

The Conference Board Policy Watch

The Council for Inclusive Capitalism at the Vatican

May 28, 2020



Some of the critical questions and issues we will be answering today

- What is the current state of capitalism from a moral perspective?
- What is the Council on Inclusive Capitalism, and how will it address this problem?
- What issues will the Council address?
- How can business leaders become involved?



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Today's Presenters



Mike Archbold
Chief Executive
Officer
***The Council for
Inclusive Capitalism
at the Vatican***

Former Chief
Executive Officer
GNC Holdings Inc.



**Joseph Minarik
(Moderator)**
Senior Vice President
and Director of
Research
***Committee for
Economic
Development***



 COUNCIL FOR
**INCLUSIVE
CAPITALISM**
AT THE VATICAN

*Catalyzing A Market-Led Movement for
Collective Action to Advance Our Economies
& Societies.*

**Discussion with the Committee
for Economic Development**

May 28, 2020

CONFIDENTIAL

The Problem

WHY IS THIS NEEDED?

56%

Believe capitalism, as it exists today, does more harm than good

82%

Are not convinced that the current system is working for them

Capitalism has lifted billions out of poverty* but needs to do more

WHY NOW?

73%

Agree a company can take actions that both increase profits & improve conditions in communities where it operates

-2

Net ethical score even though business is ranked as the most competent institution. Ethical drivers are 3X more important to company trust than competence.

54%

See business as unfair and only serves the interests of the few

WHY US?

58%

Have trust in business; ranking as the most trusted institution, taking the lead role in global governance

74%

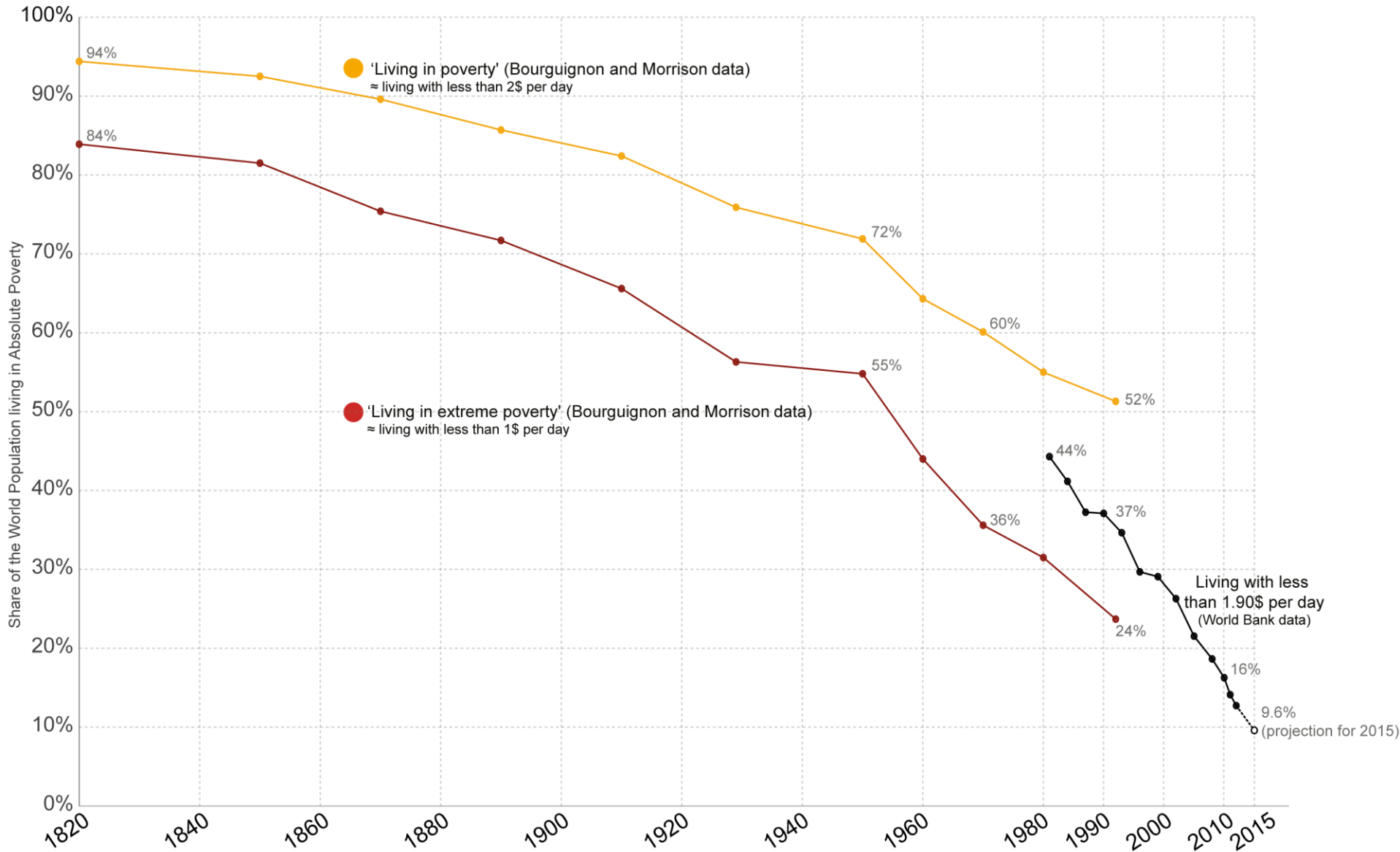
Agree CEOs should take the lead on change rather than waiting for government to impose it

92%

Of employees say CEOs should speak out on current issues

Share of the World Population living in Absolute Poverty, 1820-2015

All data are adjusted for inflation over time and for price differences between countries (PPP adjustment).



Data sources: 1820-1992 Bourguignon and Morrison (2002) - Inequality among World Citizens, In The American Economic Review; 1981-2015 World Bank (PovcalNet)

The interactive data visualisation is available at OurWorldinData.org. There you find the raw data and more visualisations on this topic.

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Overview of the Council

About the Council for Inclusive Capitalism

The Council for Inclusive Capitalism is a global non-profit organization established under the auspices of The Vatican with the moral guidance of Pope Francis. The Council is led by a core group of global CEOs and distinguished leaders, known as the Guardians for Inclusive Capitalism, who convene annually at The Vatican to set an agenda for the year-round work to engage fellow peers in the collective mission to make capitalism more inclusive, sustainable and trusted for all.

What's Different?

- **Business Led/CEO Driven/Global**
- **Represents Entire Investment Ecosystem**
- **Higher Moral Authority**
- **Committed to Future Goals and Measuring Progress**
 - **Each organization develops its own goals and commitments**

The Moral Imperative

“[W]hat is required now is not a new social compact in the abstract, but concrete ideas and decisive action which will benefit all people and which will begin to respond to the pressing issues of our day.”

“Our great challenge is to respond to global levels of injustice by promoting a local and even personal sense of responsibility so that no one is excluded from participating in society.”

3 December 2016
Address at the Fortune-Time Global Forum

“An economic system that is fair, trustworthy and capable of addressing the most profound challenges facing humanity and our planet is urgently needed.”

“[A]n inclusive capitalism that leaves no one behind, that discards none of our brothers or sisters, is a noble aspiration, worthy of [our] best efforts.”

11 November 2019
Address to the Council for Inclusive Capitalism

Pope Francis

Governance Structure

His Holiness Pope Francis

Protector: Cardinal Peter K.A. Turkson

Prefect, Dicastery for the Promotion of Integral Human Development

Council for Inclusive Capitalism

Co-Chair:
Oliver Bäte

Co-Chair:
Marc Benioff

Co-Chair:
Mark Carney

Co-Chair:
Roger
Ferguson

Co-Chair:
Lynn Forester
de Rothschild

Co Chair:
Brian
Moynihan

Co Chair:
Mark
Weinberger

Guardians for Inclusive Capitalism

- **Ajay Banga**, Mastercard
- **Oliver Bäte**, Allianz SE
- **Marc Benioff**, Salesforce
- **Mark Bertolini**, Aetna Inc.
- **Pascal Blanqué**, Amundi
- **Edward Breen**, DuPont
- **Mark Carney**, Bank of England
- **Brunello Cucinelli**, Brunello Cucinelli S.p.A.
- **Roger Ferguson, Jr.**, TIAA
- **Lynn Forester de Rothschild**, E.L. Rothschild
- **Kenneth Frazier**, Merck & Co., Inc.
- **Marcie Frost**, CalPERS
- **Alex Gorsky**, Johnson & Johnson

- **Angel Gurría**, OECD
- **Joe Kaeser**, Siemens AG
- **William Lauder**, The Estée Lauder Companies
- **Kai-Fu Lee**, Sinovation Ventures
- **Bernard Looney**, BP
- **Hiro Mizuno**, Government Pension Investment Fund
- **Brian Moynihan**, Bank of America
- **Deanna Mulligan**, Guardian Life Insurance Company
- **Ronald P. O'Hanley**, State Street Corporation
- **Rajiv Shah**, The Rockefeller Foundation
- **Tidjane Thiam**, Credit Suisse
- **Darren Walker**, Ford Foundation
- **Mark Weinberger**, EY

Secretariat (New York and Rome)

Working Group

What Is Our Reach?



**26 global
leaders**

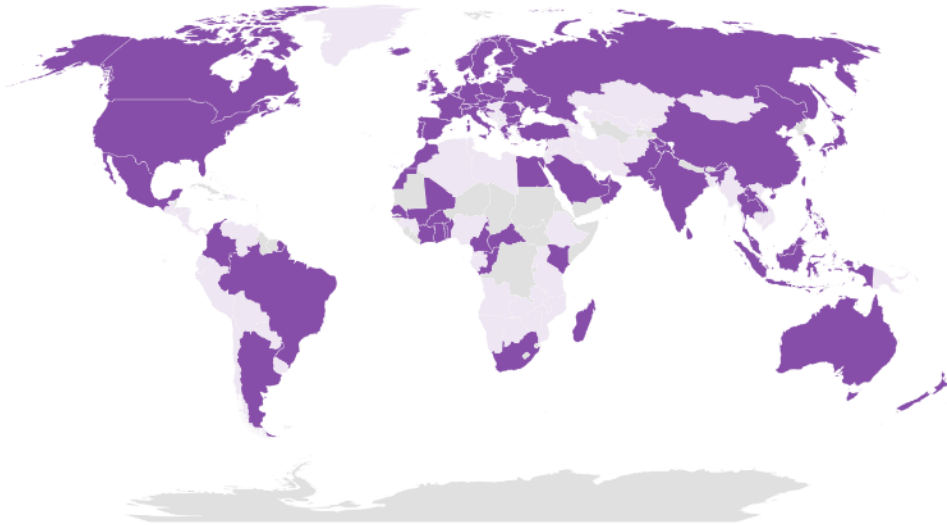


**\$10.6 trillion in AUM &
\$1.7 trillion in market
capitalization**



**1.7 million
employees**

Collectively, our operations reach across over 150 countries with headquarters in the U.S.A., U.K., France, Germany, Italy, Japan & China.



Investment Ecosystem



Asset Owners
Asset Managers
Corporations



**Banking &
Financial Services**



**Healthcare &
Life sciences**



Industrials



Insurance



**Investment
Management**



Luxury & Beauty



**Professional
Services**



Philanthropy



Technology

Our Shared Vision

Create long-term value for all stakeholders by providing:

- **Equality of opportunity** for all people to pursue prosperity and quality of life, irrespective of criteria such as socio-economic background, gender, ethnicity, religion or age
- **Equitable outcomes** for those who have the same opportunities and seize them in the same way
- **Fairness across generations** so that one generation does not overburden the planet or realize near-term benefits that incur long-term costs, at the cost of future generations
- **Fairness to those in society whose circumstances prevent them from full economic participation in the economy**



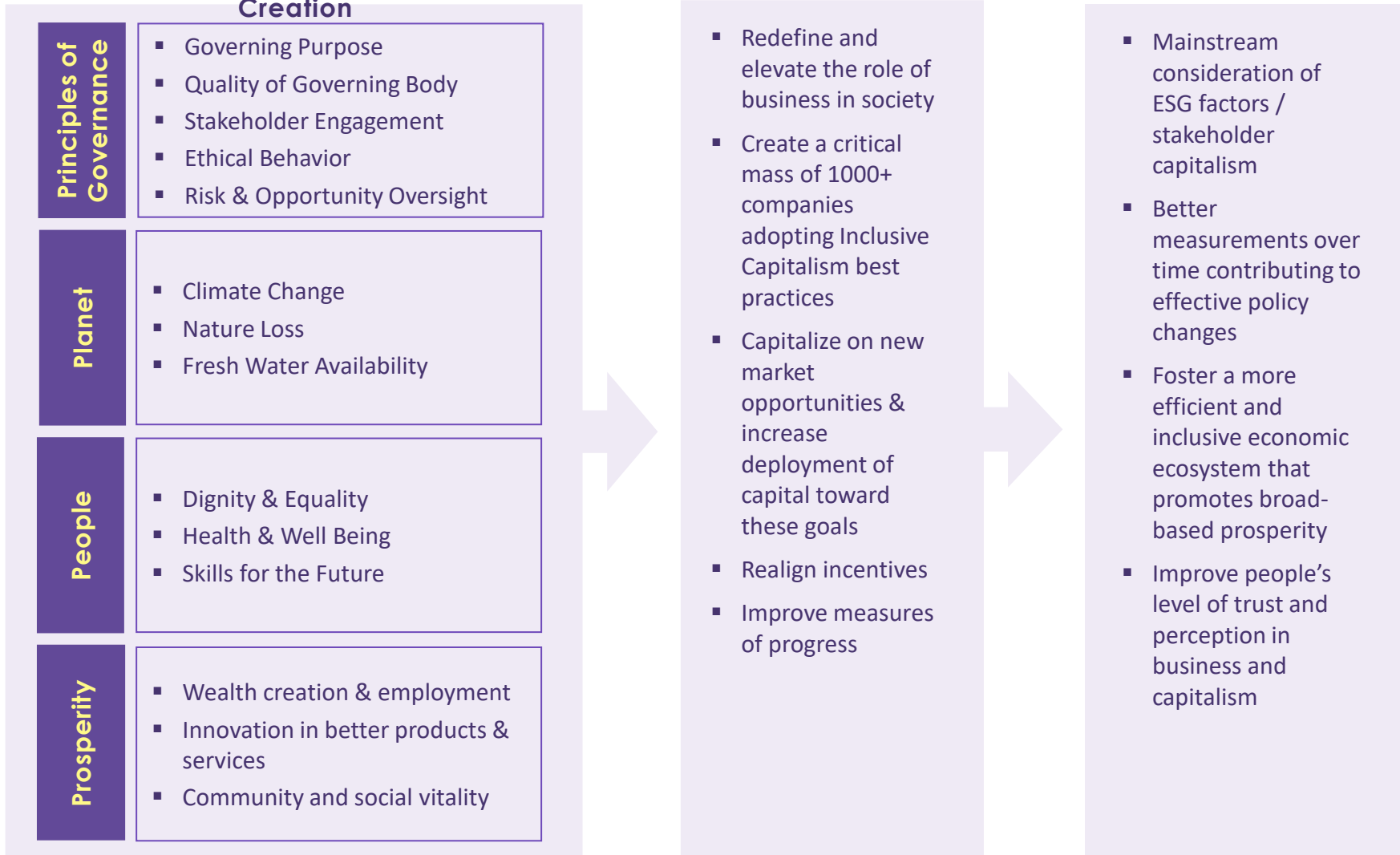
Our Values

Our Principles define a more-inclusive capitalism toward which each member will strive for more people to benefit from economic prosperity and growth.

- **Fair** and promotes diversity and equality of opportunity for individuals and a level playing field for those who engage with these opportunities. This means striving for a similar outcome for similar inputs and discouraging unjust advantage or exploitation for individual gain.
- **Responsible** where individuals, governments, communities and companies recognize how their actions impact one another and strive to minimize negative impact.
- **Trusted** by people to meet their needs. This credibility is established by stakeholders in the system acting responsibly, transparently and with integrity, and should there be a conflict with core values, adopting a prompt and equitable response.
- **Dynamic** and able to evolve so that it continues to enable and reward innovation, progress and adaptation.
- **Sustainable** where incentives are aligned across generations and the main actors take a long-term perspective. This means considering the future impact of actions taken today on a broad set of stakeholders and on our planet.

Aspirations for Systemic Change

Aligning Our Priority Areas for Action with the IBC's Pillars for Sustainable Value Creation



Our Goals

To advance the Inclusive Capitalism movement, we aim to engage 1000+ CEOs and organizations as **Stewards of Inclusive Capitalism**.

What we will do?

Cultivate Engagement

- Provide platform for knowledge sharing & enrichment

Drive Concrete & Collective Action

- Work with our community of members to make forward-looking actionable commitments with goals & measurements of progress
- Convene biennial conferences in Rome to scale adoption of best practices and to foster collaboration to develop efforts that address systemic barriers



What's in it for a Steward?

Be part of a global community

- Pioneer the movement with fellow CEOs across the investment ecosystem to build a more-inclusive economic system that delivers long-term value for all stakeholders

Share Insights to Inspire

- Elevate your commitments to define best practices from your journey in reforming business and investment practices
- Share thought pieces, case studies & research on our central platform
- Participate in our conference to contribute and learn about groundbreaking & innovative efforts

Interested in Joining as a Steward?

Here's how you can join the movement:

- **Reach out.** We will work with you and your team.
- **Align with the Statement of Guiding Principles.** Agree to publicly endorse the Principles for Inclusive Capitalism.
- **Establish your organization commitments.** Develop your own concrete goals and agree to publish and track progress on our platform.
- **Engage in the discussions.** Share ongoing new commitments, thought pieces, and participate in our biennial conferences.

(Financial Support is Not Required)



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