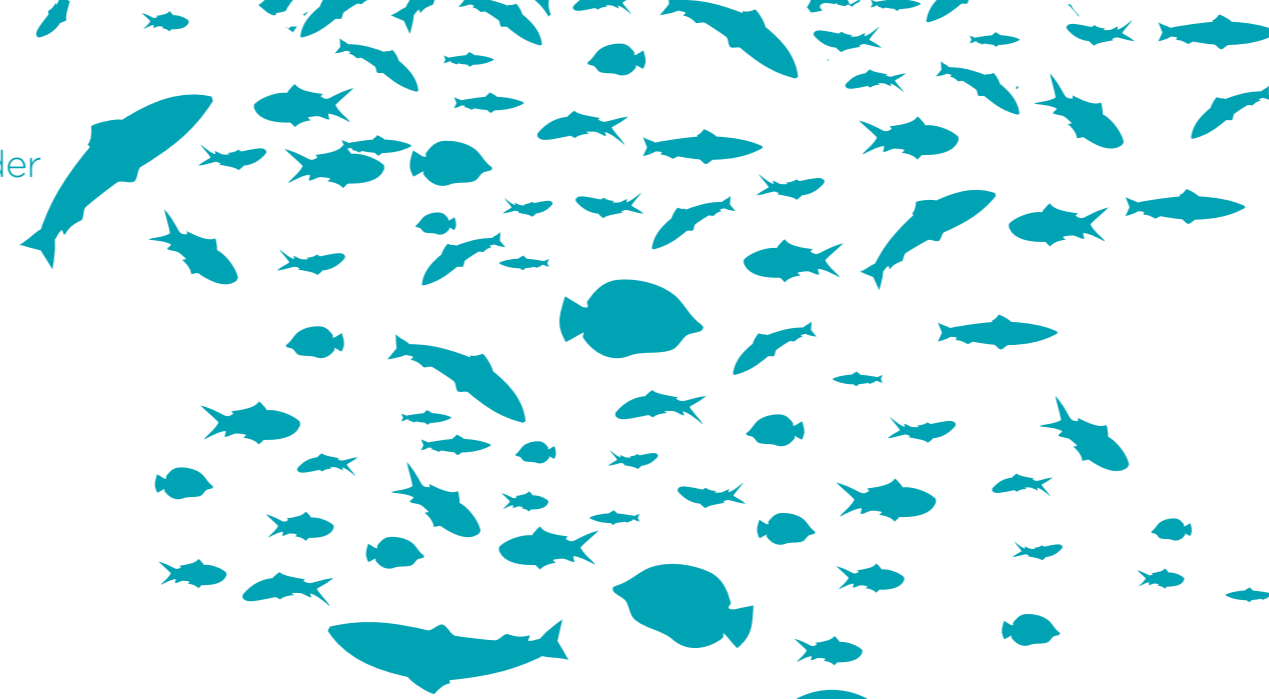
Companies should understand and be able to clearly communicate how their corporate purpose directly benefits specific stakeholders. To ensure clarity, try describing the product or service in the corporate purpose and define the customer – the primary beneficiary. Google for example defines their purpose as organizing the world's information to "make it universally accessible and useful."<sup>14</sup>

3

Is your corporate purpose well embedded across the organization? Purpose should not be owned by any one leader, or even the board. It should be embraced by everyone within the organization and supported by key stakeholders, including investors. One way to think about purpose is as a unique 'superpower'. A genuine, lived purpose connects with a company's unique way of creating value for stakeholders by having a positive social impact.<sup>15</sup>

Purpose can be both an organizing principle for the company, informing the company values, mission and even strategy, and a filter or lens to use for decision-making purposes. Purpose can be used along with profitability to prioritize initiatives.

## Questions for Boards and Executives to Consider



4

### How well does your strategy bring your corporate purpose to life?

Ultimately, companies should make a conscious choice to produce products and services that align with their company's purpose, and eliminate those that don't. By doing this, the strategy can make the corporate purpose fully visible.

Integrated thinking is a powerful tool for achieving this level of connectivity and clarity. Linking purpose to strategy, risks, opportunities and incentives throughout the organization supports better decision-making and understanding.<sup>16</sup> When this is achieved, communicating value creation strategy becomes much simpler.

5

### Is your corporate purpose used as a lens to help guide decision-making within the firm?

Purpose matters only if it has significant impact on the way organizations are run. Decision-making is a team sport - it happens throughout an organization. Using the corporate purpose and values as a framework for decisions creates clarity, so that decisions taken throughout an organization are more likely to be aligned, achieving greater impact and value.

During the Covid-19 pandemic, many organizations found that incredibly difficult or painful decisions were made easier when they aligned with an organization's long-term purpose. This was the case for Burberry, for example.

Luxury brands were particularly hard hit by lockdowns, remote work and restrictions on travel and tourism, and the market for the sector contracted by almost a quarter during 2020. Burberry found that focusing on the purpose inspired by its founder, Thomas Burberry, in the early 1900's helped it innovate and engage local consumers.

The company explained the importance of its purpose in its 2020 Annual Report: "Our purpose is to unlock the power of imagination to push boundaries and open new possibilities for our people, our customers and our communities. This is the core belief that has guided Burberry since it was founded in 1856 and is central to how we operate as a company today. From outfitting polar explorers to enhancing the shopping experience through Augmented Reality (AR), our purpose underpins the choices we make at Burberry and informs our long-term goals."<sup>17</sup>

6

### Is the purpose a competitive advantage? Does it make the firm unique or a better place to work or do business with?

Companies should consider that their purpose should not only explain their reason for being, but also why their company is well suited to solve certain problems or deliver certain solutions. In other words, why is your organization best suited to deliver the value you deliver?

For purpose to be authentic as well as a driver of value creation, it has to reflect the organization. Ideally, a company's purpose is something that it is capable of and passionate about delivering.

7

### How do you measure performance? Are metrics and KPIs focused only on financial indicators or is purpose also measured?

What you seek to manage should be measured, consistently. Not only can purpose be measured, it should be, rigorously. This can be done by identifying the key performance indicators that tie to corporate purpose, tracking them over time, and aligning internal incentives.

For purpose to drive value, it must be authentic and come from within the company. The metrics used to measure and track the purpose should therefore be tailored to the specific organization.

8

### Do your efforts to communicate value creation strategy target those stakeholders you've identified as important, such as customers, employees and suppliers?

As the weight of evidence grows for the role of purpose in creating sustainable success, business leaders are placing greater emphasis on creating a common narrative about why their company exists. This should be communicated to investors, and also to employees, customers and partners, including suppliers. When purpose is truly an authentic organizing principle for an organization, it features not only in the company strategy, investor presentations and internal communications, but also as part of branding and advertising messages.

When communicating value creation strategy and corporate purpose to investors, many companies present information that is overly broad and fails to take a forward-looking view.<sup>18</sup> By measuring and managing purpose - the engine of long-term profitability - companies are then able to communicate with more specifics and greater clarity.

## About this research

This Board-level insight is a survey of executives from across the globe that seeks to understand trends and challenges in measuring, disclosing and understanding the value that companies create. This survey is the fourth in a series beginning in 2014. The 2020 survey was conducted in December 2020 and included the views and opinions of business leaders in more than 20 countries.

Questions covered a range of topics including how value is thought about and understood, how it is communicated to stakeholders including investors, and whether executives believe that the right information is gathered and measured to support internal and external decision-making. The 2020 survey is based on the views of over 220 AICPA and CIMA members. This cohort included 67 CEO/Presidents, 73 CFOs and other C-suite executives from over 23 countries.



### About the Value Reporting Foundation

The Value Reporting Foundation is a global non-profit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value – how it is created, preserved, or eroded over time. The resources – including Integrated Thinking Principles, the Integrated Reporting Framework, and SASB Standards – can be used alone or in combination, depending on business needs. These tools, already adopted in over 70 countries, comprise the 21st century market infrastructure needed to develop, manage and communicate strategy that creates long-term value and drives improved performance.

To learn more, visit [www.valuereportingfoundation.org](http://www.valuereportingfoundation.org).



The unified voice of AICPA and CIMA

### About the Association of International Certified Professional Accountants, and AICPA & CIMA

The Association of International Certified Professional Accountants® (the Association) represents AICPA® & CIMA®. We advance the global accounting and finance profession through our work on behalf of 696,000 AICPA and CIMA members, students and engaged professionals in 192 countries and territories. Together, we are the worldwide leader on public and management accounting issues through advocacy, support for the CPA license, the CGMA designation and specialized credentials, professional development and thought leadership. We build trust by empowering our members and engaged professionals with the knowledge and opportunities to be leaders in broadening prosperity for a more inclusive, sustainable and resilient future.

To learn more, visit [www.aicpa-cima.com/](http://www.aicpa-cima.com/)



### About Black Sun

Black Sun is a global stakeholder communications company. We help ambitious organizations understand their audiences, bring to life their value creation story and build enduring relationships with all of their stakeholders. We have been studying the power of communications in changing behaviour, increasing transparency and improving engagement between businesses and their key stakeholders since 2005.

Our research is focused on demonstrating the business case for communications and reporting and the role that strategic storytelling has to play in helping organizations around the world build vital trust and communicate their value creation story across multiple channels – whether it is demonstrating accountability of the Board, helping capture the ‘spirit’ of regulation in reporting, creating a corporate website which reinforces purpose or engaging wider stakeholders on sustainability.

[www.blacksunplc.com](http://www.blacksunplc.com)

## NOTES

- 1 McLeod, Lisa, *Leading with Noble Purpose: How to Create a Tribe of True Believers*, 2016, p 6.
- 2 EPI, *Enacting Purpose Within the Modern Corporation: A Framework for Boards of Directors*, page 8.
- 3 Edmans, Alex, *How Great Companies Deliver Both Purpose and Profit*, Harvard Law School Forum on Corporate Governance, 1 Oct 2020.
- 4 Whittington, Richard; Yakis-Douglas, Basak; Ahn, Kwangwon. *Strategy presentation's effect on stock prices*. In: Australian Institute of Company Directors, 2016.
- 5 Kotsantonis, Sakis, et al. *The Economic Significance of Long-Term Plans*, KKS Advisors, Nov. 2018, <https://static1.squarespace.com/Static/5143211de4b038607dd318cb/t/5bfeadb04d7a9c43d382c78c/1543417267348/The+Economic+Significance+of+Long-Term+Plans.pdf>, p 5.

- 6 *The Ethics Study 2021: Business Leaders on Translating Aspiration into Action*. Principia, 2021.
- 7 *SDG Ambition, Scaling Business Impact for the Decade of Action*; United Nations Global Compact, Accenture, SAP; 2020
- 8 Fink, Larry. *Larry Fink's Letter to CEOs*. BlackRock, 14 Jan. 2020, [www.blackrock.com/corporate/investor-relations/2020-larry-fink-ceo-letter](http://www.blackrock.com/corporate/investor-relations/2020-larry-fink-ceo-letter).
- 9 The British Academy. (2019, November). *Principles for Purposeful Business. How to deliver the framework for the Future of the Corporation*. <https://www.thebritishacademy.ac.uk/publications/future-of-the-corporation-principles-for-purposeful-business/>, p 20.
- 10 Ibid
- 11 Eccles, Robert G, et al. *3 Ways to Put Your Corporate Purpose into Action*. Harvard Business Review, 13 May 2020.

- 12 Serafeim, George. *Social-Impact Efforts That Create Real Value*. Harvard Business Review, September-October 2020, [hbr.org/2020/09/social-impact-efforts-that-create-real-value](https://hbr.org/2020/09/social-impact-efforts-that-create-real-value).
- 13 Younger, Robert, et al. *ENACTING PURPOSE WITHIN THE MODERN CORPORATION: A Framework for Boards of Directors*. Enactingpurpose.org, Enacting Purpose Initiative, Aug. 2020, [www.enactingpurpose.org/assets/enacting-purpose-initiative---eu-report-august-2020.pdf](http://www.enactingpurpose.org/assets/enacting-purpose-initiative---eu-report-august-2020.pdf), p 4.
- 14 <https://about.google/>
- 15 "More than a Mission Statement: How the 5Ps Embed Purpose to Deliver Value." McKinsey & Company, McKinsey Quarterly, 18 Nov. 2020, [www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/more-than-a-mission-statement-how-the-5ps-embed-purpose-to-deliver-value#](http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/more-than-a-mission-statement-how-the-5ps-embed-purpose-to-deliver-value#), p 2.
- 16 *Integrated Thinking and Strategy: State of Play Report*. IIRC, Dec. 2019, [integratedreporting.org/integrated-thinking/](http://integratedreporting.org/integrated-thinking/).

- 17 Burberry Annual Report 2020/2021, [https://www.burberryplc.com/content/dam/burberry/corporate/oar/2021/pdf/Burberry\\_2020-21\\_Strategic\\_report.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/oar/2021/pdf/Burberry_2020-21_Strategic_report.pdf), p 15.
- 18 Kotsantonis, Sakis, et al. *The Economic Significance of Long-Term Plans*, KKS Advisors, Nov. 2018, <https://static1.squarespace.com/Static/5143211de4b038607dd318cb/t/5bfeadb04d7a9c43d382c78c/1543417267348/The+Economic+Significance+of+Long-Term+Plans.pdf>, p 5.

### Credits:

Analytics and creative: Black Sun  
Copywriting: Susan Blesener



Association  
of International  
Certified Professional  
Accountants®

*The unified voice of AICPA and CIMA*



**VALUE  
REPORTING  
FOUNDATION**  
INTEGRATED  
REPORTING  
FRAMEWORK