

Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution

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1. Klaus Schwab Founder and Executive Chairman, World Economic Forum

A. The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities and society at large. The best way to understand and harmonize the divergent interests of all stakeholders is through a shared commitment to policies and decisions that strengthen the long-term prosperity of a company.

i. A company serves its customers by providing a value proposition that best meets their needs. It accepts and supports fair competition and a level playing field. It has zero tolerance for corruption. It keeps the digital ecosystem in which it operates reliable and trustworthy. It makes customers fully aware of the functionality of its products and services, including adverse implications or negative externalities.

ii. A company treats its people with dignity and respect. It honours diversity and strives for continuous improvements in working conditions and employee well-being. In a world of rapid change, a company fosters continued employability through ongoing upskilling and reskilling.

iii. A company considers its suppliers as true partners in value creation. It provides a fair chance to new market entrants. It integrates respect for human rights into the entire supply chain.

iv. A company serves society at large through its activities, supports the communities in which it works, and pays its fair share of taxes. It ensures the safe, ethical and efficient use of data. It acts as a steward of the environmental and material universe for future generations. It consciously protects our biosphere and champions a circular, shared and regenerative economy. It continuously expands the frontiers of knowledge, innovation and technology to improve people's well-being.

v. A company provides its shareholders with a return on investment that takes into account the incurred entrepreneurial risks and the need for continuous innovation and sustained investments. It responsibly manages near-term, medium-term and long-term value

creation in pursuit of sustainable shareholder returns that do not sacrifice the future for the present.

B. A company is more than an economic unit generating wealth. It fulfils human and societal aspirations as part of the broader social system. Performance must be measured not only on the return to shareholders, but also on how it achieves its environmental, social and good governance objectives. Executive remuneration should reflect stakeholder responsibility.

C. A company that has a multinational scope of activities not only serves all those stakeholders who are directly engaged, but acts itself as a stakeholder – together with governments and civil society – of our global future. Corporate global citizenship requires a company to harness its core competencies, its entrepreneurship, skills and relevant resources in collaborative efforts with other companies and stakeholders to improve the state of the world.

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