



Presenting value beyond  
financial returns:

## **Communicating Purpose**

# Communicating Purpose

Financial returns are the primary source of value created by corporations. Without an immediate or anticipated capacity to generate financial profit, a business cannot continue to invest in its long-term future. This being the case, the best Annual Reports present a clear corporate strategy and explain how the business makes a profit and will continue to do so.

## Corporate purpose is a foundation for durable financial returns

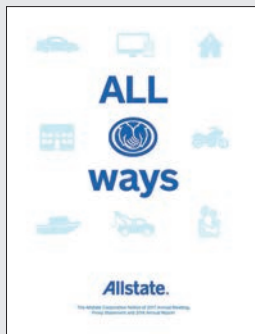
Behind every successful strategy is a broader goal, yet many Annual Reports are light on the discussion of corporate purpose. Why does the business exist? What is the mission that sets the strategic direction? What values guide employee behavior? How does the company define success in the broader societal context?

This is set to change. As consumers seek authenticity from the brands they patronize, investors also want to understand and evaluate the sustainability of the business model. Accordingly, we are seeing a growing number of reporters incorporate purpose and values into the heart of their corporate communications.

## Ten “Purposeful” Annual Reports


**3M**

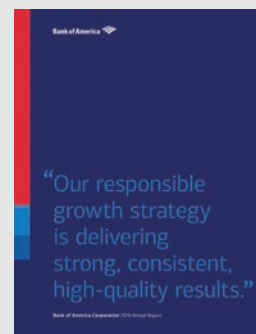
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**Allstate.**  
 You're in good hands.


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 **AT&T**

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 **Bank of America**

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 **CVSHealth.** Page 12 ►

## An important evolution in corporate reporting

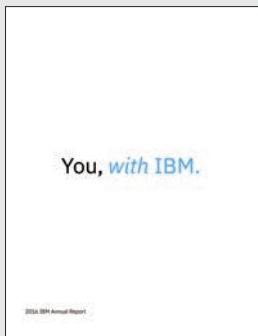
At Argyle, we are excited by this evolution in the reporting landscape and believe that presenting what the company does well, what its people are passionate about, and what society needs is an effective way to highlight what is unique about an organization and reinforce investment decisions.

So, how are corporations presenting their corporate purpose and how they create value beyond financial returns?

The following examples from ten leading US reporters highlight Annual Reports that showcase corporate purpose. In addition to the stated purpose, many companies have separate and distinct mission, vision, and/or value statements, each of which closely align to the company's value creation and explanation as to what makes the business unique.



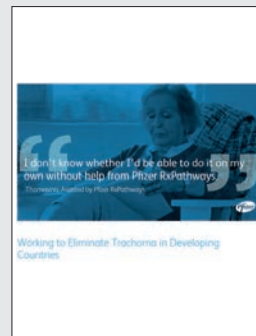
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## 3M: Advancing, enhancing, improving (and maintaining consistency...)



3M is a case study in establishing an authentic corporate purpose, and making it stick in a short period of time. Five years ago, Inge G. Thulin, the company's Chairman, President and CEO, laid out a new vision to guide the company — *"3M technology advancing every company, 3M products enhancing every home, 3M innovation improving every life"*.

“

Early in the year we introduced a new vision for 3M, a vision for the entire company to inspire our employees and position us positively with our customers. We set out to capture the essence of 3M with a clear vision that is both timely and timeless.

”

“

Overall, I am very pleased with our progress in 2013. We delivered good broad-based performance while investing and building for long-term success. We continue to be inspired and motivated by our vision:

3M Technology Advancing Every Company  
3M Products Enhancing Every Home  
3M Innovation Improving Every Life

”

“

3M harnesses the power of science to make the world safer, more efficient and more prosperous.

”



2012  
ANNUAL REPORT



2013  
ANNUAL REPORT



2014  
ANNUAL REPORT

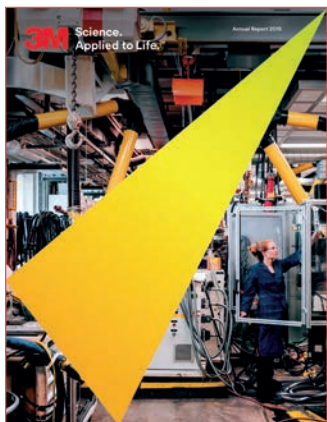
In 2012, 3M launched a new corporate vision and strategies to ensure that the new vision would translate into actionable results to create value for the company's investors. Together, the company refers to its vision and strategy as the "3M playbook". Each year in his letter to shareholders, Mr. Thulin builds an explicit link to value by discussing how the company uses science to solve problems for its customers and measure company progress against the corporate vision.

3M gives authenticity to its vision by using the Annual Report to chart company performance against it. Consistency – in reporting style, messaging and leadership priorities — promotes "buy in" from a broad range of stakeholders, and makes 3M an attractive proposition for customers and employees who find themselves aligned with the company's vision.

“

In addition to the progress on our levers, last year we invested in a new brand platform – 3M Science. Applied to Life.™ – which is enhancing awareness of how we use science to solve problems for our customers. This will further enhance our reputation, build greater trust and loyalty, and open up new growth opportunities.

”



→ 2015  
ANNUAL REPORT

“

Going forward, the global environment will continue to change rapidly. Yet as I communicated in a recent message to all 3Mers, with change we have the opportunity to lead, evolve and strengthen our competitive edge. That is why we will continue to make change our best friend, execute our playbook and remain focused on our customers. We will do what we do best: use science to make the world a safer, healthier and better place. That is what our brand promise — 3M Science. Applied to Life.™ — is all about.

”



→ 2016  
ANNUAL REPORT

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<http://investors.3m.com/financials/annual-reports-and-proxy-statements/default.aspx>

## Allstate: Building an explicit link to value



To win, a business must create a model based on what matters to customers, and execute that model to a high standard. In its 2016 Annual Report, Allstate explains how by protecting people from life's uncertainties, the company creates prosperity for customers, shareholders, employees, agency owners and communities.

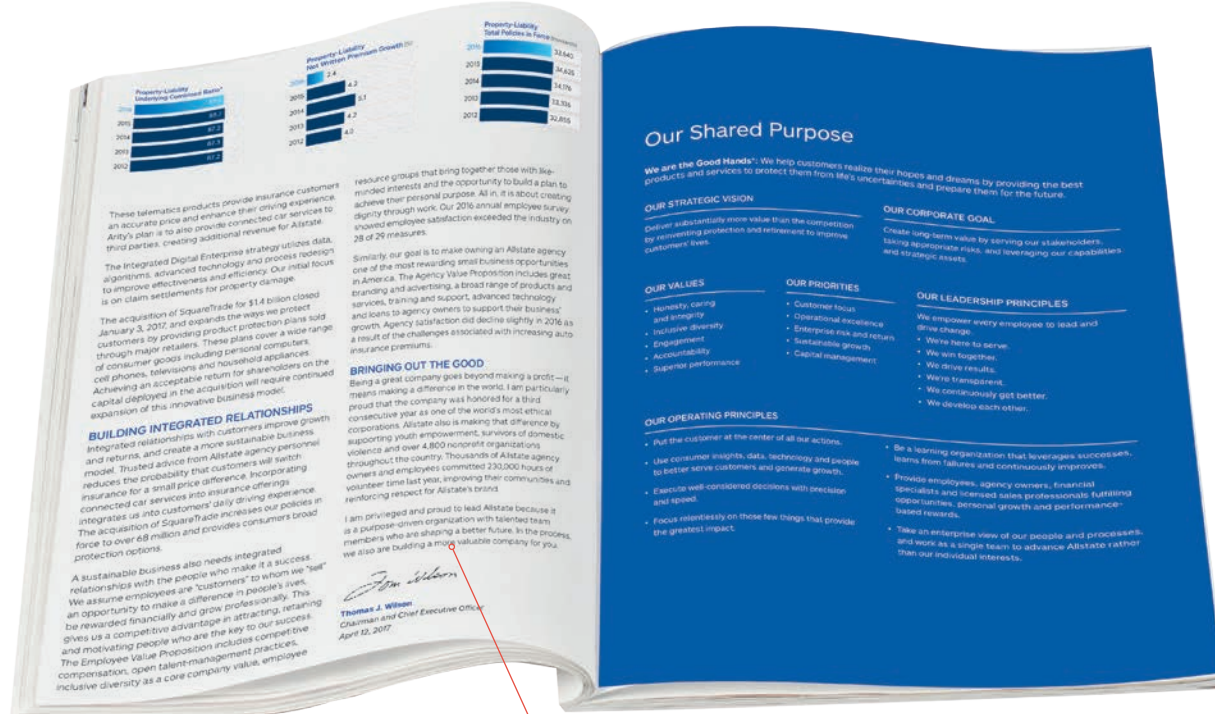
The message to readers is clear – as a purposeful organization, Allstate offers investors the benefits of a customer-centric strategy: more satisfied customers, increased loyalty, lower costs, and engaged employees.



"Allstate's consumer-focused strategy is working to create a more sustainable business despite dramatic changes in the external environment."



Over a period of years, Allstate has used its Annual Report to communicate an authentic link between the customer experience and value. In his letter, the company's Chairman and CEO, Tom Wilson, gives prominence to the company's purpose as he explains his list of strategic priorities, and speaks of a sense of pride – shared by the company's employees – in working for a purpose-driven organization.



## BRINGING OUT THE GOOD

Being a great company goes beyond making a profit — it means making a difference in the world. I am particularly proud that the company was honored for a third consecutive year as one of the world's most ethical corporations. Allstate also is making that difference by supporting youth empowerment, survivors of domestic violence and over 4,800 nonprofit organizations throughout the country. Thousands of Allstate agency owners and employees committed 230,000 hours of volunteer time last year, improving their communities and reinforcing respect for Allstate's brand.

I am privileged and proud to lead Allstate because it is a purpose-driven organization with talented team members who are shaping a better future. In the process, we also are building a more valuable company for you.

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<https://www.allstate.com/resources/allstate/attachments/annual-report/all-ways-allstate-2017-am-materials.pdf>

## AT&T: Acting on a mission statement



AT&T's role in society is to *"Connect people with their world, everywhere they live, work and play, and do it better than anyone else"*. The company's 2016 Annual Report takes this mission statement and explains in clear terms how it is intrinsic to their business, and part of their everyday work.

Statements that explain what makes an organization distinctive and valuable are rarer than one would imagine. This being said, we particularly like AT&T's mission statement, which puts the company's customers first, and explicitly links their satisfaction with business success.

AT&T embeds its mission statement at the heart of its Annual Report and puts its employees front and center as the company adapts to a fast-changing world.

Looking ahead, our strategy is to *create the best entertainment and communications experiences in the world.*





INVESTORS

letter, I explained AT&T's overriding mission: *to do it better than anyone else.*

which allowed customers to view all of their DIRECTV content on their AT&T mobile devices with no data charges.

And in late November, we introduced DIRECTV NOW, our game-changing, multi-channel streaming video product. DIRECTV NOW offers an elegant user interface that's seamlessly integrated with our mobility service at price points the industry had never seen before. It clearly struck a chord with consumers; in the first month after launch, more than 200,000 customers subscribed to the service. And we're just getting started.

>200K  
DIRECTV NOW customer subscriptions  
the first month after launch

**DIRECTV  
NOW**

AT&T INC. | 1

### Equip our people for the future

AT&T received a lot of news media attention in 2016 for the progress we're making in equipping our people with the right skills for the future. I am so proud of our employees for their clear commitment to adapt to a fast-changing world where capabilities must constantly be refreshed. As the pace of technological change accelerates, our people are adapting as never before. We're using innovative training and building profiles of future job requirements to help our employees pivot their skills from hardware to software, from legacy wireline to mobile and entertainment, and from data recorders to data scientists.

### EXECUTING OUR STRATEGY

To deliver on our strategy, we have organized AT&T around our customers.

### LEARN MORE

<https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/annual-reports/2016/att-ar2016-completeannualreport.pdf>

## Bank of America: Advancing the goals of people, companies, and institutional investors



Like other examples of purposeful corporations, Bank of America announces its corporate purpose at the very beginning of its Annual Report while using the cover to emphasize the closely aligned “responsible growth strategy”.

Banks were heavily criticized for their role in creating the financial crisis. Since then, Bank of America and peer financial institutions have worked hard to explain the important role that they play creating value for society beyond generating responsible financial returns.

*Our purpose is to help make financial lives better, through the power of every connection.*

exchange capabilities allow Cisco to book global revenue more confidently and with less earnings volatility by managing the risk that comes from conducting business in multiple currencies. Whether our teammates are working in Singapore, Switzerland or San Jose, Cisco knows the transactions will follow our high standards for customer service, while delivering the local knowledge required to competently execute transactions.

“Because we’ve worked with Cisco for so long, our relationship and understanding of where they’re going is so deep, we’re their trusted adviser,” said Gary Krikham, senior investment banker at BofAML. “And because we can execute 24 hours a day, seven days a week, we deliver the full capabilities of Bank of America to the Cisco team.”

**“Bank of America Merrill Lynch is a trusted and valued one-stop shop,” said Cisco CEO Chuck Robbins.**

“Their 360-degree offering, whether helping employees through their retail capabilities, advising on strategic mergers and acquisitions, or providing treasury services, drives efficiencies and productivity globally.”

Our long-term support of Cisco includes helping the company access credit markets to fund its innovation and growth strategy. We have been a bookrunner for Cisco in all eight debt issuances in the company’s history, totaling in excess of \$45 billion, with the most recent transaction exceeding \$6 billion in September 2016. We also have advised Cisco on numerous acquisitions through the years as Cisco seeks to enhance its capabilities, with such notable acquisitions as Meraki, Sourcefire and Acado.

Robbins added, “BofAML understands Cisco’s strategic objectives. Their full suite of institutional offerings, including advisory services and corporate and investment banking, has consistently provided best-in-class solutions to help Cisco attain its goals. In addition, BofAML is a consistent leader in deploying innovative new technology to enable its business. This forward-leaning posture helps Cisco evaluate new technology areas and consistently improve our innovation in core businesses.”

### Bonds for a better planet



Members of the BofAML Green Bonds underwriting team  
Left: Rebecca Burns, JEFF Tennenbaum and Suzanne Buchta (London)  
Right: Rebecca Burns and Ariana Meier (New York City)

The ultimate win-win in global banking may be the green bond, an innovative financial product that allows investors to support the growth of eco-friendly projects, such as clean energy, while receiving market returns.

Bank of America played a pivotal role in developing the green bond market, both as an issuer and as an underwriter. To date, we’ve issued a total of \$2.1 billion in three separate offerings, including a \$1 billion offering in November 2016. Through these offerings, we are advancing renewable energy generation by financing new projects, such as a multi-state residential solar portfolio and a utility scale wind farm in Oklahoma.

**“Our responsible growth strategy includes the belief that we have an important role to play in funding the future of clean energy and using our expertise in global banking to help clients fund their organization’s environmental and sustainable initiatives,” said Vice Chairman Anne Finucane.**

In addition to issuing our own bonds, Bank of America Merrill Lynch (BofAML) was the top underwriter of green bonds in 2014, 2015 and 2016. In 2016 alone, we underwrote more than \$25 billion in green bonds on behalf of 27 unique clients, and led offerings for clients including the Chinese automobile company Zhejiang Geely Holdings (\$400 million), the New York Metropolitan Transportation Authority (\$588 million), Banco Nacional de Costa Rica (\$500 million) and the European Investment Bank (five bonds in 2016 totalling \$3.6 billion). Proceeds from these bonds are helping to finance various emissions-reducing projects.

“The global green bond market has seen rapid growth driven by a growing number of environmentally conscious clients, investors and shareholders,” said Suzanne Buchta, managing director, Green Bonds, at BofAML. “In driving the growth of the green bond market, our teams at Bank of America have helped clients access capital, diversify their funding opportunities, create jobs through new investments and advance alternative energy sources, while delivering returns for our shareholders.”

©Bloomberg New Energy Finance

### Ensuring Our Growth Is Sustainable

The final tenet of responsible growth is that we must grow in a sustainable manner. That means we must adhere to rigorous standards of corporate governance; we must invest in our communities; and we must strive to be the best place to work by helping our 200,000 teammates achieve their goals and aspirations.

Our environmental, social, and governance (ESG) practices are central to growing in a sustainable manner. A special ESG supplement enclosed in our Annual Report mailing this year provides additional details. There is also an extended discussion of our ESG practices in the proxy statement. Let me highlight a few key elements.

We are committed to best practices in corporate governance, including a strong, independent Board of Directors and other measures. The Board oversees our responsible growth strategy to deliver long-term value for you, our shareholders. Also, the Board has empowered a lead independent director whose duties and responsibilities meet or exceed corporate best practices. You can learn more about how the Board discharges its responsibilities in the Q&A with Lead Independent Director Jack Bovender in this report, and in the 2017 proxy statement. We also view the nearly \$200 million in philanthropic investments we make in communities around the world, and the nearly 2 million volunteer hours our teammates commit to the causes they care about, as critical to creating the conditions for long-term, sustainable growth.

By stating its commitment to a core purpose, Bank of America aligns the interests of its customers and investors, and seeks to establish trust across all stakeholders.

As always, we must be agile and adaptive, but what will not change are the principles upon which we run our company. In both the near term and for the long term, given the current regulatory environment and because of the way we rebuilt our balance sheet and how we are executing our responsible growth strategy, we will have excess capital to put to work driving the economy. We are lending, and we will continue returning capital to shareholders through dividends and stock repurchases. There is a discussion in some quarters about perceived trade-offs between those important objectives, but we can do both while growing the company. We will continue investing in our business, our people, and our communities because we understand that when our customers, communities and employees succeed, we all succeed.

**LEARN MORE**

[http://media.corporate-ir.net/media\\_files/IROL/71/71595/BOAML\\_AR2016.pdf](http://media.corporate-ir.net/media_files/IROL/71/71595/BOAML_AR2016.pdf)



## CVS Health: Corporate purpose informing corporate strategy



Our team's experience working with some of the world's largest corporations in the USA and Europe has led us to develop a conviction that the most impactful investor communications are prepared by those companies that state their purpose and align *everything they do* with this purpose.

In this respect, CVS Health excels: the company's purpose, "Helping people on their path to better health" sits at the heart of their bold and relevant strategy and runs through the company's investor communications.

CVS Health stands out as an example of a business involved in healthcare that goes beyond a tagline about wellness to explain *in real terms* how they improve their customers' health. For example, CVS Health ceased the sales of tobacco products in 2014. Purpose is embedded into the company's culture, and the Annual Report aligns the interests of the company's customers and investors in a way that is both clear and compelling – and uncommon across the broader reporting landscape.

## We deliver value to all health care stakeholders.

The CVS Health "heart mark" is a ubiquitous presence across our enterprise, representing the unique value we provide to patients, payors, and providers alike. We accomplish this through our unmatched suite of leading assets and our success at integrating them to offer innovative health care solutions. This annual report describes some of the ways in which our model allows us to enhance access, improve health outcomes, and lower overall health care costs, while positioning CVS Health for long-term growth. We think you will agree that health really is where the heart is when seeking affordable, accessible, and effective care.

Our social responsibility initiatives include a major anti-tobacco effort

No discussion of CVS Health would be complete without acknowledging the broad and ambitious social responsibility initiatives underway across the enterprise. You can read about them in detail in our comprehensive 2016 corporate social responsibility (CSR) report, which will be available in May. I'll mention just a couple here.

We completed the removal of tobacco products from our stores in 2014. Through the *Be the First* initiative we launched in 2016, we have made a five-year, \$50 million commitment to help people lead tobacco-free lives. We are supporting education, advocacy, tobacco control, and healthy behavior programming in partnership with organizations uniquely positioned to tackle this public health challenge. In addition to our tobacco-related efforts, through Project Health we have provided more than \$113 million worth of free health services, such as biometric screenings and health insurance education, at select CVS Pharmacy locations throughout the United States and Puerto Rico. These efforts support our corporate purpose of helping people on their path to better health.

## Nurturing our communities is at the heart of what we do.

The three pillars of our *Prescription for a Better World* provide the framework for CVS Health's social responsibility initiatives.

  
**\$90 million+**  
in community investments

  
**\$1 billion+**  
spent on diverse suppliers

  
**56**  
metric tons of unused medications collected

  
**\$113M**  
worth of free medical services through Project Health

Through *Health in Action*, we donated more than \$90 million in charitable contributions, colleague volunteerism, gifts in-kind, and other community investments in 2016. The CVS Health Foundation and American Cancer Society awarded grants to 20 U.S. colleges and universities in 2016 as part of our Tobacco-Free Generation Campus Initiative. This \$3.6 million multi-year program will help accelerate and expand the implementation of 100 percent smoke- and tobacco-free campus policies. Turning to *Planet in Balance*, we announced this past year that we are working toward setting a science-based emission-reduction target focused on reducing emissions across our

supply chain. As a *Leader in Growth*, we've formed the GREENTeam Colleague Resource Group with the goal of making environmental sustainability a relevant part of every colleague's role and responsibility. The link between human health and the health of our planet is becoming increasingly apparent, and the GREENTeam inspires our colleagues to advance our leadership in this area.



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<http://investors.cvshealth.com/~media/Files/C/CVS-IR-v3/reports/annual-report-2016.pdf>

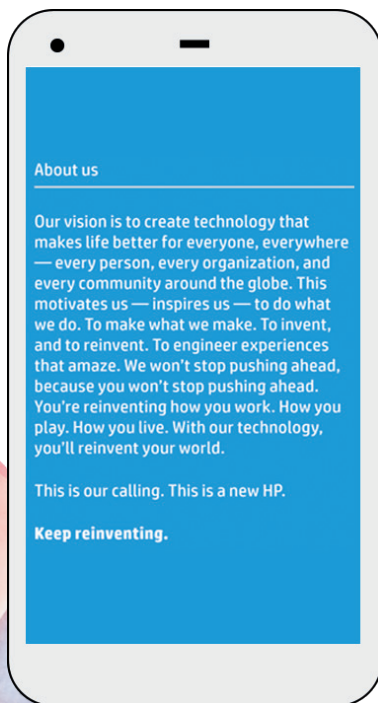


## HP: Keep reinventing



Technology is at the heart of the accelerating economic, social and political climates that animate our changing world. This being the case, it is logical that purpose – and the role that technology companies play in the changes affecting individuals and society – is becoming central to how businesses in this field communicate and operate. HP's mantra when addressing this constant change is simple — Keep reinventing.

HP announces its purpose to create technology “to make life better for everyone, everywhere” on the inside front cover of its 2016 Annual Report. From there, the value pillars of strategy, performance, corporate governance and sustainability flow logically through the report, and refer back to the company's vision and purpose as appropriate.





By integrating the company's purpose statement deep into the Annual Report and across other communications, HP demonstrates that it lives its purpose by reinventing its business to create value for all stakeholders.

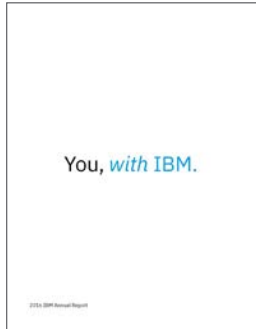
HP demonstrates that "reinvention" is in its DNA by using technology to offer investors and other stakeholders an expanded Annual Meeting experience.



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<http://www.hpannualmeeting.com/docs/HP-2016-Annual-Report.pdf>

## IBM: Demonstrating how purpose impacts lives



Through its Annual Report, IBM invites “professionals, in every industry in every part of the world” to be part of a movement that is changing the world. The company aligns employees, customers and investors with the objective of advancing *with* IBM, thereby turning ambition into action.

The Annual Report presents 50 real life stories that highlight how IBM is adding value to the lives of professionals from educators to farmers, and flight attendants to endocrinologists.

### 17.

#### Chefs

have a new recipe for delighting diners.

Watson helps great chefs unleash their creativity through its deep understanding of the science of food chemistry and the psychology of taste. *Cognitive Cooking with Chef Watson*, written with the **Institute of Culinary Education**, contains more than 65 recipes and was named by Gourmand International as one of the “most innovative” cookbooks in the United States.

### 20.

**Astronauts**  
are sharing their  
view of the world.

Ustream video technology, delivered on the IBM Cloud, enables **NASA TV** to air live and prerecorded programming to space enthusiasts 24 hours a day, including space walks, repair missions and other out-of-this-world experiences. Stargazers can ask astronauts questions via social channels, giving viewers real-time, personal connections with the men and women of NASA during their missions.



By fulfilling its purpose to lead in invention, IBM benefits individuals and society. Virginia Rometty, the company's CEO, uses her letter to explain how IBM creates returns for investors by delivering something that matters to society.

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<https://www.ibm.com/annualreport/2016/images/downloads/IBM-Annual-Report-2016.pdf>



## PepsiCo: Delivering performance with purpose



PepsiCo is focused on delivering sustainable long-term growth while leaving a positive imprint on society and the environment. The company calls this approach, “performance with a purpose”.



This driving purpose is announced from the inside front cover of the Annual Report and pursued throughout with discussion of how the company's products play a positive role on the people and planet that they touch.

At heart, it's about building a *healthier* future for all our stakeholders. And that starts with generating *healthy* financial returns for all of you, my fellow shareholders. But the truth is, that's just table stakes. Our challenge is to do more than simply deliver healthy returns. Our challenge is to deliver them consistently, sustainably, quarter after quarter, year after year. And the way we'll continue doing that is by doing the same thing we've been doing over the past ten years. And that means:

- Making *healthier* foods and beverages for our consumers;
- Generating *healthy* growth for our retail and foodservice partners;
- Contributing to a *healthier* planet while boosting our bottom line;
- Creating a *healthy* workplace and culture for our associates; and
- Promoting *healthier* communities wherever we operate.

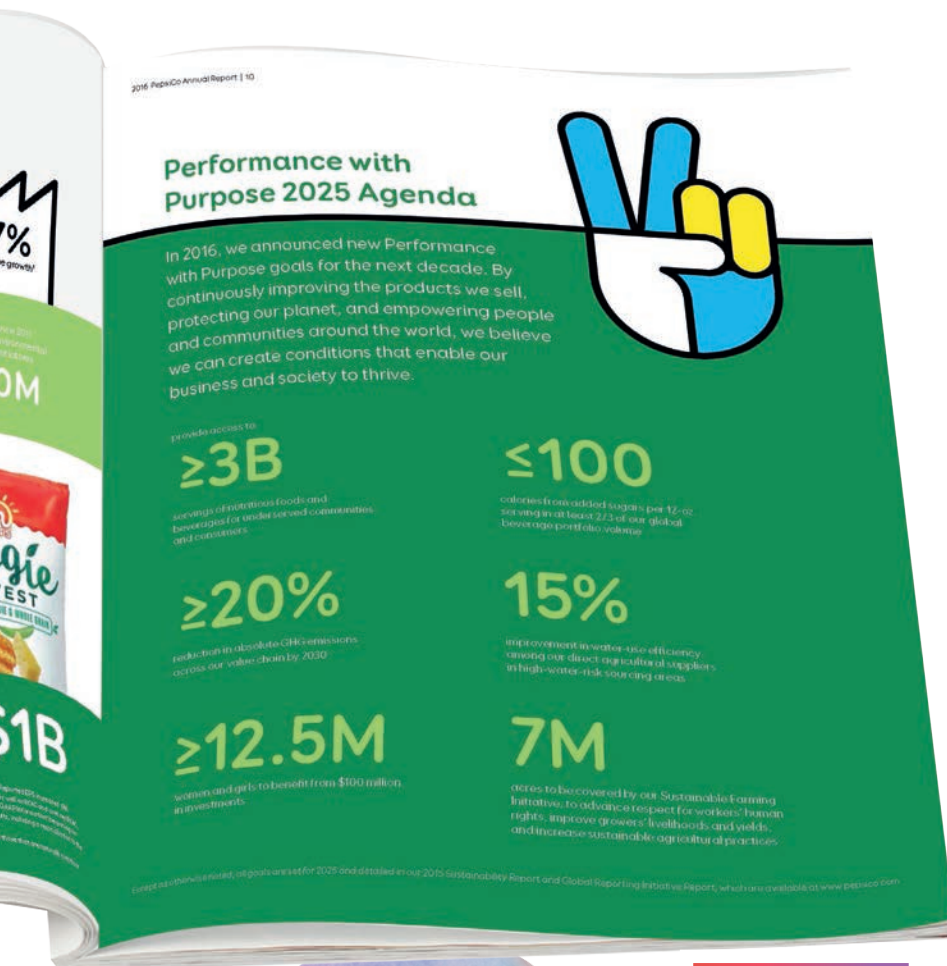
Together, these steps form a virtuous cycle that is powering our ongoing transformation as a company, enabling us to do well by doing good, positioning us for success not only over the short run, but also over the long run, and securing our place as one of the defining corporations of the 21st century.



“Contributing to a healthier planet while boosting our bottom line”

PepsiCo's messaging couldn't be clearer. In her letter to shareholders, Indra Nooyi, the company's Chairman and CEO, places purpose at the heart of the company she leads. Importantly, this message is communicated consistently across all of the company's investor communications, and benefits from a dedicated website:

<http://www.pepsico.com/sustainability/Performance-with-Purpose>.



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<http://www.pepsico.com/docs/album/annual-reports/pepsico-inc-2016-annual-report.pdf>

## Pfizer: Acting on a belief that all individuals deserve access to quality health care

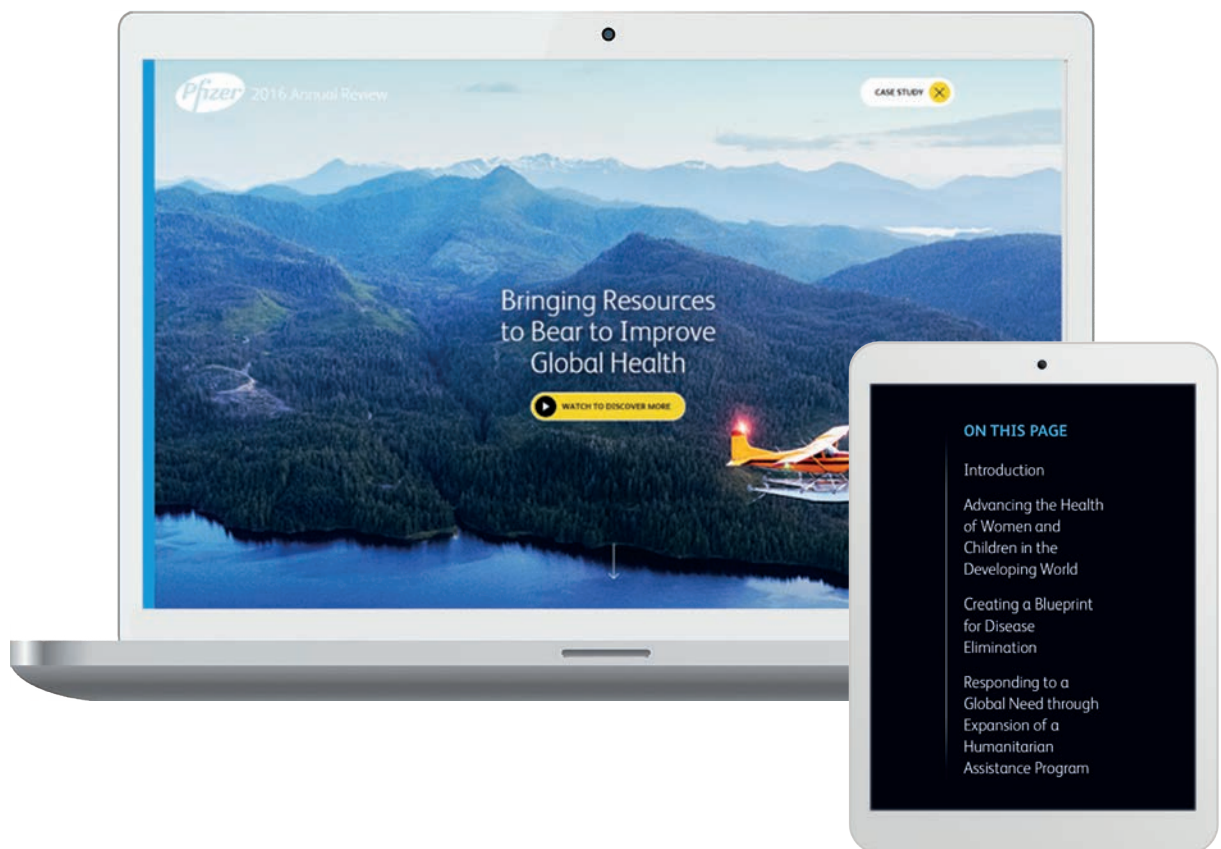
Pfizer's purpose is grounded in the company's belief that all people deserve to live healthy lives. This purpose – articulated through the company's Annual Report and a dedicated website (<http://www.pfizer.com/purpose>) drives the company's desire to provide access to medicines that are safe, effective and affordable.

In its Annual Report, Pfizer goes beyond intent and “walks the talk” by explaining clearly how the company offers access to its products through practical steps and partnerships with external stakeholders.





It is no surprise that the purpose of a biopharmaceutical company is to improve lives. Pfizer uses its Annual Report to explain in real terms how company resources are used every day to improve global health, placing its purpose at the heart of the business.



**LEARN MORE**

[https://www.pfizer.com/files/investors/financial\\_reports/annual\\_reports/2016/index.html](https://www.pfizer.com/files/investors/financial_reports/annual_reports/2016/index.html)

## Walmart: Aligning the interests of employees and customers to succeed



Since its creation in 1962, Walmart has changed the way the world shops. The company's 2017 Annual Report speaks to the organization's core purpose – to save customers time and money – and puts employees at the forefront of that mission.



Between the customers who visit the stores, the 2.3 million employees who work directly for the company, or the countless number of workers across its vast network of suppliers, Walmart touches the lives of hundreds of millions of people everyday.



Walmart addresses its status as a leading employer throughout the Annual Report. By tying employee engagement and opportunity to the customer experience, Walmart presents itself as a purposeful organization seeking to align the interests of its workers and the communities they serve.



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<http://stock.walmart.com/investors/financial-information/annual-reports-and-proxies/default.aspx>



# About Argyle

We are a creative communications firm offering end-to-end, in-house execution capabilities.

Our experienced and passionate team is composed of attorneys, designers, project managers, thinkers and web developers. We collaborate together around a process that encompasses drafting, editing, designing and publishing across all digital and print channels.

We are thrilled that communications prepared by Argyle have contributed to trustful relationships between our clients and their readers, whether investors, employees or other stakeholders.

In turn, our commitment to our clients has resulted in meaningful long-term relationships with some of the most respected public and private companies in the world.

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