

[Securities Regulation Daily Wrap Up, CORPORATE GOVERNANCE— Business Roundtable says role of corporation now includes ethics, sustainable practices, \(Aug. 19, 2019\)](#)

Securities Regulation Daily Wrap Up

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The CEO group has been defining the role of corporations since 1997, and previous statements mainly focused on serving shareholders.

A corporation's purpose is to serve all relevant stakeholders, not just its shareholders, according to 181 CEOs who signed Business Roundtable's new statement on the role of a corporation. According to the statement, a company's stakeholders include customers, employees, suppliers, and surrounding communities, as well as shareholders.

Business Roundtable has periodically issued principles of corporate governance, with each version since 1997 stating that corporations exist principally to serve shareholders. In a [news release](#), Business Roundtable said that it seeks to outline a more modern view of corporate responsibility. The old language on corporate purpose no longer accurately describe the ways in which CEOs endeavor to create value for all stakeholders, the group said.

In the [statement](#), the CEOs state that the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, and economic opportunity. While each of their individual companies serves its own corporate purpose, the CEOs said that they share a fundamental commitment to all stakeholders.

Sustainability. Specifically, the CEOs agreed to deliver value to customers, and to deal ethically with suppliers. They also committed to support the communities in which they work by, among other things, embracing sustainable practices across their businesses.

The CEOs agreed to invest in their employees by compensating them fairly and providing important benefits. In addition, the CEOs said they would provide training and education to help employees develop new skills for a changing economy. The CEOs also reiterated their commitment to diversity and inclusion.

Value for shareholders. The statement includes a commitment by the CEOs to generate long-term value for shareholders and to engage in transparent and effective communication with investors. The CEOs also emphasized that every stakeholder is important, and stated their commitment to deliver value to all of them.

The CEOs said that the new statement more accurately reflects their commitment to a free market economy. They noted that the statement represents only one element of Business Roundtable's work to ensure more inclusive prosperity, and they urged others to do their part. In particular, they asked leading investors to support companies that build long-term value by investing in their employees and communities.

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