

Open Letter: Commonsense Principles 2.0

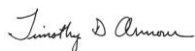
A little more than two years ago, we published the Commonsense Principles of Corporate Governance. That work represented a collaborative effort – a search for common ground – by representatives of some of America’s largest corporations and institutional investors. We said then, and it is no less true today, that the long-term prosperity of millions of American workers, retirees and investors depends on the effective governance of our public companies. We hoped that our Principles would be part of a larger dialogue about the responsibilities and need for constructive engagement of those companies, their boards and their investors. We think that has been the case. Other groups have published their own works on the subject. Among them are an investor-led effort by the Investor Stewardship Group (ISG) called the Framework for U.S. Stewardship and Governance, a business-led effort by the Business Roundtable (BRT) called Principles of Corporate Governance, and a piece by the International Business Council of the World Economic Forum called The New Paradigm.

This dialogue is critical. In the last 20 years, we have seen a precipitous decline in the number of public companies in our country – a phenomenon that is distinctly and uniquely American. While the reasons for that decline may be complex and varied, one reason cited by a number of commentators is that our country’s public market participants are too short-term oriented, thus discouraging companies with a longer-term view from going public. We need to fix that problem, so that all Americans have the opportunity to participate in the economic growth generated by our country’s innovation and ingenuity.

Today, we endorse the ISG Framework, the BRT Principles and The New Paradigm as counterweights to unhealthy short-termism. Indeed, a number of the companies and organizations represented in those efforts were also part of ours. Moreover, in light of the work of the ISG, the BRT the World Economic Forum and others, and after further reflection on our own Commonsense Principles, we decided to reconvene and revise the Principles – we call them Commonsense Principles 2.0. Ultimately, we hope that the many sets of corporate governance principles currently in circulation can be harmonized and consolidated, and reflect the combined views of companies and investors. We do worry that dueling or competing principles could impede, rather than promote, healthy corporate governance practices.

We are also today making a commitment to apply the Commonsense Principles 2.0 in our businesses – and we hope others will do so as well. Columbia Law School’s Millstein Center for Global Markets and Corporate Ownership has agreed to publish the Principles and maintain, on its website (www.millstein.law.columbia.edu/content/commonsense-principles-20), a list of companies and investors that have committed themselves to them. We recognize that there is significant variation among our public companies, and that not every principle will be applied in the same fashion (or at all) by every company, board or institutional investor – and the Principles themselves say and allow for precisely that. But we intend to use them to guide our thinking, and would encourage others to do the same.

As we have said before, this is not an academic exercise. Americans depend on our public companies for jobs, savings for college, savings to buy a home, and retirement. We ask others to join us in committing to these Principles and to a more secure financial future.



Tim Armour
Capital Group



Mary Barra
General Motors



Edward Breen
DowDuPont



Warren Buffett
Berkshire Hathaway



Jamie Dimon
JPMorgan Chase



Mary Erdoes
J.P. Morgan Asset Management



Larry Fink
BlackRock



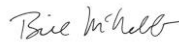
Alex Gorsky
Johnson & Johnson



Mark Machin
Canada Pension Plan
Investment Board



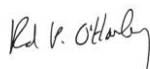
Lowell McAdam
Verizon Communications



Bill McNabb
Vanguard



Brian Moynihan
Bank of America



Ronald O'Hanley
State Street



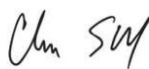
James Quincey
Coca-Cola



Brian Rogers
T. Rowe Price



Ginni Rometty
IBM



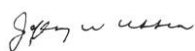
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