Corporate Social Performance & the Quarterly Earnings Call: Insights From the Interactions Between Leading Companies and Wall Street Analysts, 2015-2017

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Abstract

This research examines 240 quarterly earnings call transcripts from the top 10 companies on the 2017 U.S. Fortune 500 and Fortune Future lists, respectively. The research aims to assess (1) the ways and extent to which corporate executives communicate corporate social performance (CSP) on quarterly earnings calls, and (2) the ways and extent to which participating representatives from financial institutions respond to or request CSP information. This study suggests that corporate executives' descriptions of CSP are, with some exceptions, intermittent across multiple years of earnings calls. Almost universally, financial firms represented on earnings calls offer few to no questions or comments regarding CSP. This thesis argues that the relative absence of CSP-related dialogue between executives and analysts on quarterly earnings calls represents a missed opportunity for leading companies and financial institutions to affirm CSP as a dimension of mutually recognized value.

Dedication

To my grandmother, who taught me through her word and example the value of hard work and the importance of education.

Acknowledgments

I am grateful to the many people who have supported me throughout the development of this thesis and the years of study that preceded it. I extend my sincerest thanks to my thesis advisor, Professor Marc Mitchell, to Professors Asher Orkaby and Orlando Patterson, and to Teaching Fellows Ethan Fosse and Joshua Walker. Each helped me to ask deeper questions, to consider different viewpoints, and to grow as a student and scholar.

I am indebted to my family for their constant support as I pored over hundreds of pages of research in the process of preparing this thesis. I had been warned early on that the writing of a thesis is a lonely endeavor; my husband and children made every effort to save me from that fate, gracing me with their presence and good humor through to the final pages.

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Acronyms

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CSO: Chief Sustainability Officer

CSP: Corporate Social Performance

CSR: Corporate Social Responsibility

CR: Corporate Responsibility

ESG: Environmental, Social, and Governance

IR: Investor Relations

MNC: Multinational Corporation

SDGs: Sustainable Development Goals

SEC: Securities and Exchange Commission

Chapter I.

Introduction

The unveiling of the United Nations (U.N.) Sustainable Development Goals (SDGs)[1] in 2015 sparked a tide of optimism about the ability of various sectors to coalesce around shared social aims (Scheyvens, Banks, & Hughes, 2016). This has included growing confidence in the ability and willingness of large multinational corporations (MNCs) to advance the SDGs Agenda. As part of the unveiling of the SDGs, then-Secretary General Ban Ki Moon said this:

> I am counting on the private sector to drive success. Now is the time to mobilize the global business community as never before. The case is clear. Realizing the Sustainable Development Goals will improve the environment for doing business and building markets. Trillions of dollars in public and private funds are to be redirected towards the SDGs, creating huge opportunities for responsible companies to deliver solutions (U.N. News, 2015).

As scholars Regina Scheyvens, Glenn Banks, and Emma Hughes observe, "One of the most significant shifts with the development of the SDGs has been the foregrounding of the role of the private sector." They cite a U.N. white paper which suggests, "A new paradigm in development thinking is recognizing the centrality of private enterprise in pursuit of the development agenda" (2016, p. 372).

Marco Frey and Alessia Sabbatino describe the SDGs' expectations of private-sector actors as follows:

> [The SDGs] challenge the business world to review its strategic and operational decisions…to seize the opportunities that can result from a

[1] See Figure 1 for the United Nations' official illustration of the SDGs.

> concrete commitment to the promotion of a new development model based on the paradigms of economic, social and environmental sustainability" (2018, p. 187).

Such expectations extend to large financial firms and the role that institutional investors can play in encouraging MNCs to demonstrate and communicate corporate social performance (CSP). Mark Kramer's April 2018 article in *Harvard Business Review*, for example, suggests that in this SDGs era, "[S]ocial factors are increasingly being recognized as material to stock performance." Kramer argues that "Investor pressure can serve as the lynchpin for catalyzing companies to think and behave differently on pressing social and environmental issues aligned with their long-term business success" (2018). Kramer envisions an impending swell of socially conscious and engaged shareholders, together driving meaningful changes in the actions corporations undertake and in the type of performance information that Wall Street analysts demand. He argues that "few investors…are going to read sustainability reports or be persuaded by proclamations of social purpose" (2018). Rather, companies will need to demonstrate corporate social *performance* (CSP) and report on it in ways on par with, and via the same channels as, standard financial performance reporting.

Morgan Stanley, one of the world's leading financial firms, echoes Kramer's themes and conclusions in its own analysis of CSP communications, published in October 2017. On CSP, the report suggests, "the information investors seek is lacking or incomplete" (2017, p. 1). The Morgan Stanley authors cite quarterly earnings calls as appropriate and even ideal forums for companies to inform investors of their sustainability[2] initiatives and the results thereof (2017).

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[2] The Morgan Stanley report uses the term sustainability "as an umbrella term to cover management of all issues that companies variously categorize under sustainability, ESG [environmental,

Morgan Stanley's report, produced against the backdrop of the SDGs, gives rise to many questions. What is the relationship between leading MNCs and financial institutions (Wall Street) with respect to CSP? How are MNCs communicating CSP to the analysts who reflect and guide shareholder demand? How, and to what extent, are these analysts requesting or responding to CSP information from MNCs? Where CSP is conveyed by either side as a priority, is it communicated in the context of the SDGs? What is the nature of the dialogue between MNCs and Wall Street with respect to CSP?

With these broader questions in view, this thesis considers a specific point of inquiry: What insights about CSP-related communications can be derived from past transcripts of quarterly earnings calls, the most intimate point of interaction between corporate executives and Wall Street analysts?

A review of earnings-call transcripts over a three-year period (2015-2017) for top-10 companies on the U.S. Fortune 500 and Fortune Future lists, respectively, suggests substantial variability in the frequency and the extent to which corporate executives communicate CSP information to analysts. Across the 240 transcripts reviewed for this thesis, mentions of CSP surface on less than half of them. Almost universally across all of the transcripts included in this study, representatives from financial institutions do not engage in any dialogue regarding CSP. Corporate executives citing CSP initiatives receive almost no comments or questions from analysts in the earnings-call setting. This lack of engagement from analysts on CSP, combined with inconsistent and limited CSP communications from executives, suggest missed opportunities to mutually reinforce

social, governance], CSR (corporate social responsibility) and CR (corporate responsibility)" (2017, p. 3). In this thesis, I use the term corporate social performance (CSP) to refer to activities undertaken for the purpose of advancing sustainability as Morgan Stanley defines it. More explanation of key terms in this thesis can be found in Chapter IV.

CSP as a matter of shared priority, and missed opportunities to better align with rising expectations of socially engaged shareholders and other stakeholders.

Figure 1. Official illustration of the U.N. Sustainable Development Goals

Chapter II.

Research Methods & Limitations

The methods applied in this analysis include the close review of all quarterly earnings call transcripts from publicly traded, U.S.-headquartered MNCs, selected according to their inclusion among the top 10 companies on the 2017 U.S. Fortune 500 and Fortune Future lists, respectively.

The companies included in this analysis from the 2017 U.S. Fortune 500 list are as follows:

1. Walmart
2. Apple
3. Exxon Mobil
4. McKesson
5. UnitedHealth Group
6. CVS Health
7. General Motors
8. AT&T
9. Ford Motor
10. AmerisourceBergen

Although Berkshire Hathaway officially ranks second on the Fortune 500 list, it is excluded from this survey as it does not host quarterly earnings calls. Companies included from the 2017 Fortune Future list are as follows:

1. Salesforce
2. Tesla
3. Facebook
4. Netflix
5. Intuitive Surgical
6. VMware
7. Edwards Lifesciences
8. Intuit
9. Activision Blizzard
10. Regeneron Pharmaceuticals

Quarterly earnings call transcripts were obtained through Seeking Alpha, an aggregator of shareholder-relevant information on publicly traded companies. Only transcripts between January 2015 and December 2017 were included, for a total of 240 transcripts studied. All transcripts for all selected companies in this study were reviewed line by line in the interest of a thorough and comprehensive analysis.

Quarterly earnings call transcripts were selected as the primary vehicle for this analysis because they provide public record of direct interactions between financial-firm representatives and executives of publicly traded companies.

Only U.S.-headquartered companies were selected for this analysis to allow for more straightforward cross comparison. Many ex-U.S. companies in the International Fortune 500 list are not legally obligated to provide quarterly earnings updates to shareholders. Others do not provide quarterly earnings updates in the English language.

A Gap to Be Filled

While the concepts of corporate social responsibility (CSR), social purpose, CSP, and shareholder social engagement have received ample attention in academic literature, few studies have examined CSP-relevant dynamics between financial institutions and MNCs outside of the proxy process.

Few scholars have examined quarterly earnings call transcripts as potential sources of insight about CSP. Robert Eccles and George Serafeim of Harvard Business School have argued for the importance of quarterly earnings calls in communicating CSP to shareholders (2013). Their argument rests mainly upon survey data, however, and not the line-by-line review of a large collection of call transcripts. Similarly, the Morgan Stanley report referenced earlier relies primarily upon expert interviews and secondary sources as the basis for its arguments favoring more CSP communications on earnings calls (2017). Its methodology does not include in-depth reviews of earnings call transcripts.

More information about quarterly earnings calls, their formats, participants, and value to research, is provided in Chapter III.

The Value of the Fortune Lists

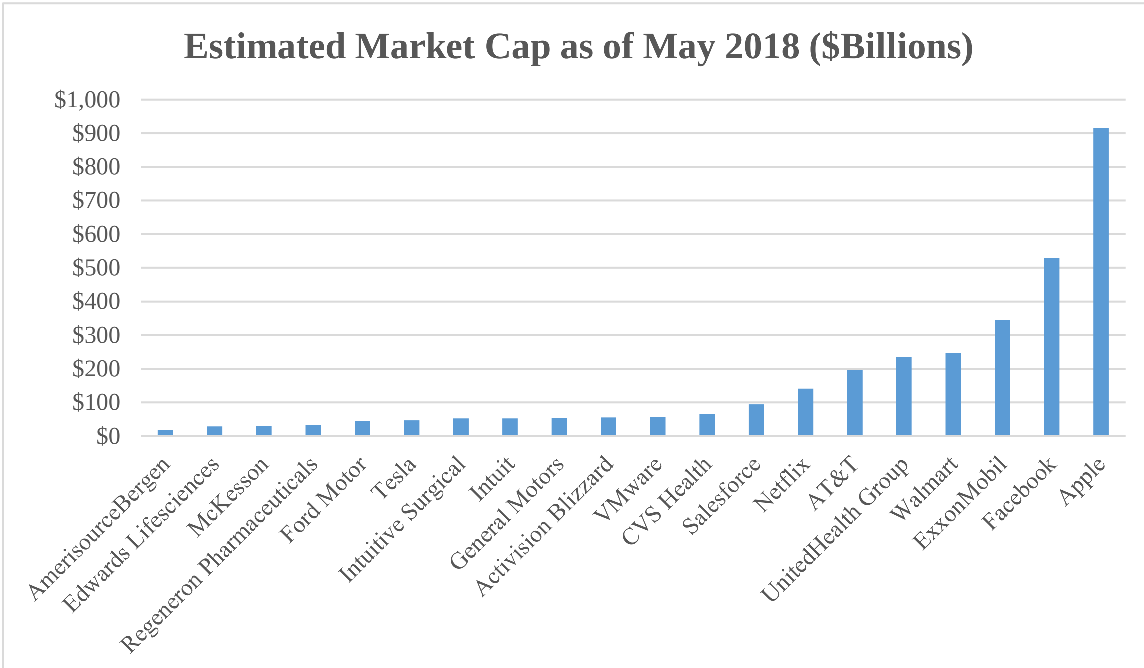
This research draws upon *Fortune* magazine's signature rankings of companies because of their strength of methodology, credibility and recognizability. The use of both the U.S. Fortune 500 list and the newer Fortune Future list allows for comparison of well-established MNCs (the Fortune 10) against younger, high-growth companies (Fortune Future).

The MNCs studied here, drawn from the Fortune lists, merit study by virtue of their disproportionate wealth and global influence. Companies ranked in the top 10 on these Fortune lists are leaders and trendsetters in their respective industries. They have significant impact on the economies where they operate. All operate internationally.

Figure 2 outlines the market capitalization for the MNCs included in this study. The total market cap value of the 20 companies included in this analysis amounts to an estimated value of $3.24 trillion U.S. dollars.

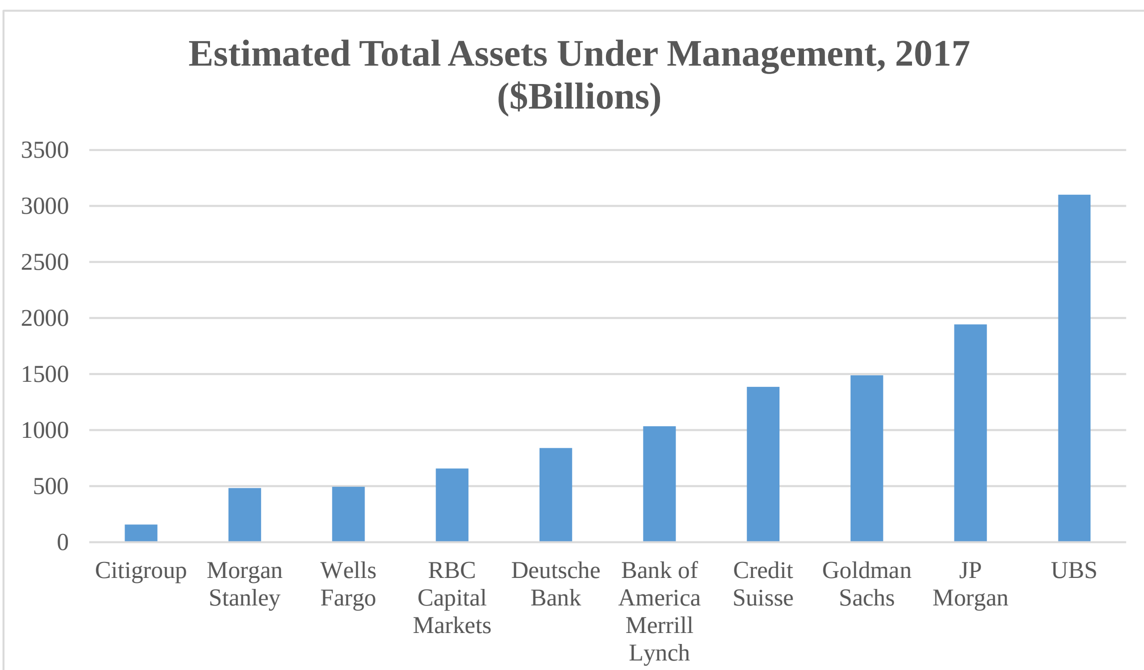
The financial institutions that participate in the earnings calls studied also hold major wealth and exercise global influence. Figure 3 outlines the total assets under management at just 10 of the firms represented in the earnings calls studied here. Those assets under management amount to more than $11.6 trillion U.S. dollars.

Figure 2. Estimated Market Capitalization of MNCs Reviewed



Source: Yahoo! Finance. May 2018.

Figure 3. Estimated Total Assets Under Management at Select Financial Institutions



Source: Official firm websites. May 2018.

Chapter III.

Background: The Quarterly Earnings Call and the Integrated Reporting Movement

This chapter provides an overview of quarterly earnings calls and the integrated reporting movement.

Quarterly Earnings Calls: An Overview

Per the rules of the Securities and Exchange Commission (SEC), there are two primary mechanisms by which public companies report on their performance: the annual report and quarterly earnings reports.[3] Quarterly earnings calls accompany quarterly earnings reports and provide opportunities for corporate executives and equity research analysts to directly discuss a company's strategy, priorities, actions, and progress against financial and other measures. These analysts represent financial institutions and financial interests. They hold corporate leaders to account; they hold significant sway over the priorities corporations set and other choices that corporations make. Quarterly earnings calls are often considered the place where "the rubber hits the road" in terms of corporate accountability.

[3] Many companies report CSP information in the form of corporate citizenship reports, published separately.

The Integrated Reporting Movement and the Relevance of Quarterly Earnings Calls

In part linked with the SDGs agenda, a movement is afoot to advance the practice of "integrated reporting" among publicly traded corporations. Integrated reporting entails communication of both social and financial performance information to investors (Rupley, Brown, & Marshall, 2017). The 2017 Morgan Stanley report on this topic highlights earnings calls as ideal channels for integrated reporting. Per its findings, "CEOs, CFOs and directors can instantly elevate sustainability in investor perceptions of business value by discussing material ESG [environmental, social, and governance] information in quarterly earnings calls" (2017, p. 18).

Along these lines, some experts have suggested that the frequency, structure and legitimacy of quarterly earnings calls render them superior to proxies[4] and other, more cumbersome avenues for social shareholder activism (Haigh & Hazelton, 2004).

As a channel for integrated reporting, and as primary sources for research, quarterly earnings calls are valuable for at least several reasons:

1. Unlike annual reports, quarterly earnings calls provide company performance updates on a relatively frequent basis (four times yearly).
2. Quarterly earnings calls facilitate direct dialogue between the corporate executives and Wall Street analysts present on the line. Quarterly earnings

[4] Proxies have been historically ineffective tools for social shareholder activism in part because they rarely involve or garner support from the major financial institutions which hold and manage disproportionately large pools of capital (Curzan & Pelesh, 1980). It is this category of financial institutions which is most prominently represented on quarterly earnings calls. The influence of these institutions on the actions of corporations and smaller shareholders is significant.

calls represent one of the only forums in which corporate managers are challenged directly by the analysts who assess their company's performance and make investment recommendations with respect to it. The question-and-answer sessions[5] on these calls carry a dynamism and authenticity not accessible in polished annual reports or CSR brochures.

3. The equity research analysts who participate in earnings calls have far-reaching influence on large numbers of investors. The content presented on earnings calls can have a major impact on a company's stock price (Mian & Sankaraguruswamy, 2012).

Ultimately, quarterly earnings calls represent the most intimate interaction between major investors and corporate executives. In this way, they shed light on the priorities of both parties in ways that no other setting can. Earnings calls play a critical role in signaling a company's strategy and priorities to investors (Eccles, 2018). They reveal the nature of interactions between major corporations and financial institutions and can signal the extent to which CSP figures into these interactions.

[5] The formats of quarterly earnings calls can differ by company.

Chapter IV.

Key Concepts

This chapter discusses the environmental, social, and governance considerations, and social purpose, corporate social responsibility, and corporate social performance.

Environmental, Social, and Governance (ESG) Considerations

Over the last decade, financial institutions have increasingly embraced Environmental, Social, and Governance (ESG) considerations in the criteria they use to assess investment opportunities. ESG is an optional lens that investors use to assess certain non-financial dimensions of a company's performance, including dimensions related to CSP (van Duuren, Plantinga, & Scholtens, 2016). Because ESG is an investing term, it is used in this thesis in the context of financial institutions' perspectives and interests only.

Of the financial institutions represented in the earnings calls studied here, a majority have published ESG statements indicating environmental, social and governance considerations as priorities in their investment advice and decisions (see Figure 4).

Goldman Sachs' 2017 ESG report, for example, speaks to trends in shareholder demand as a driver behind its own engagement in social issues as a core component of its investment strategies:

> ESG and impact investing is one of the fastest-growing areas of our Investment Management Division. This growth is propelled by the rapid increase of investor interest in this space…In addition to dedicated ESG

> and impact strategies, we incorporate the consideration of ESG factors in our active and passive investment strategies across our business (2017).

JP Morgan's ESG materials echo these same themes: "[W]e have a responsibility to consider the broader consequences of our investment choices; it is important to many of our clients; it is entirely consistent with a long-term approach to investing" (2017).

Morgan Stanley's ESG materials indicate, "[We] believe that integrating ESG within our investment analysis improves the investment analysis improves the investment risk and reward profile of client portfolios" (2017).

Figure 4. Financial Institutions and Public ESG Statements

Financial Institution	Public ESG statement(s), policies or report(s)?
Morgan Stanley	✓
JP Morgan	✓
Goldman Sachs	✓
UBS	✓
Wells Fargo	✓
Bank of America Merrill Lynch	✓
RBC Capital Markets	✓
Barclays	✓
Citigroup	✓
Cowen & Company	✓
Raymond James & Associates	✓
Deutsche Bank	✓
Credit Suisse	✓
Guggenheim Securities	✓
Piper Jaffray & Company	✓
Sanford C. Bernstein & Company	✓
Evercore ISI	✓
Oppenheimer & Company	✓
Scotia Capital	✓
Societe Generale	✓
William Blair & Company	✓
Robert W. Baird & Company	✓
Wolfe Research	-
Leerink Partners	-
Needham & Company	-
Drexel Hamilton LLC	-

Social Purpose, Corporate Social Responsibility, and Corporate Social Performance

This thesis differentiates between three related terms:

1. Social purpose,
2. Corporate Social Responsibility (CSR), and
3. Corporate Social Performance (CSP).

A defining of each, and an appreciation for how the three concepts relate, provides the basic and essential lexicon for this analysis.

Social purpose in the corporate setting has received an increased level of attention since the publication of BlackRock's 2018 letter to corporate leaders on the subject.[6] In that letter, BlackRock CEO Larry Fink writes in plain terms: "Society is demanding that companies, both public and private, serve a social purpose…Without a sense of purpose, no company, either public or private, can achieve its full potential" (2018, p.1).

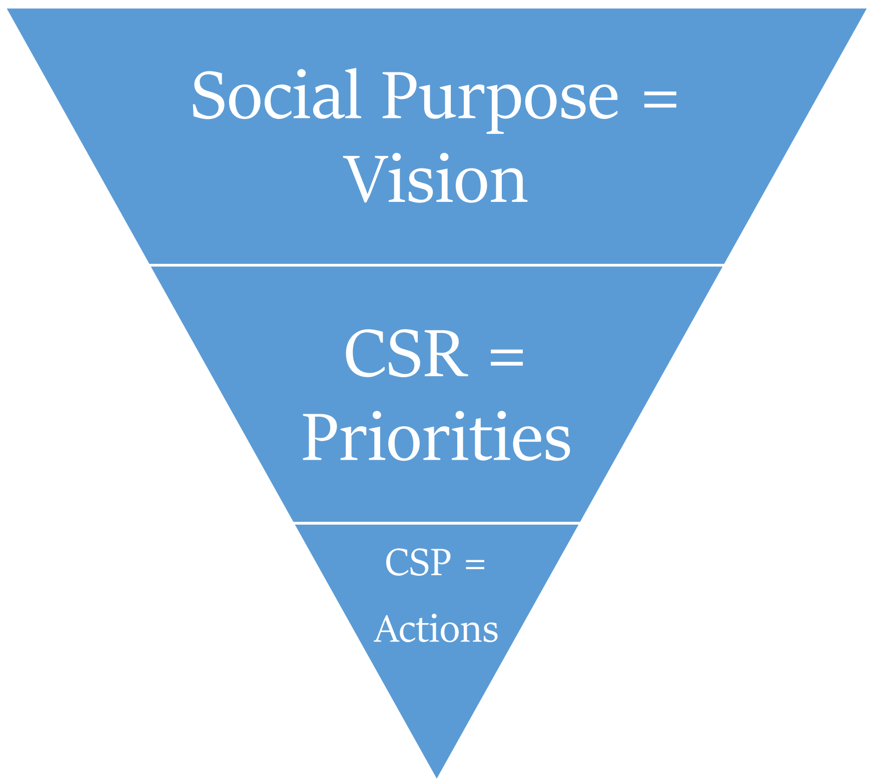
This thesis refers to social purpose as a company's overarching *vision* for its place and role in society. CSR is defined as the *strategy* for fulfilling that vision. CSP is defined as the *actions* which constitute the execution of that strategy, in turn fulfilling the vision.

When Fink tells corporate leaders in his letter that "Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate" (2018, p. 1), it is the *strategy* for generating these benefits—especially for communities—that constitutes CSR.

[6] BlackRock is one of the world's leading institutional investors.

When Fink writes that "To prosper over time, every company must not only deliver financial performance, but also *show* how it makes a positive contribution to society" (2018, p. 1, emphasis added), that demonstration of contribution falls under the category of CSP.[7] Figure 5 illustrates these distinctions.

Figure 5. Social Purpose, CSR, and CSP



[7] Ultimately, CSP—as opposed to social purpose or CSR—is the appropriate corporate correlate for ESG. Investment firms would assess a company's strengths on ESG measures based on its social *performance*.

Chapter V. Key Findings

This chapter offers a summary of the key findings as well as a discussion of government investigation into company practices prompting a surge in the sharing of CSP information

Summary

CSP mentions on quarterly calls are not entirely lacking. Most companies included here give at least one nod to CSP in their earnings call presentations during the 2015-2017 period. Only two—UnitedHealth Group and Intuitive Surgical—bring forward no discernible references to social purpose, CSR or CSP across the three years of transcripts studied.

CSP mentions are inconsistent. In general, corporate executives do not present or discuss CSP information on a consistent basis on their quarterly calls. Salesforce CEO Marc Benioff stands apart from the rest in terms of the consistency with which, and the degree to which, he underscores social purpose, CSR and CSP across all Salesforce earnings calls in the 2015-2017 period.

In general, only CEOs communicate CSP information. Chief Financial Officers (CFOs), heads of operational divisions, investor relations (IR) representatives and other non-CEOs on the MNC side typically do not share or reference social purpose, CSR or CSP information on earnings calls.

Companies under financial pressure are less inclined to discuss CSP. Companies facing relatively intense financial or competitive pressures are less likely to highlight CSP efforts to analysts. Even companies with an otherwise demonstrated inclination to highlight CSP will refrain from sharing CSP information during periods of increased financial pressure or underperformance relative to set financial targets.

When natural disasters strike, CSP mentions increase (in ways specific to those events). Natural disasters prompt CSP reporting from companies that responded to them. For some companies, such as Exxon Mobil, hurricanes or earthquakes prompt their only mention of CSP across the entire three-year period of transcripts studied.

Government Investigation(s) of a Company's Practices Prompts a Surge in the Sharing of CSP Information. Companies facing government scrutiny—including state or federal investigations or the threat thereof—present CSP information on earnings calls at a disproportionately high rate and level. Facebook's reactions to periods of government scrutiny illustrate this point. Intuit, under investigation in 2015-2016 for the role of its software in U.S. tax fraud schemes, provides another example. Even companies otherwise silent on CSP become adamant CSP devotees when a government investigation looms. This is the case for the several companies under scrutiny in connection with the U.S. opioid crisis, including, McKesson, CVS Health and others.

In general, Fortune Future companies highlight CSP more often than do the Fortune 10 companies. Fortune Future companies tend to prioritize communications about social purpose, CSR and CSP more than their Fortune 10 counterparts. The presence of Salesforce on the Fortune Future list skews the tally in the Future lists' favor. The presence of UnitedHealth Group, Exxon Mobil, Ford, and General Motors on the

Fortune 10 list—all of them silent or near-silent on CSP—drag the Fortune Tens down on this measure, relative to their Fortune Future counterparts.

Wall Street analysts do not acknowledge CSP on earnings calls. Analysts generally do not inquire about ESG considerations or CSP activities during quarterly earnings calls. With few exceptions, Wall Street analysts keep a tight focus on measures of financial performance only.[8] Almost universally, analysts do not comment on CSP information presented. Analysts do not provide reinforcement, positive or negative, of any ESG-related information provided.

No corporate executive, nor Wall Street analyst, mentions the SDGs at any point. Despite the fanfare around the SDGs, their embrace (and expectations) of private-sector actors, and their official unveiling in the third quarter of 2015, SDGs receive no mention whatsoever in the 240 earnings-call transcripts studied here.

[8] Even despite its criticism of corporations for failing to share sufficient CSP information on quarterly calls, not once during any of the calls studied here does a Morgan Stanley analyst ask a CSP-related question. Morgan Stanley is represented on nearly every call included in this study, more than any other financial institution.

Chapter VI.

Discussion of Fortune 10 Companies

What follows is a case-by-case review of the Fortune 10 companies' quarterly earnings calls included in this thesis, organized by company in the order in which they appear on their respective Fortune list. Each review spotlights specific mentions of CSP and the contexts in which those mentions arise. A "reflections" section at the close of each company analysis distills key takeaways and points of comparison.

Of the Fortune 10, only a few ranked companies show frequent and meaningful attention to CSP—Walmart and Apple chief among them. Exxon Mobil stays focused on its bottom line, digressing only to discuss the impact of Hurricane Harvey in Houston. AT&T offers a social slogan to analysts—"don't text and drive"—but not much else in terms of CSP. For their parts regarding CSP, McKesson and CVS Health respond to opioid-related government scrutiny. General Motors and Ford emphasize their competitive pressures over social concerns. AmerisourceBergen leans heavy on social purpose, light on social performance.

Walmart

Walmart is the world's largest company, operating retail, ecommerce, wholesale units across 28 countries through its Walmart U.S., Walmart International, Sam's Club, Walmart.com and other major segments. Walmart sells a wide range of goods and services, including grocery products, apparel, appliances, electronics, health and personal care products, home furnishings, fuel, financial services and much more. Walmart was founded in 1945. The company is headquartered in Bentonville, Arkansas and employs more than 2.3 million people.

Observations

Compared to other companies in the U.S. Fortune 10, Walmart demonstrates a high level of attention to social responsibility in its communications on quarterly earnings calls.

In his first quarterly earnings call of 2015 CEO Doug McMillon underscores the socially conscious outlook that Walmart is adopting and the CSP initiatives it is pursuing. In his words,

> We're thinking differently about retail, and about the world. This drives our approach to global responsibility in areas like environmental sustainability, women's economic empowerment and offering healthy food choices. It's important work and it matters to our customers and shareholders (February 19, 2015).

In this same presentation, giving a nod to the governance side of ESG, McMillon draws attention to the company's new commitment of "$100 million over five years to help increase the economic mobility for entry-level workers by focusing on initiatives to better train and advance workers in the retails and other service industries throughout the United States." He describes Walmart's plans to increase employee wages in the U.S., China, Mexico and elsewhere as part of a $1 billion package of "strategic investments in our people to reignite the sense of ownership they have in our stores." This is a package with social implications; McMillon references it as CSP: "Walmart has represented a ladder of opportunity since we started the business and we want to make sure that's the case going forward" (February 19, 2015). Of note, McMillon emphasizes the potential of this effort to "drive higher sales and returns for our shareholders over time," even if, per the company's CFO, it "will impact our earnings per share this fiscal year" (February 19, 2015).

The second earnings call of 2015 gives further attention to the company's CSP. In his presentation to analysts, McMillon highlights the release of Walmart's new Global Responsibility Report. He encourages everyone on the line to review it. In his words:

> At Walmart, we operate our business in a way that adds value to communities. We recently published our annual Global Responsibility Report. I'd love for you to take a look at our ongoing initiatives: to create economic opportunity for our associates and others in the retail industry; to enhance the sustainability of our operations and product supply chain; and to strengthen communities in the places we operate. It's real and meaningful work, and something we're really proud of (May 19, 2015).

David Cheesewright, head of Walmart's International division, gives a nod to environmental sustainability in his comments, framing ESG-relevant efforts in terms of cost-savings.[9] He cites a new energy monitoring system in UK stores to dial down energy costs.

Cheesewright describes the company's early efforts to provide retail training to women in emerging markets, including Argentina, Chile, Mexico, South Africa, and India, pointing to plans to "have trained 200,000 women for their first jobs in retail in our emerging markets" by the end of 2016. Cheesewright includes this work among "key enablers of being the lowest cost operator, building world-class talent, and *building trust*" (May 19, 2015; emphasis added).

[9] Of note, much of this earnings call presents mixed results on the financial front, with Walmart U.S. reporting a decline in gross profits of 13 percent Greg Foran, head of Walmart's US division, assures analysts on the line, "We are addressing this increase immediately, bringing a high level of focus and visibility to this concern by adding it as a key urgent agenda item this year."

Walmart's next earnings call, held in August 2015, struck a more somber tone. CFO Greg Foran describes the financial situation in straightforward terms: "Our bottom line came in substantially below what was planned….We are certainly disappointed" (August 18, 2015). Foran points to "wage improvements" as a factor in the disappointing performance: "This April, we raised the minimum starting wage in our stores to $9.00 per hour, resulting in over 500,000 associates receiving a raise." Consistent with messaging from previous earnings calls, Foran frames these expenses as investments.

For his part, McMillon dedicates the bulk of his remarks to the challenges Walmart faces in the form of online retail competition. Even so, he closes his remarks with attention to social responsibility as intrinsic to the character of the company:

> Finally, I want to mention an important moment we'll observe this week. Nearly 10 years ago, our customers and associates on the Gulf Coast were impacted by Hurricane Katrina. Throughout the devastation that the residents of this region faced, Walmart associates demonstrated extraordinary courage and passion for these communities. I often think how simple acts of kindness can have a dramatic impact. Our people really do make a difference at Walmart; not only for our customers, but also for the communities we serve (August 18, 2015).

Walmart's third quarter 2016 earnings call elevates the CSP efforts in China. In describing the company's overarching "plan to put it all together to win in China," McMillon includes a commitment "to our work on food safety, environmental sustainability, and empowering women" (Seeking Alpha, WMT, November 17, 2015).

Importantly, McMillon announces that in tandem with the quarterly earnings release, he is hosting a "Sustainability Milestone Meeting" at Walmart headquarters "to celebrate then years of progress on sustainability." With an eye to the interests of an analyst audience, he underscores the "the savings we've generated from reducing waste, running our truck fleet more efficiently, and pursuing energy efficiency." He insists that sustainability programs at Walmart have proven “good for society and good for our shareholders.” Looking ahead, he explains, “[W]e’re looking at ways to make a difference in the world, serve our stakeholders, and drive our bottom line.” Once again framing CSP in terms of investment, and alluding to a “triple bottom line,” he tells the analysts, We’re making critical investments to better serve our customers, associates, and shareholders, and we are on the right path” (November 17, 2015).

In the first earnings call of 2016, McMillon acknowledges lower bottom-line performance, attributable in large part to the wage increase for associates. Despite the underperformance, he defends the move in business terms, suggesting 2016 as a year for “digest[ing] foundational investments” that show signs of increasing both employee and customer satisfaction:

> A few weeks ago, we announced the second part of the wage increase, and it’s awesome to give a raise to more than 1 million people on the same day…These and other changes in the business are making a difference. Our customer satisfaction scores have risen significantly this year, and we now have had six consecutive quarters of positive comps and give straight quarters of positive traffic at Walmart U.S. (February 18, 2016).

Following an explanation of mediocre performance at Sam’s Club (“we have more to do”), McMillon toggles back to a review of social responsibility and its value across the board:

> Finally, even as we focus on our customers and our associates, we were reminded a few weeks ago about the opportunity we have to lead in our communities. Walmart, Coca-Cola, Nestle, and PepsiCo announced we will collectively donate water to meet the daily needs of over 10,000 school children in Flint, Michigan for the balance of the calendar year. Whether it’s hiring veterans, supporting U.S. manufacturing, or driving new renewable energy production, we have strengths that can help others in important ways…Leading on social and environment issues is good for our business, for our shareholders, and for the world, and we will continue to move the needle this year (February 18, 2016).

This ringing endorsement of Walmart's leadership in sustainability marks McMillon's last mention of CSP until the final earnings call of 2016. The two earnings calls in between yield no mentions of related topics from McMillon or any other Walmart representatives. Instead, with company performance flagging, the focus turns almost squarely to Walmart's battles in the online retail space and its investments in digital payment processing (Scan and Go, Walmart Pay). The company's CFO elevates shareholder concerns: "Continuing to provide returns to shareholders in the form of dividends and share repurchases is a priority for us" (August 18, 2016).

In the final call of 2016, McMillon keeps a steady focus on Walmart's ability to win against e-commerce competitors. "We're moving faster to position the company to win—and we're doing this from a position of increasing strength" (November 17, 2016). At the conclusion of this presentation to analysts, he gives a nod to social responsibility, this time couching the discussion in terms of "transparency and trust":

> Part of building that trust is not only helping customers save money and time but helping them feel good about shopping at Walmart. We want them to be able to trust that the products they buy are good for their families, the planet and the people that made them. So, earlier this month, we shared some new targets in sustainability, food and responsible sourcing. We set new goals in the areas of waste, renewable energy and sustainable products including food…Customers have more transparency than ever before when they shop and they expect us to lead in these areas, but they will also expect us to earn their trust and we will. We're excited about this work and are committed to lead in what we believe is a new era of trust and transparency in retail (November 17, 2016).

From that point forward, on quarterly earnings calls through 2017, McMillon and his team make no mention of CSP. Instead, the competitive landscape and its implications for Walmart's bottom line comes more sharply into view. Rather than discussing disaster relief or donations, McMillon turns his full attention to the dynamic between e-commerce and brick and mortar formats and Walmart's negotiation thereof.

This assurance to analysts, offered in the February 2017 call, becomes its own refrain: “Rapid advances in technology mean we need to become more of a digital enterprise—and that’s what we’re doing.”

Reflections

Walmart is, in some ways, exemplary in the extent to which it communicates CSP information, and in terms of the sheer amount of CSP initiatives it has underway around the world. At the same time, when the pressures of the competitive environment come down to bear most heavily, Walmart executives all but abandon attention to CSP in their earnings-call remarks. Walmart’s quarterly call transcripts are indicative of inconsistencies in CSP reporting. Their contents point to factors that may contribute to the marginalization of CSP information in the earnings-call context, even where a company might credibly profess allegiance to CSP as a fundamental and long-standing priority.

Apple

Apple Inc. sells mobile communication devices, media devices, personal computers, accessories, services and software to consumer, business, and government customers worldwide. Established in 1977, the company is headquartered in Cupertino, California and employs approximately 100,000 people full time.

Observations

Apple’s quarterly earnings calls represent the luxury enjoyed by companies that exceed quarterly targets: the opportunity to highlight CSP without any need for accompanying rationale. It is a luxury that Salesforce, ranked number-one on the 2017 Fortune Future list, also enjoys. Still, even absent the competitive or financial pressures that many of its Fortune 10 counterparts face, Apple's attention to CSP on quarterly earnings calls is inconsistent.

In its January 2015 earnings call, CEO Tim Cook shares news of strong business performance, followed by attention to the company's CSP (January 27, 2015). Cook speaks in concrete terms:[10]

> In addition to the contributions we make to humanity through our products, we made great progress on important projects during the quarter including ConnectED and (PRODUCT)RED. With ConnectED, we're focused on making a difference for students in communities who need it the most…
>
> In December, we undertook our largest ever initiative to help (PRODUCT)RED achieve the goal of an AIDS-free generation. To commemorate World AIDS Day, we worked with some of our developer partners to create and donate the proceeds from 25 special apps and we also contributed a portion of sales at our retail and online stores on two of the year's busiest shopping days. As a result, Apple's donation set a new record.

Analysts on the line ask no questions related to Apple's CSP efforts. During the April 2015 call, Cook sheds light on a different dimension of the company's sustainability strategy: renewable energy and conservation. He describes Apple's goal of powering all of its U.S. and global operations with renewable energy. Once again speaking to specifics, Cook points to the company's co-investment in a large solar farm in China. He touts Apple's new partnership with the Conservation Fund to permanently protect over 36,000 acres of forest in North Carolina and Maine, "to offset the impact our packaging

[10] It is useful to note here how Cook cites specifics. Per our definitions, this is CSP reporting, as opposed to talk of social purpose ("the vision") or CSR ("the priorities). CSP captures the actions in support of the priorities and vision.

has on the world's supply of sustainable virgin fiber" (April 26, 2015). In closing, Cook affirms, "Apple is deeply committed to these initiatives and will continue to make them a priority" (April 26, 2015).

Here again, analysts on the line ask no follow-up questions and no ESG-relevant questions. Despite the level of commitment expressed in this call with analysts, the next two quarterly earnings calls for Apple include no attention to CSP. In the fourth-quarter 2015 call, Cook reflects on a record-breaking year with only one reference to sustainability: "I just returned from a four-day visit to Hangzhou and Beijing, where we announced major new initiatives to provide renewable energy for our supply chain" (October 27, 2015). In these calls as with others, analysts raise no attention to ESG topics. Typical questions from analysts focus on the smartphone competitive environment.

Apple's first quarterly call of 2016 is silent on CSP. Instead, the focus is on "reporting Apple's strong financial results ever"—an "all-time record quarterly revenue of $75.9 billion in the December quarter" (January 26, 2016). Attention to global challenges comes through only in a single, nuanced reference in Cook's opening presentation: "Despite the economic challenges all over the world, Apple remains incredibly strong…Our financial position has never been stronger" (January 26, 2016).

Cook reports a "pause in growth" in his April 2016 earnings call presentation, where he buttresses his remarks with renewed (if high level) attention to CSP:

> As always, we're contributing to society beyond our products, promoting the use of renewable energy across our facilities and inside our supply chain and developing cutting-edge technologies to revolutionize recycling of the materials we use (April 26, 2016).

He also sheds light on a socially relevant issue not raised on earlier class: customer data and privacy. “We are unwavering in our commitment to protect the security and privacy of our customers and their data” (April 26, 2016).

Cook also speaks to diversity and inclusion: “We’re actively promoting inclusion and equality across our business” (April 26, 2016).

The next three quarterly calls—all reporting strong customer demand and business performance—include no mention of CSP. It is not until more than a year later, in May 2017, that Apple revives attention to CSP efforts in Cook’s presentation to analysts:

> Late in the quarter, we released the stunning (PRODUCT)RED Special Edition versions of iPhone 7 and iPhone 7 Plus in recognition of 10 years of our partnership with RED. This relationship has given our customers an unprecedented way to contribute to the Global Fund[11] and bring the world a step closer to an AIDS-free generation.

Later, he returns to the company’s commitments to environmental sustainability:

> I’m very proud to mention that we recently released our tenth annual Environmental Responsibility Report, reflecting our amazing progress. In 2016, 96% of the electricity used at Apple’s global facilities came from renewable sources of energy, reducing our carbon emissions by nearly 585,000 metric tons. We’re now 100% renewable in 24 countries, including all of Apple’s data centers.

He closes this section of his remarks by saying, “There’s much more work to be done, but we’re committed to leaving the world better than we found it” (May 2, 2017).

As is typical across all quarterly calls from all companies in this study, even detailed CSP data and even high-spirited statements of social purpose prompt no questions from analysts.

[11] The Global Fund to Fight AIDS, Tuberculosis, and Malaria.

On Apple's August 2017 call, Cook brings the company's education efforts back to the surface, highlighting Apple's "Everyone Can Code" program in K-12 schools across the U.S. (August 1, 2017). Interestingly, Cook references these educational efforts later in the question-and-answer session—not because an analyst asks an ESG-related question, but because an analyst asks him to comment on how Apple is positioning itself relative to the U.S. government under the Trump Administration. In response to this question, Cook waxes patriotic in a lengthy review of the Apple's contributions to the U.S. economy, emphasizing the company's success in creating jobs for Americans, both directly and indirectly. In his words,

> We've created two million jobs in the U.S., and we're incredibly proud of that. We do view that we have a responsibility in the U.S. to increase economic activity, including increasing jobs, because Apple could have only been created here (August 1, 2016).

He points to the company's education pillar within its CSR strategy: "[W]e're doing an enormous amount of things to deliver curriculum to both K-12 and Swift Playgrounds in the K-to-6 area." He speaks further of the role Apple plays in fostering the growth of the app development community in the U.S.:

> [A]ll the things we do for the developer community will be the largest contribution [to the U.S. economy] that Apple can make because this is the fastest growing job segment in the country, and I think will be for quite some time (August 1, 2016).

In its own way, this block of commentary is not dissimilar from what we observe with other companies. It reflects managers' (and analysts') attunement to the political context in which they are operating. Importantly, and perhaps tellingly, coincident with this earnings call and its abundance of CSP data was a wave of background criticism over Apple's alleged tax evasion (Rappeport, 2016). Within the month, Cook would be pledging to support U.S. tax reform toward the repatriation of Apple profits held overseas (Scott, 2016).

The August 2016 transcript marks the only time within the 2015 to 2017 period that Apple raises CSP repeatedly from start to finish, including in the course of direct dialogue with an analyst on the line.[12] It also marks one of the only instances across all of the transcripts studied where a CEO highlights CSP outside of his prepared introductory remarks. Of note, the analyst in this case was not asking a question oriented to ESG, but rather to the political environment generally. Cook closes out this lengthy CSP-focused response by saying: “[T]hat’s a little bit probably more than you wanted to know, but I wanted to tell you.”

There is no further discussion of Apple’s CSP efforts through the duration of its 2017 quarterly earnings calls.

Reflections

Apple’s outsized profits, expansive global reach, and high-impact CSP initiatives indicate the level of influence that a company of its stature can have. Apple has the potential to set the standard in CSP communications on earnings calls. Complicating Apple’s credibility here, in this particular period of time, is background criticism related to its alleged tax evasion. On this matter and all else, participating analysts miss opportunities to hold Apple to a higher CSP standard, and to push Apple to communicate about CSP more consistently.

[12] In this case, UBS Securities analyst Steven Milunovich

Exxon Mobil

Exxon Mobil Corporation specializes in the production of crude oil, natural gas, and the manufacture of petroleum-based products. Founded in 1870, Exxon Mobil is headquartered in Irving, Texas. It has operations across six continents. Exxon Mobil employs approximately 70,000 people full time.

Observations

Across the whole of its 2015-to-2017 quarterly earnings calls, Exxon Mobil presents almost no CSP information to analysts, with two arguable exceptions and one clearer exception.

First of the arguable exceptions: On its Q1 2016 call, Vice President of Investor Relations Jeff Woodbury references the “Point Thomson project” for future gas development on the North Slope of Alaska. In the course of describing the project, he suggests that its progress “further demonstrates Exxon Mobil’s ability to *safely and responsibly* execute complex projects in challenging and remote environments” (April 29, 2016; emphasis added). Woodbury provides no additional detail on this.

Second: During its Q2 2016 earnings call, Woodbury describes the company’s success and expansion in Papua New Guinea. “I think we’re very well positioned [there] with the experience that we’ve got in the country, *the relationship that we have with the communities* and with the government, our marketing capability” (Seeking Alpha, XOM, July 29, 2016; emphasis added). Here again, Woodbury provides no additional details. He does not couch his comments in terms of social or environmental responsibility. He does not speak to the social or environmental context in which these projects are advancing.

The clearer example of attention to social concern comes through in Exxon Mobil's October 2017 quarterly earnings call, held in the aftermath of Hurricane Harvey. The hurricane's path included Exxon Mobil's headquarters in Houston. Woodbury reports on the situation with an emphasis on the storm's financial impact on the company for the quarter. Still, in a departure from the company's earnings call norms, Woodbury pauses to give tribute to Exxon Mobil employees and partners:

> Hurricane Harvey had devastating impacts for many of our employees, contractors, and the communities in which we live and operate… Following the storm, we worked closely with our partners and customers who sell our branded products to maximize fuel supplies to customers and emergency responders…Exxon Mobil employees continue to dedicate their time and resources to support the communities impacted by the storm (October 27, 2017).

Reflections

To assess the near-total absence of ESG references in Exxon Mobil's quarterly earnings calls, several points of observation may be useful to bring forward.

First, the Exxon Mobil CEO makes no appearances on the calls. Across all companies studied here, in nearly every instance where CSP information is presented, it is a CEO gives voice to it.

Second, the 2015-to-2017 period marks a period of relatively severe financial difficulty for Exxon Mobil, driven by low oil prices. Pressures on the company's financial performance take center stage in the earnings call discussions. Woodbury often references the macroeconomic environment when explaining slides in performance: "Global economic growth remained weak in the first quarter"; "Crude oil prices were quite volatile and decreased relative to last year while natural gas prices continued to fall"; "margins weakened on lower distilled demand and continued surplus inventory"

(April 29, 2016). Woodbury's statement during the February 2016 call represents a common refrain for the company: "We have significantly lowered our capital spending plans and are aggressively pursuing operating efficiencies and cost savings as we continue to ramp up production from our major projects, all of which will support cash flow moving forward" (February 2, 2016). Woodbury repeatedly assures analysts, "[W]e remain focused on business fundamentals; that is, operational integrity, costs, reliability, and disciplined investment, with the objective of growing value regardless of the commodity price environment" (July 28, 2017).

When explaining the reduction in the company's credit rating, from AAA to AA—a major blow in its own right—Woodbury emphasizes Exxon Mobil's commitment to a "conservative financial philosophy" and "prudent management of its balance sheet" (April 29, 2016). Unlike some of its counterparts in the Fortune 10 and Fortune Future categories—Apple and Salesforce, for example—Exxon Mobil appears to have either little interest in, or little latitude for, conveying CSP information on its quarterly earnings calls. Other companies facing immediate financial pressures during the 2015-through-2017 period, such as Tesla, assume a similar posture.

In a related vein, Exxon Mobil articulates a focus on shareholder value more often than any other company studied here. This statement from Woodbury during the April 2015 earnings call is typical: "We remain committed to our shareholders to invest in attractive business opportunities that are accretive to financial performance and to continue paying a reliable and grown dividend" (April 30, 2015). Also of potential interest is the fact that Exxon Mobil hosts more analysts on its earnings calls than any other single company studied here.

A certain irony[13] worth flagging is that perhaps of all the companies studied here, Exxon Mobil works most directly in some of the world's most challenged settings. Analysts consistently pose questions to Woodbury about Exxon Mobil's operations in areas where socioeconomic strife is not uncommon—Iraq, Nigeria, and Angola to name a few. Even so, the focus of the discussion on both sides rests squarely on Exxon Mobil's financial performance in these areas, as opposed to the company's community investments and engagement (e.g., April 28, 2017; July 28, 2017).

The case of Exxon Mobil, at least as illustrated through these earnings calls, may serve as a classic example of what Morgan Stanley describes in its 2017 report as a "disconnect" between IR and investors in bringing CSP information to light across the full measure of the company's communication channels (p. 1).

McKesson

McKesson Corporation is an international distributor of pharmaceuticals, medical supplies and other healthcare products, servicing retail pharmacy chains, mass merchandisers, hospitals and health systems, mail-order pharmacies, and community and specialty healthcare practices. McKesson was founded in 1833. The company is

[13]In Du and Vieira's extensive review of oil companies' CSR efforts, "Exxon Mobil had the most extensive partnerships with various non-profit organizations" (2012, p. 418), and "more extensive and more diversified CSR engagement" than most other players in its industry (p. 419). Since 2008, Exxon Mobil has helped train more than 6,000 Advanced Placement (AP) and pre-AP teachers in the U.S. through the National Math and Science Initiative, of which it is a founding sponsor (p. 422). The company also supports underprivileged demographic groups, including aboriginals and women, to build local business capacities and spur local employment (p. 418).

headquartered in San Francisco, California and employs approximately 51,000 people full time.

Observations

Similar to Exxon Mobil's focus on financial discipline in its earnings calls, McKesson stresses its focus on operational excellence and, per CEO John Hammergren, a "commitment to long-term shareholder value creation" (July 27, 2017). Nowhere in McKesson's 2015-through-2017 earnings call transcripts does any attention to social purpose, responsibility, or CSP appear, until the final call of 2017. In that last call of the year, the U.S. opioid crisis consumes the bulk of Hammergren's prepared remarks to analysts, complemented by extensive and uncharacteristic attention to the company's support disaster relief (October 26, 2017). These late 2017 remarks coincide with U.S. state and federal scrutiny of McKesson as a potentially liable facilitator of the nations' opioid crisis.

Hammergren offers this explanation to analysts on the October 2017 call, taking care to name other entities with shared interest in—and potentially shared responsibility with respect to—the opioid epidemic:

> This is a crisis that has touched many Americans, including many Americans that live here at McKesson and are part of our family. McKesson takes our role in the supply chain very seriously. We've invested considerable time and resources to help stop diversion at a time when diversion tactics are constantly changing….The trends in this crisis continue to evolve, and we are regularly enhancing our programs to further limit the misuse and abuse of prescription opioids for patients with serious illnesses and injuries….We look forward to continuing to work with all parties; federal, state and local governments, manufacturers, insurance companies, pharmacies, and the medical profession, to implement practical and effective solutions (October 26, 2017).

Interestingly, just one analyst—Lisa Gill from JPMorgan Securities—poses a follow-up question on this topic. The question relates to the potential civil and other litigation McKesson might face related to its role in opioids distribution. Gill homes in on potential financial impact: "Can you maybe just talk about what your anticipation is around opioids?" she asks. "Would you example that there will be some cash flow impact, we'll see incremental settlements?" (October 26, 2017).

In his response, Hammergren changes the frame from financial impact to a more socially oriented point of view, with a not-so-subtle rebuke of lawsuits as unproductive.

> Are we concerned about opioids and the continued risk and things that are going on in the marketplace? Certainly, but we're probably more focused—as I tried to mention in my conversation at the beginning here, we're more focused on solutions that we think can make a difference. Frankly, lawsuits from various parties and settlements don't solve the problem (October 26, 2017).

He concludes his response with heavy defensiveness:

> Clearly, we have a role to play, but we don't see the patient. We don't prescribe the drugs. We don't dispense the drugs. We don't have all the data on the care, and I don't know how we can be responsible, solely, for this challenge (October 26, 2017).

This statement closes out McKesson's sole instance of attention to social issues in three years of earnings calls.

Reflections

Of the companies in this study facing scrutiny in relation to the opioid crisis, McKesson is the most defensive. It is also the most limited in its stated efforts to combat the problem.

Along these lines, and more broadly, McKesson differs sharply from competitors studied here—in particular, AmerisourceBergen—in that it never directly references the social role, purpose and value it provides as a company.

Where Kramer claims a sweeping trend toward social awareness among major corporations, it would appear that McKesson has opted out of it.

UnitedHealth Group

UnitedHealth Group is best known as a large health insurer offering health benefit plans and services for government programs; individuals and families; and large, mid-size and small-business employers. Its OptumHealth unit manages networks of care providers and patient access to care within those networks. Its OptumRx unit provides pharmacy benefit management services. UnitedHealth Group operates in the US and select countries in Latin America. The company was founded in 1974. It is headquartered in Minnetonka, Minnesota and has 260,00 full-time employees.

Observations

Rounding out the top five of the Fortune 10 in this study is UnitedHealth Group. Throughout the course of the 2015-through-2017 period, UnitedHealth's executives present no CSP information to Wall Street analysts. True to form, analysts at no point ask for information about the company's social purpose or CSP.

Arguably, the closest that CEO Stephen Hemsley comes to presenting socially-oriented information comes in the January 2016 call. Following reassurances of the company's "relentless drive" and a recognition that "our team has to grow and improve performance," Helmsley adds:

> On the customer side, we are committed to further elevating satisfaction for consumers, care providers and all our stakeholders to levels more often seen outside our industries to better meet the *increasing expectations people and society have* for healthcare” (January 19, 2016; emphasis added).

He offers no details beyond the statement, in this call or any other studied.

Reflections

The healthcare companies included in this study run the gamut in terms of whether and how they communicate social purpose and performance. It is not clear why UnitedHealth Group so narrowly and so strictly relays only financial performance data in its earnings calls, with essentially no commentary beyond that.

It is the case that other healthcare companies in this study—Regeneron Pharmaceuticals, for example—struggle to communicate their commitments to patients while at the same time reporting on record profits from high-priced products. It may be that UnitedHealth Group avoids the tension altogether through a total focus on financial performance.

It may also be the case that UnitedHealth Group executives are speaking to the assumed interests of its immediate audience; the fact that no analyst requests CSP information affirms and compounds what some have termed the “chicken and egg” problem in earnings-call dialogue (Eccles and Serafeim, 2013, p. 75).

Whatever the reason, to the points made in the Morgan Stanley report referenced earlier, investors seeking information related to UnitedHealth Group’s social purpose, priorities and actions would be unable to glean insights from even three years of the company’s earnings calls.

CVS Health

CVS Health provides convenience retail, pharmacy, and health care products and services to a diverse customer base. Beyond its consumer-facing business, the company's Pharmacy Services segment offers formulary management, health plan administration, disease management and other services to and on behalf of insurance companies, employers, government health programs and others. The company operates in the U.S., Puerto Rico, and Brazil, with aspirations for further geographic expansion. The company was founded in 1892 and is headquartered in Woonsocket, Rhode Island. It employs approximately 160,000 people full time.

Observations

For CVS Health, the February 2015 earnings call followed the company's decision to discontinue sales of tobacco products just a few months prior. The company's executives reflect upon the financial and social impact of the decision—reflections prompted in part by a question from analyst Ross Muken of Evercore ISI:

> [W]hat have been sort of the key things that both the tobacco decision as well as the rebranding have kind of given you from an enterprise perspective that maybe you weren't looking for originally and has there been anything sort of unsuspecting that has been something that's been more challenging to sort of offset the headwind. I'm just trying the see what was assumed and how it sort of developed either positively or negatively?

Helena Foulkes, president of CVS Pharmacy, responds this way:

> [I]n terms of surprises, probably things like the extent to which 200,000 colleagues feel incredibly proud about this decision, we thought they would but it's really driven a very ostensible excitement I would say among the organization, a sense of pride to work for a company that would make a decision like that.

> The branding I think has been, as I said before, it's been successful and it's making people think differently about the Company and what we're trying to do is say to consumers we're not just like any drug store on any corner. We're part of a big healthcare company. And when they see all of the assets that we have and understand all that we do, they start to think about it very differently. So that's been a really exciting part of this decision as well. And I also think that internally for our merchants, it's given them a sense of where do we go from here….it's given them *an even stronger sense of purpose* to drive those businesses (February 9, 2015; emphasis added).

Jon Roberts, President of CVS/Caremark, adds, "[T]here is clearly a halo effect that I see from our clients that makes them feel good about potentially doing business with the company that has taken stand like that in the marketplace (February 9, 2015)."

In subsequent earnings calls, analysts continue to ask questions about the impact of the tobacco decision (May 1, 2015). On the October 2015 call, Larry Menlo, CEO of CVS Health, begins to reference "increased customer loyalty" in the context of tobacco-decision references (October 22, 2015).

On the February 2016 call, CVS Health managers' rhetoric pivots more toward an emphasis on "enhancing the patient experience" (February 9, 2016). Here, in a departure from calls of the prior year, specific discussion of the company's social purpose comes into view. CEO Larry Merlo says this:

> [L]et me just reiterate how pleased we are with our strong performance across 2015 along with the continued progress that we're making in leveraging our integrated assets at CVS Health that's bringing innovative channel-agnostic solutions to the market. I also want to take a minute to thank and recognize the efforts of our more than 240,000 colleagues that are *committed to our purpose* and working hard each and every day *helping people on their path to better health* (February 9, 2016; emphasis added).

That sense of purpose surfaces with greater clarity on the November 2016 call. There, Merlo says this:

> [O]ur goals around achieving higher quality at a lower cost are very much aligned with our partners, and we'll continue to find new and innovative ways *to drive value for patients, payers and providers by making care more accessible, more affordable and more effective* (November 8, 2016; emphasis added).

He offers another variation on this purpose statement on the May 2017 call:

> Before diving into the business review, I do want to touch on the continued role that CVS Health plays in making health care more affordable, more accessible and more effective. We are continuously innovating to offer solutions that lower cost for our clients and members, and these efforts are driving meaningful results (May 2, 2017).

This purpose comes through further in later comments from Merlo on the same call: "[W]hen you look at all different customer touch points that we have with health care in mind, you can describe it as we have the front door to care and, at the same time, we're delivering the last mile of care" (May 2, 2017).

Similar to the other earnings calls studied here, CVS executives and analysts alike demonstrate attunement to the actions of the U.S. federal government. On the August 2017 call, Merlo assures analysts on the line that CVS is "engaging with the administration at all levels." He describes the company's policy shaping efforts in the U.S. as tied to its social purpose and value:

> We have been and continue to be a very active voice in Washington with regard to healthcare issues. In fact, at the beginning of this Congress, we outlined a series of proactive proposals to lower drug costs. And these proposals focus on increasing competition in the drug market, strengthening the ability to use our drug management tools, and easing out-of-pocket costs for consumers…And ultimately, we believe continuing to demonstrate the role that CVS Health plays in making healthcare more affordable, more accessible, and more effective will be the winning strategy (August 8, 2017).

In this and other companies' descriptions of policy shaping in the name of social good, it becomes difficult to determine whether corporate statesmanship is in play as BCG defines it, or if business advantaging or regulatory capture is the real aim.

Like other companies studied here, CVS Health gives special attention to recent natural disasters on its Fall 2017 earnings call. Merlo offers these remarks on the topic:

> I want to provide some color on the hurricanes, not only in regard to the financial impact to our business, but also in regard to the recovery efforts. The considerable damage these storms left in their paths cannot be understated, and our stores and colleagues were not immune to this destruction. In total, about 925 of our stores were closed for some period of time, and today, 11 remain closed….as a vital part of these communities, we played roles both in advance of the storms and afterwards to aid recovery efforts. Our proprietary messaging platform enabled rapid and urgent communications to patients who were in the hurricanes' paths, and this helped ensure delivery of specialty and other medications for patients in transition between their homes and safe shelter locations.
>
> Additionally, more than $10 million in cash, products and supplies has been raised and donated to support the impacted communities, and we are incredibly grateful to our colleagues who, while dealing with their own personal challenges, made extraordinary efforts in helping and aiding our customers. The rebuilding process for many of these communities will take a long time, and we'll continue to do our part in providing support (November 5, 2017).

On this same call, Merlo spends considerable time discussing the U.S. opioid epidemic—a topic not raised on any prior calls. His description of the company's efforts to advance the fight against the opioid crisis is lengthy and includes details of CSP against the epidemic. Like McKesson, if to a lesser extent, CVS Health is implicated in brewing U.S. state and federal investigations into the role of pharmacies and other actors in the opioid supply chain.

> I would like to say a word about a critical crisis in American healthcare, and that's the alarming and heartbreaking opioid epidemic. As you know, in September, we announced an expansion of our enterprise-wide initiatives to fight the epidemic, leveraging the national presence of CVS Pharmacy with the capabilities of CVS Caremark.
>
> With this expansion, we are further strengthening our commitment to help providers and patients balance the need for these powerful medications with the risk of abuse and misuse. Over the past few years, we've been focused on prevention, collection and partnership, and as a result, we've

> collected and safely disposed of more than 100 metric tons of unwanted medications.
>
> We've also worked with 43 states to expand access without a prescription to the opioid overdose-reversal drug, naloxone, to help save lives and give people a chance to get the help they need for recovery. And through our Pharmacists Teach program that connects CVS pharmacists with schools in their local communities, we have educated nearly 300,000 students on the dangers of prescription drug abuse.

Merlo proposes a system-level approach to solutions:

> However, there's more that need to be done. And as a leading provider of pharmacy care, we believe it is time to institute limits on the quantity of opioids dispensed to patients who are receiving an opioid for the first time in the treatment of acute injuries and to ensure that the prescription fits the medical condition.
>
> So, utilizing our retail pharmacies and our PBM services, we will work with physicians, patients, plan sponsors, and other stakeholders to limit the supply of opioids dispensed for certain acute prescriptions to seven days while continuing to ensure patients with critical needs have access to appropriate care (November 5, 2017).

Analysts on the line ask no questions about any of these efforts.

Reflections

CVS Health manifests some of the most concrete actions in support of a CSR strategy, starting with its decision to no longer sell tobacco in its stores, and ending here with its extensive efforts to combat the U.S. opioid epidemic. While the geographic reach of CVS Health is more limited than that of most companies in this study, its emphasis on CSP and the actions it has undertaken to fulfill a social-purpose vision stand as examples that other companies might consider in their own social strategies and CSP communications. In this case as with others, research analysts miss opportunities to hold corporate executives to account. The instances where analysts inquire about the impacts of CVS Health's decision to discontinue tobacco sales hints, at least, at analysts' potential to engage more actively on CSP-related topics.

General Motors

General Motors (GM) manufactures and sells passenger vehicles, automotive parts and financial services on a global scale. The company's brands include Buick, Cadillac, Chevrolet, GMC, Baojin, and Wuling. GM was founded in 1987. It is based in Detroit, Michigan and employs approximately 180,000 people.

Observations

The GM earnings call transcripts are interesting in that the topics covered in the 2015-through-2017 period—electric cars, autonomous cars, emerging markets—would seem to lend themselves to some kind of discussion about social impact. Even so, GM leaders speak of these subjects almost strictly in terms of operations and cash flow.[14] CEO Mary Barra often speaks aggressive terms relative to GM's competitive environment: "Myself, the leadership team and every GM employee, *we are here to win.* And that's what we focus on doing every day when we are at work or wherever we are" (April 28, 2017).

After repeated presentations about the Chevy Bolt, GM's electric vehicle, it is not until the October 2016 earnings call that company executives reference, if briefly, the

[14] GM's April 28, 2017 earnings call is a classic illustration of the frame in which GM managers are speaking to analysts about emerging markets, electric and autonomous vehicles. On this call, Barra describes the company's work on electric vehicles in this way: "On electrification, we are maintaining our industry lead in reducing battery cell costs, key to bringing affordable electric vehicles like the Chevrolet Bolt EV to market. We are ahead of the impressive battery cell projection cost we established two years ago, and our internal focus is to make GM the first maker of profitable, highly desirable, range-leading, and obtainable electric transportation."

environmental advantages of electric cars. The prompt comes from Itay Michaeli, an analyst with Citigroup Global Markets. Michaeli asks,

> [A]s you meet with the [Trump] administration, I know there's a lot of discussion on tax and policy, what are your early thoughts on how the administration's looking at autonomous and future driverless cars and ride sharing, any initial thoughts on how they're approaching that element of it? (October 25, 2016).

Barra responds by saying, "Well, I think we've had a very constructive and positive conversation about the regulatory environment and *clearly putting safety at the forefront and doing the right thing for the environment*" (October 25, 2016; emphasis added.)

It is not until the final call of 2017 call that social themes surface in earnest in GM management's presentation to analysts. On this call, Barra offers remarks of a visionary quality: "Regardless of where we do business, *we are committed to an all-electric future*" (October 24, 2017). She continues, "I believe GM is uniquely positioned to transform how we provide personal mobility for our customers." She concludes the call by using the phrase "zero emissions" for the first time in an earnings call since at least the beginning of 2015:

> [W]e are committed to moving with speed and we're going to continue to invest in EV [electric vehicles], AD [autonomous driving] because we see huge opportunity in the future of personal mobility. We are intent on leading the transformation of this industry, and *we have created a vision of zero crashes, zero emissions and zero congestion* that we believe is the future for this industry. We are in a leadership position and we think it is the best way to generate long-term shareholder value (October 24, 2017; emphasis added).

Reflections

In some sense, the limited attention to social purpose and impact in GM's discussions about electric and autonomous vehicles is a missed opportunity. At the same time, relative to Tesla's and Ford's communications with analysts on these same topics, GM stands out as the most attentive to the environmental and social dimensions of the future of automotive technologies.

AT&T

AT&T Inc. provides a variety of communications and digital entertainment offerings through its four major business units: Business Solutions, Consumer Mobility, Entertainment, and International. Its portfolio includes voice and data communications products and services, including pre-paid and post-paid wireless services; video and audio entertainment programming; broadband and Internet services and equipment. Its brands include DIRECTV, SKY, AT&T, and Unefon. The company's operations span across much of North and South America. Its services have global reach. AT&T was founded in 1983. It is based in Dallas, Texas and employs more than 250,000 people.

Observations

AT&T is unique among the other companies studied here in that while its management typically does not reference any CSP information in its earnings call presentations, it does make a social *gesture* at the end of some calls, in alignment with the company's "It Can Wait" campaign[15] to discourage texting while driving. On six occasions during the 2015-2017 period, the closing AT&T speaker offers some variation of this statement: "Thanks everybody and on your way home tonight, please remember no text is worth a life. It can wait" (January 25, 2017). No other company studied here carries out anything comparable.

[15] More information on AT&T's "It Can Wait" campaign can be found at https://www.itcanwait.com/

The vision that AT&T executives outline on quarterly calls is profit-centric. Per CFO John Stephens, “Our focus is on profitable growth” (October 22, 2015). As described on the earnings calls, the vision for the company never connects to social purpose or CSP. Whereas Stephens and his colleagues often speak in lofty terms, asserting AT&T’s industry-leading capabilities and overall dominance in its industry, they do not include references to social purpose or CSP. Stephens’ statements are typical: “We believe we have the pieces in place to redefine our business and our industry” (October 22, 2015). “We are uniquely positioned as a company. No other company has the assets and capabilities in place that we do” (October 22, 2015). “[W]e believe we do have the most comprehensive capabilities now in the industry” (January 26, 2016). “No one else has our portfolio of assets…We are in every major market in the U.S. with reach around the world…no one can match what we offer” (July 21, 2016).

AT&T describes itself (in confident terms) as a global leader. It acknowledges certain operational settings as “very difficult” (January 25, 2017). Stephens speaks of “adding stability” in the “very challenging economic environment[s]” of Brazil and Mexico, but in terms of integrated day-to-day operations and “solid local management teams,” not in terms of social investments or initiatives (January 26, 2016). In April 2016, Stephens further underscores the company’s focus on profitability in emerging markets:

> With regard to Latin America, …we mentioned before – tough environment, but the team down there, we have been impressed with, they are operating very well. Brazil is a challenging environment, both economically and politically. But the team is performing quite well and the overall profitability is impressing us for a management team to be able to operate in that environment and produce the results they are. We are focused not on customer accounts, but on profitable growth and quality (April 26, 2016).

Like other companies studied here, AT&T executives turn their attention to recent natural disasters on the October 2017 call. Here, for the first time in at least a two-year stretch of earnings calls, company leaders share commitments beyond cash flow and cost-effectiveness. Stephens says this:

> Before we get to the results, this was an unprecedented quarter when it comes to natural disasters. Hurricanes pounded Texas and Florida and caused historic damage to Puerto Rico and the U.S. Virgin Islands, and earthquakes and storms devastated Mexico. Our hearts go out to all those that are impacted. Our team has coordinated with federal, state, and local officials to maintain and restore service throughout the impacted areas. I've heard some remarkable stories about the lengths our employees went to, not only to restore service, but also just to help others. Our legacy of service spans more than 140 years at this company, and it's being kept alive by dedicated employees dealing with situations like this. Senior management just wants to make a special thanks to all our employees for what they've done through these challenging times (October 24, 2017).

Unlike those companies that contain their comments on these events to momentary acknowledgement, AT&T executives continue to reference them throughout the full earnings call. They observe the devastation of the recent earthquake in Mexico. There repeatedly pay tribute to employees who "made heroic efforts to get cell towers operating virtually overnight" amid hurricanes in Houston, Florida, Puerto Rico and the Caribbean. Stephens says, "We've been through a lot of challenges, but I've never seen our teams work as hard to maintain and restore our vital services for our customers" (October 24, 2017). Stephens makes an impressive commitment to Puerto Rico in particular: "It's still a long road ahead for the people of Puerto Rico, but we plan to be there every step of the way" (October 24, 2017).

Analysts on the line do not follow up with questions pertaining to these events or commitments.

As is typical on earnings calls, analysts steer the discussions toward the political environment and potential government actions that could have material impact on AT&T and its industry. In this case, none of the potential actions relate or lead to socially relevant initiatives on the part of the company. the focus of these conversations is on net neutrality legislation,[16] not any percolating federal investigation or any press on CSP from policy makers.

Reflections

In some ways, AT&T is a model in the sense that it channels CSP into its earnings calls. The don't-text-and-drive reminders at the close of at least some of AT&T's calls is a departure from—and arguably an interesting model for—other companies' actions. AT&T boldly touts its industry leadership, but it claims that leadership on the basis of profitability. Its highly competitive rhetoric, similar to GM's, may be less compatible with CSP discussions. CSP discussions on AT&T calls are, of course, limited. Analysts' engagement with CSP topics on AT&T earnings calls is similarly limited.

Ford Motor Company

Ford Motor Company manufactures, sells and services cars, trucks, and sport utility vehicles, and automotive parts under the Ford and Lincoln brand names. The

[16] Net neutrality legislation and its implications for AT&T looms heavy from the January 2015 call onward. Stephenson warns, "[T]hese really strident heavy-handed regulations on wireless and broadband, if we go down that path, that's what causes everybody some apprehension and uncertainty and begins to change [the] investment thesis and so forth. So it's up in the air, right now we're just anxious to see when the SEC comes out, so we now begin to formulate our plans" (January 27, 2015). Analysts ask repeatedly about FCC leadership and its intentions[16] (January 25, 2017), FCC actions "like rate regulation for broadband"[16] (October 24, 2015); and FCC and DOJ oversight of the AT&T Time Warner deal[16] (October 24, 2016),

company offers automotive financing products and services to dealerships and end customers. Ford was founded in 1903. It is headquartered in Dearborn, Michigan and employs more than 200,000 people full time.

Observations

Ford is unique among the set of companies studied here in that it experiences a transition to a new CEO during the 2015-through-2017 period. While emerging and frontier markets figure heavily into earnings call discussions, and while electric and autonomous vehicles emerge as a running theme throughout, neither CEO offers any meaningful CSP information. With just one or two arguable exceptions, neither CEO links social themes into the topics covered. Neither CEO covers CSP.

CEO Mark Fields mentions societal benefits only once in the earnings calls on which he appears (October 27, 2016). Morgan Stanley analyst Adam Michael Jonas challenges Fields to address rising traffic fatalities and the technologies that Ford will put in place—including autonomous vehicles—to reverse the trend. In his words,

> To your question around the fatalities, that's why we're so bullish on autonomous vehicles, and as you know the societal and safety benefits that can have from that, but let's face it, I haven't seen the data yet. *But if you really want to improve vehicle safety, you take people's phones away from them, so that can't text while they're driving*, because I have a feeling that a lot of the increase on that has to do with that. (October 27, 2016; emphasis added).

This instance illustrates how challenging it can be to parse socially relevant information where a company is not proactively and consistently providing it. Is Fields thoughtfully highlighting an issue of serious social concern in his comments here? Or is he cheekily deflecting pressures from analysts who want to see investments from Ford into autonomous driving technology?

On Ford's investments in electric vehicles, Fields brings a momentary spotlight to their environmental benefits during the April 2017 call:

> I think we've clearly laid out our electrification strategy, playing to our strengths and electrifying vehicles to provide more capability and productivity and performance and better fuel economy for our customers. And I believe a prime example of this is our unveiling a couple of weeks ago of the industry's first pursuit-rated hybrid policy care. And I believe that further cements our strong franchise among law enforcement and cities by delivering a hybrid vehicle that will power the high electrical loads of a policy vehicle, but also *reduce engine runtime and reducing emissions* (April 27, 2017).

CEO James Hackett in his inaugural earnings call, new CEO James Hackett outlines his own vision for the company's "very bright future." This vision resembles that of other automotive companies featured here, and calls to mind the industry's intense competitiveness that may itself suppress articulation of CSP. Hackett speaks of "growing revenue, improving fitness, optimizing the capital deployment and innovation in all parts of the business, and having the spirit of an environment to win." Hackett offers no mention of social responsibility or performance in his presentation to the analysts (July 26, 2017).

On Hackett's second earnings call as CEO, he evolves and crystallizes the vision for the company as one without an obvious social-good dimension. More cryptic terms ("an independently smart world") crowd out any social purpose dimension:

> We are fully embracing an evolution brought on by the intersection of powerful computing concepts and the ability to develop intelligent capabilities in our vehicles. And these vehicles won't be working isolation, rather they'll be interacting with an independently smart world. We describe our strategy as smart vehicles in a smart world (October 26, 2017).

Analysts do not press for a deeper explanation.

Reflections

Ford's quarterly earnings calls reflect the strength of the company's global reach. The transcripts in their entirety read like around-the-world tours. The company's executives speak of and field questions about the company's status in almost every corner of the world, from East Africa to Venezuela. Its presence in and knowledge of challenging operating environments, and the economic and other needs therein, would seem to give rise to more CSR-themed discussions at the very least. Similarly, the nature of the direction of the larger automotive industry—from fuel-dependent to electric and autonomous—would seem to spark more conversation from Ford executives on the social implications of those shifts.

AmerisourceBergen

AmerisourceBergen sources and distributes pharmaceuticals and other medical supplies in the U.S. and internationally. The company's channels extend to hospitals, clinics, mail-order and retail pharmacies, long-term care facilities, and veterinary care settings. Amerisource Bergen's adjacent products and services include supply chain management software and services, market access and reimbursement support, and contract field staffing. Founded in 1985, the company is based in Chesterbrook, Pennsylvania. It employs 21,000 people full time.

Observations

CEO Steve Collis's earnings call presentations are marked by soaring rhetoric tied around the company's social purpose, without the specifics that could constitute CSP information. Collis speaks of AmerisourceBergen as leading "the next evolutionary change in healthcare" to a level that "meaningfully improves patient lives" (January 28, 2015). He describes the company's outlook on the world and its place within it in aspirational terms:

> We constantly seek to expand our knowledge, reach and partnerships in an effort to drive innovation in both human and animal healthcare services…we will generate long-term value for manufacturers, healthcare providers, customers, our stakeholders and our other stakeholders for many years to come" (July 23, 2015).

As Collis articulates it, the company operates with social purpose as its guiding compass and gateway to growth:

> Our associates share my conviction as we make vital contributions to the health and well-being of humans and animals. And by extending in that growth we can continue to provide excellent returns to our shareholders and other stakeholders (July 23, 2015).

In February 2016, Collis tells analysts,

> Everything we do is ultimately driven by one objective, enabling high quality pharmaceutical care for patients. The unique knowledge and expertise we have developed in our partnership philosophy and our increasingly global reach enable us to influence and shape healthcare delivery by providing creative solutions to the challenges inherent in today's healthcare market place" (February 4, 2016).

He speaks of the company's ability "to cheer patients who have access to both traditional and complex new therapies" through its services (February 4, 2016). He describes an awareness that "In many cases patients' lives are at stake," at to at least some extent dependent upon AmerisourceBergen (February 4, 2016).

Collis often couches his responses to analysts' questions in this social purpose rhetoric, even when the question does not obviously lead into a social-purpose discussion. When Deutsche Bank's George Hill asks a question about the status of a large-scale contract, Collis uses the opportunity to describe the contract signing as "very emotional" against the realization of the contract's impact on patients' lives (February 4, 2016). On the May 2017 earnings call, Collis unveils a new official corporate purpose statement:

> At Amerisource Bergen, we are united in our responsibility to create healthier futures. Everything we do as a company ties back to this purpose. When we provide services and solutions that improve product access, increase efficiency across the healthcare system, and enhance patient care, all that is done to fulfill our purpose. The value we bring to manufacturers, providers and, most importantly, to patients helps fulfill that responsibility to create healthier futures (May 4, 2017).

After an extensive expounding on the company's new purpose statement and its strengths,[17] Collis offers further comment:

> Internally, the purpose, united in our responsibility to create healthier futures has been very well received, very uplifting, and again, AmerisourceBergen proves to be a great place to work, a great place to partner with and a great place to invest in (May 4, 2017).

When the company's financial performance slips, the soaring rhetoric goes silent. Collis shifts into an emphasis on cost-efficiency:

> I want to assure you that we remain focused on being the most efficient operator in the industry. As cost pressures increase across the board in healthcare, it is even more important that we manage our own with an increasingly higher degree of precision than we've done historically" (May 5, 2016).

Collis expresses disappointment in the company's near-term forecasts and commits to "thoughtful capital management" going forward (May 5, 2016). The August

[17] Collins tells the analysts, "Our prepared remarks are a bit long, so we appreciate your attention, but we're just very proud of this quarter."

2017 call, which immediately follows the unveiling of the new purpose statement, strikes a decidedly somber tone. In this call, Collins describes the company's restructuring effort in the wake of "a challenging healthcare environment" (August 3, 2017). In his closing remarks, he gives a fleeting nod to the purpose described in May: "We are evolving and we are united in our responsibility to create healthier futures" (August 3, 2017).

On the August 2016 call, Collis's energy turns to the company's engagement with the U.S. federal government on topics related to drug pricing and overall healthcare costs. As is the case with other companies studied here, it can be difficult to discern whether social aims or profit protections are driving ABC's policy engagement.

> [W]e stand beside all our customers and the patients they serve as we advocate on their behalf with state and federal legislators and regulators. Our primary work in Washington is to ensure that our customers receive a fair share of the healthcare dollar amidst increasing pressure on costs from all payer segments and an increasingly transparent and demanding environment. In a tumultuous political environment, it is very important to remain engaged to ensure adequate reimbursement and to preserve patient access to care (August 2, 2016).

Collis also addresses the controversial topic of drug pricing, at a time when AmerisourceBergen and its industry are under scrutiny for drug-price mark-ups:

> Intense focus on the cost of both traditional and specialty pharmaceutical care will persist for some time and will come from different venues, but in the efforts to manage the expense of healthcare, we must not sacrifice patient access to care.

Analysts drill down on the topic in their questions, attempting to get a clearer sense of the company's intentions. David Larsen of Leerink, for example, asks Collis to speculate: "[I]f President Trump gets more aggressive about putting pressure on drug company CEOs to control price and cost price to pull in. Are you taking steps ow with regards to your contract[s] to basically protect your margins going forward?"

Collis responds, “If there was a huge change with the growth rates and our industry were impacted, it would be a negative for us there is no doubt it would be a very, very strong headwind” (January 31, 2017).

Like other companies, AmerisourceBergen offers a point of view on the 2017 hurricanes which emphasizes social contribution.

> I am so proud of the way our entire team worked very seamlessly, collaboratively and tirelessly through some of the worst hurricanes in recent history. I was just recent history. I was just recently in Houston to meet with our associates there. I saw firsthand how our preparedness and rapid action in Houston, as well as in Florida, Puerto Rico and elsewhere, ensured that our associates and their families were safe, and that we were able to continue to operate to deliver products and services and to ensure access to critical, sometimes life-saving, treatments for patients….It is our associates who continue to go above and beyond every day for AmerisourceBergen for our customers, and importantly for the patients who need their medical treatments.

Like McKesson and CVS Health—other actors of interest in the U.S. government’s opioid investigations—AmerisourceBergen outlines a substantial list of actions the company is taking to fight opioid abuse. Importantly, this outlining represents the first and only instance of true CSP reporting in these calls in that it details specific projects and actions. Collis states:

> I do want to take a few moments to discuss something that is critically important to AmerisourceBergen and that affects all of us: Opioids and the rising levels of their abuse. AmerisourceBergen understands and appreciates the enormity of this challenge, both for the healthcare industry and for the country more broadly. And we are mobilized to address it. We are working diligently at ABC collaboratively across our industry with other distributors in HAD and very closely with legislators, policymakers and regulatory agencies to monitor and strop suspicious orders and minimize and deter diversion.
>
> In addition to reporting and stopping orders determined to be suspicious, we are also providing daily reports about the quantity, type and receiving pharmacies of every single order of controlled substances we distribute through regulatory and enforcement professionals.

> Additionally, along with our partner Walgreens, we've expanded the safe medication disposal kiosks, take-back programs and our Good Neighbor Pharmacy's safe drive disposal program in conjunction with the national DEA prescription drug takeback day.
>
> AmerisourceBergen Foundation is also actively working to support a broader range of educational programs.

Collis tells analysts in closing, "AmerisourceBergen takes very seriously our role in the supply chain, and our responsibility to patients" (November 2, 2017). In this case, on this topic, he affirms this seriousness through specific CSP information. These specifics are otherwise lacking through the body of the company's 2015-2017 earnings call transcripts.

Reflections

AmerisourceBergen illustrates how even companies that repeatedly proclaim social purpose as an overriding force can be inclined mute all talk about it in periods of financial distress. This unevenness gives credence to calls from the U.N.'s ESG Investor Briefing Project[18] and others to establish CSP as a standard, dedicated component of quarterly communications. It further calls to mind the capabilities that analysts have to incorporate ESG concerns and risks into the flow of their participation in quarterly calls.

In addition, the company's claims on social purpose fail to carry weight in the absence of specific examples of actions that could bring Collis's lofty language to life. The AmerisourceBergen case, similar to Emerson Lifesciences and others, illustrates the value of social performance data over social purpose statements. As stakeholders look ahead to an Integrated Reporting era, an emphasis on high-quality social performance

[18] See https://www.unglobalcompact.org/library/3921

data, on par with high-quality financial performance data, can best support the informational needs of socially engaged shareholders.

Chapter VII. Fortune Future Companies

In 2017, Fortune unveiled its new “Future 50” list, in partnership with BCG. This list ranks companies based upon two major categories of measurement to assess a company’s prospects for future growth: (1) market potential and (2) capacity to grow, based on factors including management structure, youth of the company, composition of the Board, and the way that management describes the business (2017). That “the way that management describes the business” is included among the criteria points to the value that analysts and the broader business community place on corporate managers’ articulations of a company’s priorities and actions.

The inclusion of Fortune Future companies in this study enables a window of insight into whether younger, high-growth companies lean into CSP more than do their Future 10 counterparts. While general statements about the Fortune 10 versus Futures are difficult to make, it is fair to suggest that the Future list holds some standouts in CSP reporting on quarterly earnings calls, Salesforce chief among them.

Salesforce

Salesforce.com Inc. provides businesses with enterprise cloud computing products and services, focused on customer relationship management (CRM). The company’s capabilities include advanced analytics and artificial intelligence services; project management tools; software solutions for the financial services, healthcare, and government sectors; and platforms for personalized sales and marketing interactions.

Salesforce was founded in 1999. It is headquartered in San Francisco, California and employs approximately 30,000 people full time.

Observations

Of all the companies studied here, Salesforce.com ranks as the undisputed leader in communicating a social responsibility and performance agenda to Wall Street analysts. The company does so consistently, featuring ESG efforts prominently and at length in every quarterly call during the 2015-through-2017 period. No CEO is more effusive on this front: Marc Benioff speaks as exuberantly about the company's book drives, food drives and foundation grants as he does about the company's consistently impressive financial performance. He repeatedly underscores for the analysts on the line: "Salesforce just isn't about doing well, we're also about doing good" (Seeking Alpha, CRM, February 25, 2015; August 20, 2015). Giving that notion more color, he says at one point, "I hope that we can be an example of a benevolent company that does well and does good" (February 24, 2016).

Though the analysts clearly favor details on the "doing well" part of the equation, Benioff bids them to think more broadly. His vision for the future of Salesforce is a vision of transforming business at large, a rethinking of the "the future of social responsibility as well and the importance of business to give back and to manage their stakeholders *not just their shareholders*" (August 20, 2015; emphasis added).

Benioff does not shy from social issues in his dialogue with analysts. For example, he openly discusses the importance of women's empowerment and the role of Salesforce in advancing that social aim (August 20, 2015; February 24, 2016).

Benioff is also consistent in acknowledging challenging situations in the world, irrespective of impact on the company. His opening comments on the November 2015 are typical:

> And before we start and go into the call, which of course would go through our results, we want to let everybody know that our thoughts and prayers are with everyone in Paris, with all of our employees and all of our customers that have been going through such a horrible situation. And we've also been just especially shaken by our customers, who have lost employees in this horrible tragedy. So we're so sorry, and our thoughts and prayers are with everybody in Paris (November 15, 2015).

On that same call, true to form, Benioff outlines the quarter's exceptional financial success—$259 billion in transactions, up 63 percent year on year—with extensive attention to the company's socially oriented endeavors. "I guess what I'm more proud of," he says, reflecting on the quarter,

> is that during Dreamforce we also held the largest book drive ever, collecting over a million books to schools. We also raised over $10 million for the UCSF Children's Hospital in San Francisco and Oakland, and I'll tell you that I want to thank all of our partners and our customers for helping us to achieve those numbers there, because it's really, really awesome (November 15, 2015).

Benioff also expresses humility in the face of the company's larger ESG goals.

> And while our transactions continue to skyrocket and our customer success continue to skyrocket, we committed also to reducing our carbon footprint…we have to do more, and we've made significant commitments to achieve net-zero carbon emissions by 2050" (November 15, 2015).

In August 2017, speaking about the recent actions of white nationalists in Charlottesville, Benioff departs from quarterly-call norms—even more so than usual—as he appeals to a higher moral plane:

> Salesforce is a company that is built on the values of love, equality and generosity. We work hard to every day to improve the state of the world through our own work and promote our Company's mission to others. We all have to recommit to our own personal acts of love and kindness as this is the only way to fight this pure hatred. We can all make our own choices

> between love and hate, and we can all love more. Now is the time for all of us to remember, love thy neighbor as thyself" (August 22, 2017).

As is typical, no analyst on the line carries this stream of dialogue forward through questions or otherwise.

On the final call of 2017, Benioff frames his financial reporting to analysts in this way: "we've been able to do well in our business while helping those less fortunate than us and to that end we are now going to talk about the results for the third quarter, which were record for Salesforce" (November 21, 2017). He closes the call with an emphasis on the same themes:

> At Salesforce, we've always been a company that believes in doing well and doing good and as you know that's because we are committed to a core set of values, trust, growth, innovation and the equality of every human being….We are aspiring to build a company for the ages and a brand and a culture that will make the world a better place, not simply for another quarter or another year, but for decades to come (November 21, 2017).

Reflections

Salesforce's approach to CSP reporting on quarterly earnings calls—prioritized, consistent, and substantive—presents a potential template that other companies can follow, and which analysts can draw upon in holding management accountable on CSP.

Tesla

Tesla, Inc. manufacturers and sells electric vehicles, electric vehicle powertrain components, and energy storage and generation systems. Its automotive segment includes sedans and sports utility vehicles. Its energy storage and generation segment includes rechargeable lithium ion battery systems, solar energy systems, and renewable energy products for residential and commercial customers. Tesla operates internationally, with larger operations in the U.S., China and Norway. The company was founded in 2003 and is headquartered in Palo Alto, California. It employs more than 37,000 people full time.

Observations

Tesla represents what is probably the most interesting and ironic case in this study. Founder and CEO Elon Musk is lauded in many circles as a visionary driving needed social transformation through his business endeavors.

CSR expert Mallen Baker offers views characteristic of Tesla-Musk lionization in a 2017 blog post: “It is beyond reasonable doubt,” he writes,

> that Elon Musk brings a powerful sense of social purpose to his businesses. The vision for Tesla is that it will bring forward the age of renewable energy. That purpose is there because it is something we desperately need to do as a society, not because it’s the most natural approach to guaranteeing maximum profits.

Mallen hints at Tesla’s cash crunch, a legitimate and foremost topic across the company’s 2015-2017 quarterly earnings calls. What is absent or otherwise hidden from Tesla’s communications on these calls is the “powerful sense social purpose” so often attributed to the company and its founder.

The version of Musk that appears in earnings calls is combative and under pressure. Throughout the three-year period studied, operations expenses and cash flow consume the near entirety of these conversations. His colorful language aside, the content of Musk’s presentation to analysts is not entirely dissimilar from that of his automotive competitors in the Fortune 10. Only once, during the February 2016 call, does Musk reference something CSP-related:

> But essentially getting to 25% market share of all premium sedans in the U.S. is, I think, a great achievement of the Tesla team. And I think it's also great for the world, because it means, I mean, *that's 25,000 fewer gas guzzlers that are on the road*. We'd like to thank all the customers that went out and bought that car, because I think *they're making a difference for the environment*; and, of course, they're helping pay for the future development of the Model 3 (February 10, 2016; emphasis added).

The pressures Musk faces on these calls is evident across these transcripts. This question from Colin Langan from UBS Securities is typical:

> Can you just kind of walk through what are the key short-term drivers of cash flow, sorry? You're kind of still burning $200 million this quarter. Is it just really all volume to get back to get cash flow positive by Q2? (February 10, 2016).

On these calls, when Musk talks about the mission and focus of Tesla, he almost invariably anchors in on manufacturing. Excellence in manufacturing is what he describes as "the primary focus of Tesla," "the most significant thing" for the company, "the key thing we need to achieve in the future" (May 4, 2016). "Tesla is really hell-bent on being the world's best at manufacturing," he reiterates (May 4, 2016). "We need to figure out how to be the world's best manufacturing and that's what we're going to be hell-bent on doing" (May 4, 2016). "Tesla believes strongly in making things…we believe in manufacturing" (May 4, 2016). "[O]ur goal is to be the best manufacturer on Earth. This is our real goal"[19] (February 22, 2017).

Musk does not mince words when describing the pressure he is under to advance Tesla's manufacturing processes. On the August 2016 call, he tells analysts on the line, "Basically, we were in production hell for the first six months of this year. Man, it was hell. And then we just managed to climb out of hell in like basically partway through June" (August 3, 2018).

[19] Here, he adds, "I don't know if we will succeed."

In the October 2016 call, Musk's accounts of this pressure intensify: "I personally probably took a year off my life or more camping out at the Fremont factory…We went through bloody hell in the first half of this year" (October 26, 2016).

The analysts on the line, for their part, apply their own doses of pressure onto the Tesla team.

Like other companies facing financial and operational pressures, executive communications on quarterly calls hardly reach the level of socially aspirational. In a rare instance, analyst Benjamin Kallo asks Musk to describe his "big picture" view on the work he is undertaking across SpaceX and Tesla. Musk shrugs it off, offering a response that does not veer into the social-purpose domain.

> It's really just we want to make products that people love. And then make enough money from that to be able to develop new products. And that's it really….And then I think it ends up being a good outcome for shareholders because the whole purpose of any company existing is to make compelling products and services. Some of those people lose sight of why companies should even exist (October 26, 2016).

It is not until the August 2017 call that some of the pressure on Tesla appears to lift. For the first time in more than two years, Musk offers a glimpse of a vision bigger than manufacturing and cash flow. Following the first delivery of the Model 3, Musk exults:

> So, first of all, I want to say that Friday night was an amazing time for Tesla. It was one of the most important days in the history of the company…We wanted to make a great, affordable electric care which is a fundamental thing that is missing. We wanted to make that from day one, and if we could only have done it sooner, we would have. And I'm glad that this day has come (August 2, 2017).

Analysts on the line ratchet back the enthusiasm, pushing Musk to clarify Tesla's liquidity position. Ryan Brinkman at JPMorgan Securities presses the issue:

> So, the question is, can you help us size up how positive do you expect the cash from operations to be in the back half? And if that level of cash from operations plus whatever remains available to draw on your asset backed line, if that's sufficient cushion for you relative to your $1 billion target? (August 2, 2017).

The final call of 2017 is marked by further stress on Tesla. The optimism from the previous call has faded into a grousing over "production hell" (November 1, 2017). Adam Jonas from Morgan Stanley plays on the theme, asking Musk, "[H]ow hot is it in hell right now? And is it getting hotter or less hot?"

No grand social purpose comes into view in Musk's response:

> I mean, emphasize what each level [of hell] means really, but let's say level 9 is the worst, okay? Well, we're in level 9…I was really depressed about 3 or 4 weeks ago when I realized that we're kind of in level 9…But now it's pretty obvious what we need to do. It's just a matter of work to get there, working seven days a week to do it. And I have personally been on a zone 2 module line at 2:00am on a Sunday morning helping diagnose robot calibration issues. So I'm doing everything I can.

Reflections

The nature of the Tesla vehicle sets an expectation that the company's earnings calls might place social purpose and performance at their center. This is not the case, however. Like its industry counterparts included in this study, references to social concerns—let alone CSP—make only rare appearances in Tesla earnings calls. The company's financial distress drives much of its bottom-line, short-term focused presentations on these calls. Analysts, for the most part, keep Tesla's earnings calls confined to financial goals and benchmarks only.

Facebook

Facebook, Inc. provides tools that enable users to connect and communicate with each other through applications on their mobile devices and personal computers. The company's platform technologies include the Facebook website and its mobile version, the Facebook Messenger and WhatsApp applications, and Instagram for the sharing of photos, videos, images and direct messages. Facebook's products also include the Oculus Virtual Reality platform for immersive user interaction and content consumption. Facebook was founded in 2004. Facebook operates globally. The company is based in Menlo Park, California and operates globally. It employs approximately 28,000 people full time.

Observations

Like Apple and Salesforce, Facebook enjoys record-breaking financial success in the 2015-2017 period. Facebook CEO Mark Zuckerberg enthusiastically highlights the company's CSP work in many—though not all—of his quarterly earnings calls. To at least some extent like the CEOs of AmerisourceBergen and Activision Blizzard, Zuckerberg frames his company's social contributions as automatic and intrinsic. In other words, he presents Facebook as, by model and design, an inherently noble enterprise. By this logic, Facebook's global expansion represents the highest fulfillment of its social responsibility.

Zuckerberg describes the role of Facebook as "developing social infrastructure for communities, for supporting us, for keeping us safe, for informing us, for civic engagement, and for including everyone" (May 3, 2017). He speaks of his hope "to help more than one billion people join meaningful groups [on Facebook] to strengthen our social fabric over the next few years" (May 3, 2017). In his introductory presentations to analysts, he often offers a variation of this statement made during the earnings call in January 2016:

> [I]t's important to consider not just our business results but also how we're improving the lives of people and communities around the world…We're going to keep working to give as much voice as we can and advance the benefits of connectivity and bringing the world together" (January 27, 2016).

At a more micro-level, Zuckerberg argues that

> [T]ime when people are engaging and building relationships is good time and that correlates with all the aspects of long-term well-being that you'd expect like happiness, and health, and feeling more connected and less alone, and in all of things that qualitatively matter in our lives. And we [at Facebook] think that we can help drive that (November 1, 2016).

In the three-year period studied, Zuckerberg refers often to Facebook's signature CSP initiative, Internet.org. In his words, it is the company's "effort to connect everyone in the world to the Internet." In the Q1 2015 call, he shares the effort's progress: "We've now made free basic Internet services available to more than 800 million people in nine countries, including just in this quarter, launching in India, Colombia, Ghana, Guatemala, and the Philippines" (April 22, 2015). Of note, Zuckerberg describes the initiative as both a social endeavor *and* a revenue stream. He tells the analysts in his introduction, "[M]ore than half the new people coming online through Internet.org choose to pay for data and access" (July 9, 2015). He makes the case that "for every 10 people who get connected to the Internet, just a little less or right around one person gets lifted out of poverty and one new job gets created. So we're very focused on this" (November 4, 2015).[20] CFO David

[20] David Wehner, the company's CFO, describes Internet.org in terms of a growth driver for the company, increasing Facebook's community numbers (July 26, 2017).

Wehner counts Internet.org efforts as part of the business imperative to “grow the [Facebook] community” (November 4, 2015).

Chief Operating Officer Sheryl Sandberg describes the company’s priorities in more strictly commercial terms: “We’re staying focused on our three main priorities: capitalizing on the shift to mobile, growing the number of Facebook markets and making our ads more relevant and effective” (July 9, 2015). Wehner does the same: “[W]e’re focused on continuing to invest heavily in the business across our near, mid- and long-term opportunities” (July 9, 2015).

In the April 2016 earnings call, a shift takes place. Zuckerberg unveils the Chan Zuckerberg Initiative, a new philanthropic organization separate from Facebook. Per Zuckerberg’s description of it on the call, its goals include “helping to cure all disease by the end of the century; upgrading our education system so it’s personalized for each student; and protecting our environment from climate change” (April 27, 2016).

This announcement marks the start of a lengthy hiatus from CSR or CSP mentions in Facebook’s quarterly earnings calls. With the exception of one brief mention of Internet.org in February 2017, attention even to the claimed social mission and purpose of Facebook all but evaporates for a full 12-month period.

The CSP drought ends in May 2017, with the launch of media and government investigations into Facebook’s role in fake news distribution and Russian meddling in the U.S. election. On this call, Zuckerberg outlines a new vision for a safer, more accurately informed, more inclusive and connected global Facebook community “that works for everyone.” The vision includes, among other elements,

1. The launch of a “Community Help” tool allowing people to give and receive items in natural disaster situations;
2. Changes to Facebook’s News Feed rankings “to reduce the financial motivation to spread hoaxes”;
3. The creation of a new Town Hall function “to build a more civically engaged community…to help people find and connect with their government representatives on a local, state, and federal level in the U.S.” (May 3, 2017).

On the next quarterly call, Zuckerberg adamantly extols Facebook’s social responsibilities and performance. After reporting revenues of close to $10 billion, Zuckerberg tells the analysts, “We’re proud of the progress we’re making, and it also comes with the responsibility to make sure that we have the most positive impact on the world that we can” (July 26, 2017).

During the November 2017 call, Zuckerberg takes the Russia election-meddling issue head on:

> I’ve expressed how upset I am that the Russians tried to use our tools to sow mistrust. We built these tools to help people connect and to bring us closer together, and they used them to try to undermine our values. What they did is wrong (November 1, 2017).

Zuckerberg then describes the company’s plans to double its online security staff[21] to safeguard the intent and integrity of Facebook tools.

Again, with Facebook as with other companies, most questions from analysts relate to immediate business concerns. In this case, those concerns often center on Facebook’s positioning relative to the competitive environment, and Facebook’s monetization strategies for its newer offerings such as video (July 9, 2015). Even where

[21] From 10,000 to 20,000

the Russia investigation hangs heavy as the backdrop, analysts are specifically interested in the costs of corrective measures[22] rather than any social dimensions or implications.

The question from Ken Sena from Wells Fargo Securities is representative:

> Just going back maybe to the investment and security comments, maybe could you provide a little more detail just on what that investment could look like and how we could think about that showing up in R&D, cost of revs, G&A, or maybe a combination? (November 1, 2017).

Zuckerberg, for his part, anchors in on the social responsibility frame:

> [G]oing forward, we're going to be investing in these things at a much higher level because we realize that this is important, not only for our community and this company, but it's part of our responsibility to society overall" (November 1, 2017).

Analysts themselves bring socially relevant issues into view, if only occasionally. These questions tend to relate to political topics, mostly in terms of political advertising revenues[23] (2015-2016) but later centered on the Russia election-meddling investigation and its implications for the company (October 8, 2017). At one point, an analyst[24] asks about "key takeaways" from Internet.org, albeit in the context of probing Facebook's long-term revenue outlook in India and China (November 4, 2015).

At another point, Paul Vogel from Barclays Capital poses a question about content censoring on Facebook—a question which, though couched in a frame of revenue

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[22] Per Douglas Anmuth at JPMorgan Securities: "First just on the security comments, you talked about headcount increasing from 10,000 to 20,000. I was hoping you could just help us understand. Is that 10,000 fully in the 23,000 headcount that you have today, or is there a part of it that's not included in there, perhaps because it's not full time?

[23] Of interest, Sandberg's responses to questions about political advertising revenue pre-2017 are overwhelming positive in tone. Per the July 26, 2016 call: "we are pleased by what's happened on Facebook for the elections cycle, not just on the paid side but actually on the organic side as well. We really see Facebook being embraced by politicians all over the world to get in touch with their constituents. And we're pleased with that."

[24] Douglas Anmuth, JPMorgan Securities.

concerns, has social implications. Zuckerberg responds in a way that elevates those implications as paramount relative to revenues:

> So we feel a responsibility to have policies for our community which limit hate speech and limit things which are going to create just an overwhelmingly uncomfortable environment for people that is going to silence other people's speech in order to make sure that over the long-term we are enabling the most people to be able to express as much as possible as they can. And that's the philosophy that we have (November 4, 2015).

Reflections

In some ways, Facebook's leanings on its quarterly earnings calls with respect to CSP resemble those of other companies studied here. CSP mentions are inconsistent, details are often lacking, and the company's commitment to CSP at times seems shaky or wholly subservient to revenue concerns. Of course, like other companies similar to government scrutiny, a federal investigation kicks Facebook's CSP reporting into high gear.

In other ways, Facebook is entirely unlike any other company in this study. There is legitimacy to Zuckerberg's early claims around the intrinsic societal relevance of the Facebook platform. What this period proved, however, is that the platform is not intrinsically noble by design. It does not inevitably or inexorably service the company's social responsibilities. Rather, the platform's vulnerabilities to manipulation, as demonstrated during the U.S. 2016 presidential election, point up the exceptional social impact—positive, negative or mixed—that Facebook can have.

The 2015-2017 period for Facebook also illustrates the value and import of active CSP management. It also suggests the value of ongoing CSP accountability through earnings calls and other mechanisms—accountability that can be facilitated at least in part through financial-firm representatives.

Netflix

Netflix, Inc. provides on-demand delivery of film and television entertainment through Internet-connected screens and DVD-mail services to its members. Netflix has more than 117 million subscribing members across more than 190 countries. The company was founded in 1997. It is based in Los Gatos, California and employs approximately 4,800 people full time.

Observations

Across the Netflix earning calls studied here, there are only one to two references to social responsibility or performance. One comes through in the Q2 2016 call, where Chief Content Officer Ted Sarandos describes the expansion of Netflix original content in international markets:

> [W]e're in the very early goings of our international original life programming. We launched Marceau. We've launched original shows in Japan. We've launched in Mexico and we currently have productions going on in Germany, Spain, Italy, Korea, Japan, France, Brazil, Cambodia.
>
> So we are producing around the world original programming and *it really has an outsized impact*…I think *it does show those local markets that we're investing in their production infrastructure, we're investing in their culture*, and taking, most importantly taking those shows and distributing them around the world (July 18, 2016; emphasis added).

In January 2017, Sarandos references the social value of these efforts, if indirectly:

> [W]e love that we're working with local storytellers, local producers to make that content, and even more importantly making it available around the world has been a huge differentiator for us" (January 18, 2017).

Analysts occasionally ask about the Netflix pricing strategy in “undeveloped” markets versus developed markets (October 16, 2017). Beyond that, there are no inquiries from analysts related to ESG.

Reflections

The few, faint references to social purpose in these earnings calls suggest that Netflix can communicate more about social purpose, CSR and CSP going forward in the future. Analysts can consider ways that Netflix, through its rapidly expanding global reach, can play a greater part in the cultures it is participating in and, through its products, shaping.

Intuitive Surgical

Intuitive Surgical, Inc. designs, manufactures, and markets robotic-assisted surgical instruments and related tools under the da Vinci Surgical Systems brand. The System’s signature product uses robotics technology to correspond to and enhance a surgeon’s natural hand and wrist movements. Intuitive Surgical’s products are used in urologic, cardiothoracic, gynecologic, head and neck and general surgeries. The company sells its products internationally, with concentrated sales in North America, Europe and Asia. Intuitive Surgical was founded in 1995. It is headquartered in Sunnyvale, California and has approximately 4,500 full-time employees.

Observations

There are no references to social responsibility or performance in Intuitive Surgical’s 2015-2017 earnings calls. At several points, analysts ask for details about high-margin ex-US opportunities for the company, such as in markets like Japan. In these calls, there is no attention whatsoever to global health, global surgery or public health. There is no explicit attention to patients or unmet medical needs. CEO Gary Guthart does reference "increased use of our products around the globe" at one point, sans specifics (January 21, 2015).[25]

Reflections

Intuitive Surgical is not the only healthcare company included in this study that presents virtually zero information on CSP to analysts. It is not clear why. It this case and others similar to it, it may stand to reason that companies in the healthcare industry feel less of a need to communicate CSP given the nature of the field in which they operate. Analysts can play a meaningful part in shifting these assumptions.

VMware

VMware provides cloud, mobility, networking, computing, storage and security infrastructure software to business in the U.S. and globally. Its hybrid cloud computing solutions are considered among the most sophisticated in the market and have earned the company strategic alliances with Amazon Web Services and Dell Technologies (of which VMware is now a subsidiary). VMware was founded in 1998 and is headquartered in Palo Alto, California. VMware has approximately 20,600 full-time employees.[26]

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[25] In Q4 2016, he references 19 system sales "into rest of world market," again sans specifics (January 24, 2017).

[26] VMware managers do mention in two calls the company's inclusion on Fortune magazine's list of the 100 Best Companies to Work for in the U.S. (April 19, 2016; June 1, 2017).

Observations

VMware leaders refer often to sweeping changes in the data technology space—a "shift to a multi-cloud environment"—that is all-consuming for the company as it attempts to stay ahead of the industry curve (April 19, 2016). Reflecting upon the pace of these technological changes, CEO Patrick Gelsinger describes VMware to analysts as in the midst of a "tornado phase" (April 19, 2016). There are almost so mentions of social responsibility or purpose on VMware's call through 2017.

The October 2016 call, however, represents an aberration. In his closing remarks, Gelsinger departs from the highly technical language that dominates most of his presentations. For the first (and only) time since at least the start of 2015, he brings into focus VMware's social purpose and references CSP activities. He says this to the analysts on the line:

> A big part of our success are the values that bind us together and we refer to VMware's values as "EPIC2." One of the c's stands for community and the contribution we strive to make to the growth and the well-being of every community we're part of and do business in.
>
> Recently, we released our Global Impact Report for 2015. In this report, we expanded and elevated our long-standing commitment to driving innovations that contribute to a net positive future in sustainable growth. The global impact report includes our VMware 2020 vision, which outlines our sustainability roadmap and details the aspirations we have established for ourselves across the areas where we feel we can make the greatest impact (October 26, 2016; emphasis added).

Gelsinger offers these specifics in this sole moment of attention to CSP across the calls studied here:

> According to a recent report of this by IDC, VMware server virtualization products alone have avoided 603 million MWh of power consumption since 2003, enough to power 53 million average US households for one year. With the VMware 2020 vision outlined in the report, *our sustainability roadmap serves as a force for good, where we contribute*

> *more to society, the environment and the global economy than we take* (October 26, 2016; emphasis added).

Analysis on the line ask no follow up questions.

Reflections

The CSP content of VMware's October 2016 call stands out. It is not clear why the company presented CSP information at this juncture and nowhere else, except perhaps that the Fall of 2016 marked Dell Computer's acquisition of EMC, which at the time owned a majority stake in VMware. The publication of a VMware-branded Global Impact Report may have been meant to signal VMware's independence amid the Dell-EMC merger—a point Gelsinger underlines elsewhere in the October 2016 earnings call. In any case, the fact that VMware reports CSP info only once during this three-year period, and that it does so in an unusually effusive way, further illustrates the inconsistency of CSP reporting that is evidence across most of the earnings calls studied here.

Shareholders seeking CSP information, and analysts considering CSP in their recommendations, are disadvantaged by erstwhile CSP presentations ambiguously triggered. The VMware case agues in favor of more consistent, standardized CSP reporting, similar to reporting norms for financial performance.

Edwards Lifesciences

Edwards Lifesciences Corporation provides tools and technologies for the treatment of structural heart disease, including, for example, transcatheter aortic heart valves, annuloplasty rings and monitoring systems to measure heart function in surgical and intensive care settings. The company was founded in 1999. It is headquartered in Irvine, California and employs more than 12,000 people full time.

Observations

Edwards Lifesciences CEO Michael Mussallem returns repeatedly to the company’s social purpose as he makes presentations to analysts and answers their questions. At the same time, he and his team offer only specific example of CSP in the 2015-to-2017 period.

During the February 2015 call, for example, Mussallem pivots quickly from his report of 29 percent sales growth in transcatheter heart valves to saying, “Importantly, we’re particularly gratified to see the meaningful impact that our dedicated employees are having in helping so many patients around the world” (February 2, 2015). He concludes the same call with an underscoring of social purpose: “Our foundation of leadership and our commitment to transform patient care with innovative therapies remain the source of our strength” (February 2, 2015).

In October 2015, Mussallem brings forward similar themes in his remarks: “We believe our strategy of focused innovation can transform patient care and drive value into the healthcare system and to shareholders” (October 26, 2015). He repeats the phrase almost verbatim on the February 2016 call: “Our focused innovation strategy can transform patient care and drive value to the healthcare system and to shareholders” (February 2, 2016).

In his final remarks on the April 2016 and February 1, 2017 calls, Mussallem tells analysts, “[W]e remain passionate about developing impactful therapies to help more patients around the world” (April 26, 2016) and “We believe our patient-focused innovation strategy can transform care and bring value to both healthcare systems and shareholders" (February 1, 2017).

Speaking about specific products, his discussions around the company's "Ultra" product reflect a patient-focused frame: "We do think the Ultra will improve the physician experience…we'd like to think ultimately that leaders to good patient results as well" (July 26, 2017).

Mussallem tells analysts on the July 2016 call: "We probably have a greater sense of vision for the long term than we do in the short term" (July 26, 2016). He says in October 2017, "[W]hat we stay focused on is really the long-term in terms of being able to treat the most patients with therapies and really cause the practice of medicine to change" (October 24, 2017).

Analysts, for their part, highlight "the large inoperable population or underserved population" in questions to Edwards leadership, couching these points "in terms of penetration" and the company's ability to sustain and increase its growth trajectory (Raj Denhoy, Jeffries LLC, February 2, 2015). Matthew Miksic of UBS echoes the notion in the October 2015 call:[27]

> [W]e see this interesting, very interesting opportunity and underserved population as you do. However, maybe because it's underserved or under-diagnosed that clinicians at least the ones we talk to, many of them are sort of—they wouldn't put it on the list of bigger and more interesting, exciting opportunities. And I just would love to get some more color as to what you see that's exciting or interesting or potentially attractive here about pursuing that tricuspid opportunity (October 26, 2015).

Mussallem responds, true to form, in a way that emphasizes patient needs and outcomes over market-penetration opportunities:

[27] Bruce Nudell of SunTrust Robinson Humphrey presses Mussallem on this same topic during the February 2, 2016 call.

> The question here is, we know that these heart failure patients, lots of them, and I think by our estimate 1.6 million patients also have tricuspid regurgitation, and if you were able to address it, and able to do it in a relatively safe way, *could you change the quality of these patients' lives, and that what's exciting for us* (October 26, 2015; emphasis added).[28]

Brooks West of Piper Jaffray presses Mussallem on the market penetration and growth imperatives during the July 2016 discussion:

> Mike, where do you feel like the incremental patient is coming from?...[I]t feels like now you're truly starting to cannibalize the surgical business, is that were the majority of patients are coming from? Do you still feel like patients are kind of coming out of the woodwork that wouldn't have been treated? Can you speak to that at all? (July 26, 2016).

Mussallem's response is emphatic: "We think, by far, there was more patients that just plain came into the system. We continue to believe that there is an under treatment of patients, particularly with high risk and those flow into the system" (July 26, 2016).

Analysts turn up the pressure on the October 2016 call and thereafter. While Mussallem concedes, "market development is probably more near-term and more important" for sustained growth, he also pushes back (February 1, 2017). "[F]or us to make sure that we're doing our work to properly make sure that physicians and patients have the best information is really important and we're focused on that"[29] (February 2, 2017).

He continues to push back on later calls: "You know our feelings about this," he tells analysts pressing the company to show more market development and penetration. "[T]here's a lot of obstacles, a lot of issues for us to overcome and that's our challenge"

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[28] For further context, Mussallem describes how "This valve is often called the forgotten valve and very rarely do people treat a tricuspid valve on an isolated basis even when it is treated."

[29] He further emphasizes, "You know we're long-run, guys. We're engaged in wanting to study this group of patients that have not yet demonstrated symptoms. We're firm believers that people with severe aortic stenosis are really at risk and we're prepared to do the clinical study to test that (February 1, 2017).

(April 25, 2017). Mussallem further references those challenges on the July 2017 call, once again emphasizing a patient focus over analysts' demands for higher sales growth:

> Yeah. I think we would acknowledge at this point that these patients are at high risk. In many cases physicians consider them non-operable. If they had other good choices for them, they would use conventional therapies. So you'd almost argue that we're in a compassionate group of patients at this point and that's where we started to try and have—really to help the patients that are in greatest need. Is that clear? Yeah. (July 26, 2017).

CFO Scott Ullem presents the first and only distinct mention of a CSP initiative on the April 2016 call, describing the company's "special $5 million contribution to the Edwards Lifesciences Foundation, in support of the Every Heartbeat Matters initiative." Per Ullem, "This initiative is focused on addressing the global burden of heart valve disease in underserved people" (April 26, 2016).

<u>Natural disasters</u>

Like other companies studied here, Edwards Lifesciences leaders take time on the October 2017 earnings call to acknowledge recent hurricanes. Mussallem says this:

> Our Puerto Rico facilities sustained some flooding, which temporarily affected manufacturing operations…Most importantly, all of our employees have been accounted for and are safe. And although a number have reported significant damage to their homes and loss of personal belonging, Edwards and our employees across the globe are generously making contributions in support of our people there. I was able to personally visit the area recently and was very inspired by our employees' resolve and eagerness to return to work so they can continue to help patients (October 24, 2017).

Reflections

Edwards Lifesciences offers an example of a company that is clear on its social purpose, and which communicates that sense of purpose regularly. The launch of the company's Every Heartbeat Matters campaign, documented in these transcripts, suggests the start of CSP efforts that can actualize that purpose beyond its immediate product portfolio. Analysts, for their part, might consider ways of expanding their lines of inquiry beyond mere market penetration.

Intuit

Intuit Inc. provides tax, financial management and compliance products and services for consumers and businesses in the U.S. and internationally. Its signature brands include Quickbooks, TurboTax, and ProConnect. Intuit was founded in 1983. It is based in Mountain View, California and has more than 8,000 full-time employees.

Observations

For Intuit, the start of 2015 brought a firestorm of bad press, customer concerns, and U.S. state and federal inquires related to its electronic tax filing software products, Quickbooks and TurboTax. The allegation: cybersecurity vulnerabilities in Intuit products were facilitating tax fraud on a significant scale.

The level of government scrutiny applied to Intuit between 2015 and 2017—and especially in 2015—translates to an interesting dynamic on the company's earnings calls, one unique among those studied here. Essentially, the tax fraud issue becomes a consistent and overarching theme across the discussions between analysts and the Intuit executives. As it manages an active multi-year federal investigation over this period, and active legislation related to it, Intuit establishes the fight against tax fraud as its preeminent social responsibility.

Through to almost the end of 2017, the analysts on these calls are relentless in challenging Intuit to prove its efforts and progress in fighting tax fraud. As the crisis for Intuit unfolds in early 2015, Greg Dunham of Goldman Sachs challenges Smith to clarify the level of accuracy within the negative media reports about the company (February 19, 2015). Gil Lauria of Wedbush Securities probes for details on the business impact: “[I]n the fraud situations, did you find that those customers that were affected by fraud that somebody else filed under their information, that the attrition there was higher than the rest of the population? Was that a significant factor?” (February 19, 2015). Jim Macdonald of First Analysis asks for information on security solutions: “Any ideas of what’s going to be done next year [about the fraud issues] and how effective it will be in terms of solving this big problem?” (August 20, 2015). Michael Millman of Millman Research wants details on how Congress is looking at the issue (November 19, 2015). Scott Schneeberger of Oppenheimer asks for a report of year-over-year progress in the company’s and industry’s anti-fraud initiatives (February 23, 2017).

From the first call in this set to the last, Smith shifts from an uncertain stance regarding the tax fraud challenge to one of confidence in the initiatives Intuit has undertaken to combat it. Intuit’s actions in response to the tax fraud scandal, as outlined on various earnings calls, include the following:

- Intuit declares the privacy and security of customer data as “the top priority in our Company” (February 19, 2015). Per Smith, “There is nothing we take more sacred” (February 19, 2015).
- Intuit places a temporary halt on the transmission of e-filed state tax returns through Intuit products for all states, in response to suspicious filings made through TurboTax e-file (February 19, 2015).
- Intuit implements targeted security measures to combat fraudulent tax activity carried out through Intuit products (February 19, 2015).

- Intuit advises state governments in strengthening their own anti-fraud capabilities in their tax collection departments (February 19, 2015).
- Intuit establishes special services for Intuit customers victimized by tax fraud (February 19, 2015).
- Intuit participates in a major Cybersecurity Summit with President Obama (February 19, 2015).
- Intuit assembles working groups in partnership with the IRS, state agencies, and peers in industry “to develop a set of standards and best practices to advance the collective safety of the entire US tax system” (May 21, 2015; August 20, 2015; November 19, 2015).
- Intuit secures an agreement with the IRS, state agencies, and peers in industry on a broad-based set of approaches to protect against tax fraud: “We want tax fraud out of the US tax system…We don’t want any corner of the tax system to be vulnerable to someone coming in and trying to do something that’s not appropriate” (November 19, 2015).
- Intuit launches an experiment with the U.S. Department of Treasury to determine how to “make sure that no bad guys can get into that system and try to defraud the system” (November 19, 2015). Launch of additional pilots at the state level to achieve similar aims.
- Intuit adds 23 data schemes and protocols to strengthen customer data protections (February 25, 2016).

- Intuit supports the "NIST" framework for cybersecurity – "National Institute of Standards and Technology"—in partnership with the U.S. Department of Commerce (February 25, 2016).
- Intuit adds new channels for sharing information "at a federal and state level between the private industry and the government" (February 25, 2016).
- Intuit sets in place new hurdles in its software to limit fraud in e-filing (February 23, 2017).

Throughout the 2015 and 2016 earnings calls, Intuit executives give significant—and often overriding—attention to the tax fraud challenge and the company's efforts to manage it in partnership with government. In February 2015, Smith declares, "We are leading the battle against an industry-wide threat of cyber fraud targeting the US tax system" (February 19, 2015). He speaks of bigger-picture goals to protect "every corner" of the tax system: "We don't want any corner of the tax system to be vulnerable to someone coming in and trying to do something that's not appropriate" (November 19, 2015). By 2016, Smith suggests a claim to victory: "I love the fact that we've taken a leadership role in fighting security, our cyber fraud is leading security efforts across the industry" (February 25, 2016).

Reflections

The Intuit transcripts demonstrate a case of CSP by necessity, and the value of CSP initiatives in helping to protect the company from financial and legal risks. It is striking that despite the heavy amount of CSP-related content on the 2015 and 2016 calls especially, analysts fail to communicate positive reinforcement of these efforts, even despite their clear linkages to the continuation of the company's core products.

Activision Blizzard

Activision Blizzard is a video game and entertainment company operating in the more than 20 countries. The company's major franchises include World of Warcraft, Call of Duty, Guitar Hero, and Candy Crush, and a growing portfolio of e-sports offerings. Activision Blizzard was founded in 1979. The company is headquartered in Santa Monica, California. It employs approximately 10,000 people full time.[30]

Observations

It may be difficult to picture the company behind World of Warcraft, Candy Crush and Guitar Hero as one inclined to speak about social purpose on its earnings call; Activision Blizzard does, if intermittently.

On the February 2016 call, Michael Morhaime, CEO of the company's Blizzard Entertainment division, pauses to speak of a CSP initiative:

> Before I move on, I want to thank our community for the generosity they showed with the World of Warcraft charity pet that we offered on behalf of Make-A-Wish. With our player support we achieved a new record for the donation we'll be making to Make-A-Wish, over $1.7 million. That reflects the passion and power of a very strong and very engaged community (February 11, 2016).

Most of his rhetoric relevant to this study centers on the company's social purpose, however. Like Facebook's Zuckerberg, for example, Kotick sees and conveys intrinsic social value in the company's offerings. Kotick expounds upon the social value of the company's e-sports franchise on the May 2016 earnings call:

> [O]ur players feel a unique sense of belonging from their engagement with our content. Their social experiences are shaped by the communities they're a part of, and the investments our players make in our games is

[30] Of note, Kotick gives tribute to Activision Blizzard employees on almost every call across the 2015-2017 period.

> rewarded by being part of a community that celebrates their play and recognizes their accomplishments…[B]ecause these are principally social and truly interactive experiences, the commitment to our franchises is deeper and much more personal than other forms of entertainment….
>
> One special example is that of a high schooler whose father was deployed in Afghanistan. The son and the father stayed connected by regularly playing World of Warcraft throughout his deployment. The shared experiences and high engagement required to play our games creates a unique bond and a special sense of belonging for the players.

In November 2016, Kotick offers an ambitious vision for sociocultural change, driven by Activision Blizzard and the growth of e-sports:

> Competition between videogame players is becoming as thrilling to watch as traditional professional sports. With the launch of professional global leagues, we believe games spectating will grow significantly as an opportunity for us and for our players. The increased popularity of spectator gaming will enable us to celebrate and reward our players and recognize their accomplishments. Professional gamers will eventually be as celebrated, honored and recognized as professional athletes.
>
> Professional gamers will be the role models and goodwill ambassadors of the digital generation (November 3, 2016).

Kotick carries these ideas further on the May 2017 call, emphasizing the company's growing e-sports franchise as imbued with social purpose and as a driver of social transformation:

> Throughout history, sports has helped bring communities together…The value of sports in our everyday lives has grown exponentially…We actually believe the same opportunity to further professionalize e-sports now exists, and we think the impact can be as significant as the traditional sports we know and love (May 4, 2017).

Kotick's presentation to analysts on the November 2017 call moves to an even loftier sphere as he describes the power of the company's products to bridge divides between people from different backgrounds:

> When we focus on serving our communities and investing in new way to help people connect with our franchises and each other across many

> different types of content and platforms, we create opportunities for delivering growth across reach, engagement and player investment.
>
> A great example of this is BlizzCon. Tomorrow, the 11th celebration of the Blizzard community kicks off in Anaheim, California. This is one of the highlights of the year for the company as BlizzCon *exemplifies how our games bring people together from all walks of life and all parts of the world.*
>
> Gaming through events like BlizzCon provides players with a *true sense of belonging* and a recognition that through our games *we can help break down the barriers that seem to be dividing much of the world* (November 2, 2017; emphasis added).

Reflections

Activision Blizzard resembles Facebook in its executives' insistence on its products' intrinsic social good and role. Activision resembles Facebook, Apple, and Salesforce in the surge of revenues it experiences during the 2015-2017 period. Whether it is the luxuries of high profitability that lead to the CEO's soaring rhetoric around social purpose, or the background hum of criticism over video-game violence and screen addiction, Activision is adamant about its products' essential value and ever-increasing value to society. What is missing from Activision's earnings calls are descriptions of CSP activities that demonstrate social commitments beyond an assumed social value furnished by the company's product offerings. Analysts can play a role in calling out these missing elements.

Regeneron Pharmaceuticals

Regeneron Pharmaceuticals, Inc. is an innovator biopharmaceutical company that discovers, develops and commercializes biologic therapies for serious medical conditions. Its current portfolio includes injectable treatments for macular degeneration and diabetic macular edema; moderate-to-severe atopic dermatitis; atherosclerotic cardiovascular disease; rheumatoid arthritis; and metastatic colorectal cancer. Regeneron has major collaborations and licensing agreements with Sanofi, Bayer, Teva, Astellas, Alnylam and other pharmaceutical companies. Regeneron was founded in 1998 and is headquartered in Tarrytown, New York. The company has approximately 6,400 full-time employees.

Observations

Leonard Schleifer: "[W]e founded this company more than 25 years ago with a simple but challenging goal, to build a company that can *consistently and repeatedly brings important new medicines to patients in need*" (February 10, 2015; emphasis added). It's theme Schleifer carries forward across all earnings calls studied. "At the core," he tells analysts, "we have always been a company that is driven by science, and committed to bringing important new drugs to patients in need" (May 4, 2017).

At the start of the May 7, 2015 call, Schleifer tells analysts, "[W]e believe that we are well positioned to further execute on our goal of building an innovative company that consistently brings new medicines to patients with serious diseases….As we have said before, we believe that our long-term growth will be fueled by our ability to consistently bring innovative medicines to the market. To do this, we must continually advance and refuel a pipeline of medicines to help patients."

Schleifer gets emotional on this topic during the November 2016 call (November 4, 2016).

> I heard a story the other day which practically was a group of us who practically brought us all to tears, where a little boy who was visiting his grandparents and so cuddling and sleeping on the same bed. With very bad

> atopic dermatitis said to his grandparents, can you each hold one of my hands when I sleep so I don't scratch myself so badly. I meant think about that, this is a disease that people really are looking for treatment…We are passionate about making sure that we remove all the barriers out there and we expect to work with patients, with doctors, with payers, with organizations to make sure that people are aware of this treatment and can get access to it.

After a more challenging report on the state of the business to analysts, Regeneron's Chief Scientific Officer offers a big-picture perspective:

> In terms of pointing out how really difficult this business is, how it really is so challenging, and it's really such an industry of failure, because the bar is rightfully set so high. I mean, we want to be bringing forward important, effective, and safe medicines to patients, and that, frankly, is probably the single hardest thing that we as a society actually do in terms of discovering and developing products (August 3, 2017).

Months following the Ebola outbreak in West Africa, George Yancopoulos, Regeneron's chief scientific officer, describes the company's relevant technologies and their potential to address the challenge at hand. "We believe we can take advantage of Regeneron's rapid response technologies in this space as they can be immensely useful in emergency situations for diseases that cause a large and quickly expanding threat to the general population. In September, we announced that we have received funding from BARDA to advance, test and manufacture a monoclonal antibody cocktail for the treatment of Ebola virus infection" (August 4, 2015).

Analysts' questions about drug pricing abound across the Regeneron earnings call transcripts. Responses to those questions reflect the deep-seated tension at play for pharmaceutical companies and society at large: how to reward and foster continued biomedical innovation while achieving maximum patient access to life-saving and -enhancing medicines. Questions from Mark Schoenebaum of Evercore ISI are indicative of those asked throughout the 2015-through-2017 period: "just wondering if you could share some wisdom about what we're all hearing right now around drug pricing?" "So, what do you think is happening right now?" "Do you think the current price points of drugs are sustainable?" "Do you think the rate of inflation's got to decline?" "What's your sort of—what are your sort of thoughts on that, Len?" (August 3, 2015).

Schoenebaum asks Regeneron leaders to speculate on any forthcoming actions on the part of the U.S. government with respect to drug pricing: "President Trump was quoted—it was his press secretary, I think, a couple days ago, when he mentioned that he was clearly in favor of the government directly negotiating drug prices with drug manufacturers. I'd love to hear your thoughts on this…What does it mean for the sector if it were implemented?" (February 9, 2017). Schleifer points to health insurers as the locus of the problem for patients: "I believe, think, there will be some consensus in trying to deal with how much of the payments individuals are making for drugs. The co-pays or coinsurances are really what I think [are] most problematic for the people" (February 9, 2017).

Regeneron leaders respond to drug pricing questions in a range of ways: Schliefer: "Our goals are to try and get our product, if it's approved, to patients who could benefit from it and get it to them in a way that they can afford and have access to it" (February 10, 2015). The tensions and almost inner conflict around drug pricing surface strongly in the November 2015 call. On it, Schliefer waxes philosophical:

> I am a big believe that we need pricing power in this industry. Pricing power comes from patents. I like to say, remember what President Lincoln said is, that patents add the fuel of interest to the fire of genius. And I think that basically translated into modern terms, capital being the fuel that fires things up here, capital is agnostic. And it will only go where we can get a good return. So, if we want innovation, we want new drugs, we have to figure out ways to make sure that it's attractive for investors, and that means to be able to reasonably price.

> On the other hand, to some respect…There have been some scandalous things that are done in the industry. You read about them every day, and it's no surprise if you couple that with high prices that people get very disgusted with the industry (November 4, 2015).

Terifay speaks to the challenges of securing market access and reimbursement for some of the company's more expensive specialty products, including its new biologic treatment for atopic dermatitis:

> As has been broadly reported in the press, the PCSK9 inhibitor class is garnering significant scrutiny from payers, pharmacy benefits managers, and specialty pharmacies. We expect the reimbursement environment to be complex…We're working with the players involved in the market access decision-making process *to focus on patient good* (May 7, 2015; emphasis added).

On the November 2016 earnings call, Schleifer attempts to preempt questions about drug pricing by tackling the topic in his opening remarks.

> We know that our industry has faced many important questions regarding pricing of drugs. This is not the forum to discuss the complex issue of drug pricing, but I think it is important to note that Regeneron is in a unique position…In fact, we have never raised prices on any of our drugs (November 4, 2016).

Ying Huang of Bank of America Merrill Lynch asks, "[F]or the DME segment this year, are you providing any patient assistance, given that there is a bigger component for commercial insurance here?" Robert Terifay, senior vice president for commercial at Regeneron, responds by saying,

> [I]f someone is a commercial patient, we do offer assistance to patients for—if they have no insurance, we offer free goods. And if they have insurance, but they have a co-pay that they cannot afford, we do offer co-pay assistance. In terms of government-pay patients, we do provide a funding to foundation, who can help patients with their co-pay if there are government-paid patients (February 10, 2015).

2017 marks the launch of a new CSP effort for the company: the Regeneron Science Talent Search, a high school competition designed to foster "the next generation of scientific leaders" (May 4, 2017). Schleifer offers details:

> [W]e have started to recognize students in our first year as sponsors of the 75-year-old Science Talent Search, the most prestigious high school talent competition…We believe programs like this are essential to ensuring a strong science talent pipeline for generations to come" (February 9, 2017).

Yancopoulos echoes the enthusiasm:

> [I] want to add my congratulations to the 300 Regeneron scholars and 40 Regeneron finalists in the Science Talent Search, but also add congratulations to every high school student who did a science project and applied. *These are scientific leaders of the future, who we hope are going to change and save our world* (February 9, 2017; emphasis added).

Analysts ask no questions and offer no comments about this program.

Reflections

Regeneron is an example of a company that struggles to manage the tensions between the high price of its products and the intrinsic social value it considers those products to have. While it is able to cite some limited CSP activities, including the high school science competition it sponsors, the bulk of the Regeneron's wrestle with respect to social purpose, CSR and CSP rests squarely in its business model, which depends upon patient adoption of extremely high-priced products. These earnings-call transcripts suggest that Regeneron has yet to strike the balance that will convince its customers and Wall Street analysts of the social value it attributes to its atopic dermatitis and other innovations. Analysts point up and seem to exacerbate these tensions in their dialogue with Regeneron executives.

Chapter VIII.

Recommendations and Conclusion

A March 2018 report published by BCG, “The Case for Corporate Statesmanship,” suggests that “Because they control wealth, the fate of employees, and the products they market, CEOs are influential political players, whether or not they realize or exercise their power” (Reeves, Kell, Hassan, 2018, p. 1). The authors argue “that there is now a strong case for CEOs to take a bolder role in addressing some of society’s major issues” (p. 1). The authors go further to claim that CEOs are well positioned “to intervene in public affairs to foster collective action in support of the common good beyond the scope of his or her enlightened self-interest” (p. 1).

Some isolated examples in this study give credence to suggestions of companies’ potential to foster collective action in the interest of the common good. But most earnings calls studied here indicate that corporate actions in support of this common good, elevated above enlightened self-interest, are not in abundant supply.

The BCG authors posit that “2018 may well prove to be a moment of trust for CEOs, especially in the U.S., where companies will be under greater scrutiny because of tax reductions and regulatory relief” (p. 2). They imply that this increased scrutiny stems from the media and the larger public. They further suggest that government’s abilities to address social and environmental challenges are weakening, positioning CEOs to “step up” (p. 3).

This study tells a different story—one suggesting that CEOs are rarely positioning their companies to "step up"[31] by virtue of observing a need, or even in response to public scrutiny. The financial institutions that could encourage them in this direction are foregoing even the most obvious opportunities to do so—opportunities readily available on nearly every quarterly earnings call.

In the absence of productive dialogue between financial institutions and MNCs on social issues of shared concern, government scrutiny—and especially government investigations or the threat thereof—emerges the single most common, proven and impactful driver of a company's decision to "step up" in an area of corporate social performance.

Are there are drivers that can make a difference in encouraging MNCs and financial institutions to "step up" on CSP, in some sense as BCG has envisioned? Yes.

The following recommendations, derived from this analysis, offer options to consider, beginning with an overarching recommendation: to standardize companies' CSP reporting in quarterly earnings calls.

It is difficult to determine from earnings calls where most companies stand on social purpose and CSP, and even more difficult to compare companies against each other in these areas. Where executives highlight social purpose or CSP on quarterly calls, it is often difficult to fully understand their rationale for doing so, especially when that highlighting is intermittent, or when claims to social purpose are not buttressed with CSP examples.

[31] By way of increased (and sometimes very suddenly increased) investments in CSP activity.

When the highlighting of social purpose or CSP coincides with a government investigation into the company's practices, the company's claims to social commitment in these areas can generate more questions than answers.

Ultimately, standardization of CSP reporting can help. The establishment of CSP reporting norms, akin to norms for the reporting of financial performance, could enable analysts and shareholders to more readily assess a company's priorities and activities as they relate to social contribution. For reasons discussed elsewhere in this thesis, earnings calls can be an appropriate and even superior vehicle for regular updates on CSP actions. For example, Salesforce's approach to CSP reporting on its earnings calls can serve as a model or starting point, at least in terms of its consistency and specificity.

Finally, here are some other recommendations to consider:

1. Extend quarterly earnings calls by 5 to 10 minutes to allow sufficient and dedicated time to the presentation of CSP information.
2. Include a Chief Sustainability Officer on quarterly earnings calls. The presence of a CSO could hold symbolic value at the very least. It could prompt questions from analysts with respect to CSP and social purpose. In introducing management, the investor relations lead could encourage analysts to inquire about the company's social performance and purpose, pointing to the CSO as a resource. Along these lines, and more directly, just as CEOs typically turn to CFOs to break down the numbers, CEOs could specifically turn tie over to CSOs to share CSP information. Some companies, such as Becton Dickinson, include chief sustainability officers on earnings calls.
3. Hold a separate ESG/CSP call each quarter for impact investors and socially engaged shareholders. The ESG Investor Briefing Project argues for this route. It includes

attention to the business case for ESG efforts, clearly linking them to investor concerns regarding growth and growth strategy, return on capital, and risk management (Eccles and Serafeim 2013). Some companies, such as SAP, have tested the ESG quarterly call.

4. Compel the communication of CSP information in law, through an updating of requirements related to SEC Forms 10-K and 10-Q, for example.
5. Direct or otherwise incentivize equity research analysts to ask ESG-related questions on earnings calls. Financial institutions have an opportunity to align their analysts' participation on quarterly earnings calls with the principles expressed in their public ESG statements. Insofar as analysts often offer words of praise for financial targets met, analysts can do more to positively reinforce managers' references to social endeavors. A simple "nice work on that carbon-footprint reduction program" could make a difference.
6. Modify the Fortune 500 and Fortune Future List criteria to include measures of CSP. Potentially align those measures to the United Nations' SDGs framework.
7. Align ESG expectations and CSP programs to the U.N. SDGs framework. Tools like the new "SDG Compass," created by the World Business Council for Sustainable Development and endorsed by the U.N. Global Compact, can help to facilitate this kind of alignment.

In its own conclusions, the 2018 BCG report on corporate statesmanship posits that the "alignment of finance with CR could make a significant contribution to society in terms of environmental stewardship, workplace conditions, and good governance" (p. 4).

This study endorses this notion, at least to the extent to which it highlights the current lack of alignment—and missed opportunities for alignment—in the settings in which financial institutions and MNCs interact most directly and most frequently. Companies' sensitivity to pressures applied by financial institutions, also evident in this study, suggests the potential for greater alignment and its follow-on benefits.

John Boatright wrote in 2001 that "the full potential of investor activism has yet to be realized" (41). The 240 earnings-call transcripts studied here affirm the continued relevance of this conclusion today.

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