Coalition for Inclusive Capitalism

Our Mission
The Coalition for Inclusive Capitalism is a global not-for-profit organization that was founded in 2014 and is registered in the US and in the UK (the Fund for Inclusive Prosperity). The organization was established to engage leaders across business, government and civil society in their efforts to make markets more equitable, sustainable, and inclusive.

Our Activities
• Conference on Inclusive Capitalism
  • 2014: “Building Value & Renewing Trust” -London
  • 2015: “A Pathway to Action” -London
  • 2016: “Committing to the Future” –New York

• The Embankment Project for Inclusive Capitalism

“That’s really what this Inclusive Capitalism is all about. Not a guarantee of prosperity for everybody, but a guarantee of a fair chance and of being part of a future and never becoming a victim, never having to accept the fact that every tomorrow is going to be like yesterday”

President Bill Clinton
42nd President of the United States and Founder of the Bill, Hilary and Chelsea Foundation
Speaking at the 2015 Conference on Inclusive Capitalism
The Business Landscape

Trust in the establishment, including entities, is at an all-time low

54% of the public believes that today’s youth will be worse off than their parents
- 2016 Ipsos

63% of respondents believe CEOs are not credible
- 2017 Edelman Trust Barometer

An increasing proportion of a company’s value lies in its intangible assets

Undisclosed intangible value rose 18% annually from 2011
- 2017 Edelman Trust Barometer

52% of market value is based on intangibles, on average
- 2017 Global Intangible Finance Tracker

The investment chain tends to focus on the short term despite the desire to create value in the long term

Pressure to demonstrate strong financial performance within two years rose from 79% to 87%
- 2016 FCLT Global

1tUSD unlock value by companies unable to take a longer-term approach in forgone US GDP alone over the past decade
- 2017 MGI

Big data is both disrupting information asymmetries as well as providing new ways of measuring value

IP traffic will grow at a CAGR of 24% from 2016 to 2021
- 2017 Cisco

64% of people say they find leaked information more believable than press statements
- 2017 Edelman Trust Barometer
Progress Mismatch

Time to hit 50 million users

- Landline telephone: 75 years
- Airplane: 68 years
- Automobile: 62 years
- Light bulbs: 46 years
- Television: 22 years
- YouTube: 4 years
- Facebook: 3 years
- Twitter: 2 years
- Angry Birds: 35 DAYS
Transforming the Financial Markets

- **Breaking down traditional silos**
  
  👉 Asset Owners have a need to invest over a long-term horizon to match their liabilities and responsibilities, but this has to be balanced against keeping Asset Managers accountable in the short term.

  👉 Asset Managers are pressured to conform to benchmarks over a 3- to 5-year period, and they lack reliable and comparable non-financial information, which inhibits them from forming long-term value judgements; and

  👉 Asset Creators are pressured to report quarterly earnings and have difficulty adopting longer term strategies that conflict with short term-earnings targets. This is exacerbated by their ability to communicate meaningful non-financial indicators due to the lack of accepted models and standards and a limited understanding of what Asset Managers need and in what format to better understand the value created by companies;

- **Collaboration**

- **Shared narrative**
The Embankment Project for Inclusive Capitalism

- Market led initiative led by 33 global business leaders representing almost $30 trillion in assets under management:
  - 13 Asset Owners: Allianz, ATP, CalPERS, GPIF, MetLife
  - 11 Asset Managers: Amundi, BlackRock, State Street, JPM, Vanguard
  - 9 Asset Creators: consumer products, healthcare, & industrials

*Our aim is to agree on a set of metrics that is underpinned by a methodology focused on outcomes for each significant set of stakeholders, measures the execution of a company’s strategy and links it to long-term financial value for shareholders.*

- 40 subject matter experts from EY contributing to the project
- 9 participant chosen focus areas:
  - Employee Engagement
  - Culture & Purpose
  - Existing Initiatives
  - Health outcomes
  - Innovation
  - Leadership/Corp Gov
  - Methodology
  - SDGs
  - Trust
## What we have learned so far

<table>
<thead>
<tr>
<th>ASSET OWNER (AO)</th>
<th>ASSET MANAGER (AM)</th>
<th>ASSET CREATOR (AC)</th>
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<tbody>
<tr>
<td><strong>ASSET OWNERS ARE ASKING FOR:</strong></td>
<td><strong>ASSET MANAGERS ARE ASKING FOR:</strong></td>
<td><strong>ASSET CREATORS ARE ASKING FOR:</strong></td>
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<td>- Improved communication along the investment chain based on a common language of value</td>
<td>- Better metrics so they can ask better questions to Asset Creators and their peers</td>
<td>- More focus on the upside (opportunities) which have a long term impact rather than just the downside (risks)</td>
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<td>- Standardized metrics that are practical to implement and can be included in mandates</td>
<td>- Improved reliability and assurance of non-financial metrics</td>
<td>- Consensus and standardization of non-financial metrics</td>
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<td>- More focused disclosure of relevant information (not more disclosure overall)</td>
<td>- Data with a logical construct to financial performance</td>
<td>- Improved communication and understanding to reduce the risk of new (voluntary) disclosures being poorly perceived by the investment chain</td>
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Thank You