

## CEP Magazine – July 2018 The case for purpose

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by Erica Salmon Byrne

Erica Salmon Byrne ([erica.salmonbyrne@ethisphere.com](mailto:erica.salmonbyrne@ethisphere.com)) is the Executive Vice President of The Ethisphere Institute.

- [twitter.com/esalmonbyrne](https://twitter.com/esalmonbyrne)

Earlier in the year, Larry Fink, CEO of BlackRock, wrote his annual letter to CEOs. He reviewed the current state of affairs: an extraordinary run for equities but significant concern about the future. To address this sense of disquiet, he called upon the CEOs reading his letter to review their purpose and ask themselves how diligently they were protecting their social license to operate. It was a bold letter, and while we can debate what BlackRock might actually do if companies do not heed his advice, his words nonetheless sparked considerable debate. The directors I have spoken with particularly ask about this concept of purpose. Given the agenda an audit committee usually faces, how much time can a board devote to this dialogue?

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