

Accounting and reporting for long-term value:

The Embankment Project for
Inclusive Capitalism

How do CEOs communicate long-term value creation?

- ▶ Baruch Lev and the fading usefulness of investors' information
- ▶ Who cares?
- ▶ Reliable financial information – a major driver of economic growth
- ▶ The usefulness of the current system deserves critical examination
- ▶ Accounting for intangibles today: inconsistent and opaque
- ▶ The current financial reporting model largely ignores the contribution that non-tangible factors make to both business performance and value creation

So what?

- ▶ The current financial reporting framework serves a purpose – but not the one that interests us
- ▶ A new reporting mechanism is required for enterprises to measure and communicate better the value that they create for shareholders through their strategic attention to the broad base of their shareholders, customers, employees, communities, government and the environment

The Embankment Project for inclusive capitalism

- ▶ Since the financial crisis of 2008, capitalism has been attacked as a system that had failed to create broad-based prosperity. Because of this, and growing income inequality and uncertainty, there is a marked withering of public trust in business. Businesses, many of which saw their responsibility limited only to shareholder value, must work to restore trust from all members of society
- ▶ A significant debate has begun about how to improve capitalism so that it creates long-term value that sustains human endeavour without harming the stakeholders and broader environment
- ▶ See: <https://www.inc-cap.com/embankment-project/>

What is Inclusive Capitalism?

- ▶ Inclusive Capitalism is a global effort to engage leaders across business, government and civil society in the movement to make capitalism more equitable, sustainable, and inclusive. Together we can achieve this through business and investment practices that extend the opportunities and benefits of our economic system to everyone – customers, employees, communities, the environment and shareholders
- ▶ Inclusive Capitalism believe that firms should account for themselves not just the bottom line. By taking a broader view of the firm – its purpose, products and people – it is more likely to prosper over the long term

The Embankment Project: Participating Companies



Confirmed participating companies include:



We are bringing together over 20 global companies to embark on an 18-month journey to jointly develop, test and validate the EY developed long term value framework. With the representation of more than \$20 trillion of assets under management.



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