

What is the Embankment Project for Inclusive Capitalism (EPIC)?

An 18 month collaboration between [Inclusive Capitalism](#) 31 companies

Bringing together asset managers, asset owners & companies

Resulting in the [EPIC Report](#) (Phase 1)



Lady Lynn Forester de Rothschild
CEO and Founder of the Coalition for Inclusive Capitalism



Mark Weinberger
Global Chairman and CEO of EY



[Click here to watch video](#)

Lady Lynn & Mark Weinberger launch EPIC on US news channel



[Click here to read article](#)

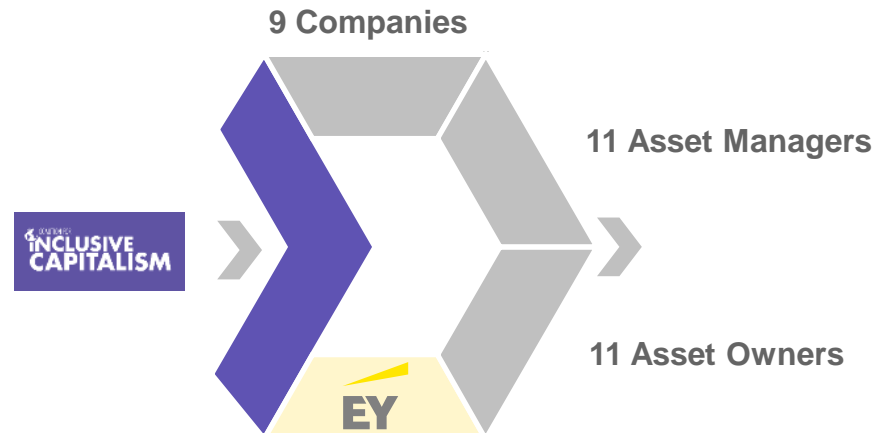
All EPIC participants signed their commitment publicly in the Wall Street Journal

“We came together in pursuit of a single goal: to **identify** and **create** new metrics to measure and **demonstrate long-term value** to financial markets”

31 participants
(See next slide for list)

US\$30 trillion
Assets under management

US\$1.5 trillion
Market Capitalization



EPIC Report Published Nov 2018

Validated EY LTV Framework & guidance to help companies develop metrics to articulate Long-Term Value www.epic-value.com

Initial set of 63 metrics across four focus areas:

- ▶ Talent
- ▶ Innovation & Consumer Trends
- ▶ Society & Environment
- ▶ Governance

Focus on three industry groups:

Healthcare, Consumer Products, & Industrial Products

EPIC Phase 2 starting Q4



Long Term Value Debate going mainstream in the US with Business Roundtable

Redefine the purpose of a corporation to include not only shareholders but for all stakeholders

- The heads of some of the biggest companies in the United States declared on 19 Aug that their companies exist to "benefit of all stakeholders - customers, employees, suppliers communities and shareholders."
- This statement was an update of the BRT's much longer 1997 'Statement on Corporate Governance' White Paper
- Among the 181 signatories are the CEOs of Amazon, Apple, BlackRock, IBM, JPMorgan Chase, and Walmart.
- The new statement affirms the commitment to all stakeholders – customers, employees, shareholders and communities.
- A number of members didn't sign e.g.: GE, Alcoa, Blackstone, Kaiser Permanente, NextEra, Parker Hannifin and Statefarm
- Pushback from Council of Institution Investors saying that the BRT's statement undercuts notions of managerial accountability to shareholders.



"People are asking fundamental questions about how well capitalism is serving society."
Alex Gorsky, CEO, Johnson & Johnson



"Society gives each of us a license to operate. It's a question of whether society trust you or not."
Ginni Rometty, CEO, IBM



Statement on the Purpose of a Corporation

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

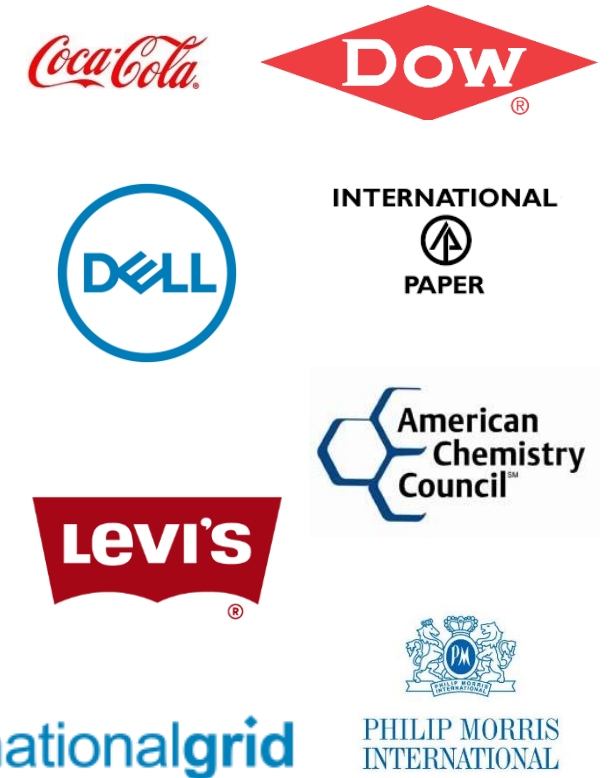
While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- **Delivering value to our customers.** We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- **Investing in our employees.** This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- **Dealing fairly and ethically with our suppliers.** We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.
- **Supporting the communities in which we work.** We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- **Generating long-term value for shareholders,** who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.

August 2019

Examples of US companies performing measurement of intangibles



Other recent and initiatives



- The Value Balancing Alliance – consisting of SAP, Bosch, BASF, Novartis, SK, Deutsche Bank and LafargeHolicim and supported by Big 4 announced their common project to develop accounting standards to reflect the societal impact of corporations



- Commencement of the International Business Council of the WEF. Led by chairman and CEO of the Bank of America (BoA), Brian Moynihan and attended by 60 CEOs who acknowledged the importance of measuring and demonstrating long-term value to the financial markets and wider society

Increased levels of sophistication: over 500 companies have been using measurement of intangibles

