Building Back Better?
US Business Promoting Healthy Economy, Healthy Community, & Healthy National Governance

Virtual Caucus | March 10, 2021
Agenda

Welcome & Overview

Jeffrey A. Sonnenfeld, Senior Associate Dean for Leadership Studies, Yale School of Management

Building Back Secure Infrastructure, Ever? Part I - Are We Sitting Targets on Borrowed Time?

Anne Neuberger, Deputy National Security Advisor, Cyber and Emerging Technology
Eamon Javers, Washington Reporter, CNBC
James R. Clapper, 4th Director, US National Intelligence Agency
Ashton B. Carter, 25th US Secretary of Defense
John Negroponte, US Deputy Secretary of State (2007-2009); 1st Director, US National Intelligence Agency
Stanley A. McChrystal, Founder & Partner, McChrystal Group
J. Stapleton Roy, 5th US Ambassador to China
Michael S. Dell, Founder, Chairman & CEO, Dell Technologies
Jamie Iannone, Chief Executive Officer, eBay
Steve Papa, Founder, Chairman & CEO, Parallel Wireless
John Visentin, Vice Chairman & CEO, Xerox Holdings Corporation
Aja Banga, Executive Chairman, MasterCard Worldwide
Kenneth D. Moelis, Founder, Chairman & CEO, Moelis & Company
Thomas A. James, Chairman Emeritus, Raymond James Financial
Michel A. Khalaf, President & CEO, MetLife
Jeffrey M. Solomon, Chairman & CEO, Cowen Inc.
Eric P. Hansotia, Chairman & CEO, AGCO Corporation
Daniel S. Glaser, President & CEO, Marsh & McLennan Companies
Eileen Murray, Former Co-CEO, Bridgewater Associates
Harvey L. Pitt, 26th Chairman, US Securities and Exchange Commission
John M.B. O'Connor, Chairman & CEO, JH Whitney Investment Management
Neal Froneman, Chief Executive Officer, Sibanye-Stillwater
R. Adam Norwitt, President & CEO, Amphenol Corporation
Richard Adkerson, Vice Chairman, President & CEO, Freeport-McMoRan
Abdul B. Subhani, Founder, President & CEO, Centex Technologies
Brian A. Nichols, US Ambassador to Zimbabwe
Joshua Bekenstein, Managing Director & Co-Chair, Bain Capital
Steve Case, Chairman & CEO, Revolution, Founder & Former CEO, America Online (AOL)
Bob Diamond, Founder & CEO, Atlas Merchant Capital
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
David H. McCormick, Chief Executive Officer, Bridgewater Associates

Building Back Secure Infrastructure, Ever? Part II - Getting from Here to There

Edward H. Bastian, Chief Executive Officer, Delta Air Lines
Doug Parker, Chairman & CEO, American Airlines Group
David P. Abney, Executive Chairman, UPS
Patrick J. Ottenmeyer, President & CEO, Kansas City Southern Industries
Lance Fritz, Chairman, President & CEO, Union Pacific Corporation
Harold L. Yoh III, Chairman & CEO, Day & Zimmermann
Lynn J. Good, Chairman, President & CEO, Duke Energy Corporation
Maria Pope, President & CEO, Portland General Electric
Carmine Di Sibio, Global Chairman & CEO, EY
Ivan G. Seidenberg, Retired Chairman & CEO, Verizon Communications
Rich Lesser, President & CEO, Boston Consulting Group
Sara Eisen, Co-Anchor, CNBC
What Is Different This Time?

Cedric Richmond, Sr. Advisor to the President; Director, White House Office of Public Engagement
Peter Orszag, CEO, Financial Advisory, Lazard; Former Director, US Office of Management and Budget
Sylvia M. Burwell, 22nd Secretary of Health and Human Services; President, American University
Grover Norquist, President, Americans for Tax Reform
Ralph E. Reed Jr., Chairman & CEO, Century Strategies
Indra K. Nooyi, Former Chair & CEO, PepsiCo
A. Muskfiq Mobarak, Professor of Economics, Yale University
Steve Odland, President & CEO, The Conference Board
Richard W. Edelman, Chief Executive Officer, Edelman
Gary E. Knell, Chairman, National Geographic Partners
Joel N. Myers, Chairman & President, AccuWeather
Thomas H. Glocer, Executive Chairman, BlueVoyant
Andrew Ross Sorkin, Editor, DealBook, The New York Times

Restoring Community Vitality & Trust: Truth & Science

Albert Bourla, Chairman & CEO, Pfizer
Alex Gorsky, Chairman & CEO, Johnson & Johnson
Stefano Pessina, Executive Vice Chairman, Walgreens Boots Alliance
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
James P. Keane, President & CEO, Steelcase
Greg Fischer, Mayor, Louisville, Kentucky
Daniel H. Weiss, President & CEO, Metropolitan Museum of Art
Terry J. Lundgren, Retired Chairman & CEO, Macy’s Inc.
Helena Foulkes, Former Chief Executive Officer, Hudson’s Bay Company
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Danny Meyer, Founder & CEO, Union Square Hospitality Group
David Gibbs, Chief Executive Officer, Yum! Brands
Ronald M. Shaich, Executive Chairman, Panera Bread
Steven Brill, Co-Chief Executive Officer, NewsGuard Technologies
Douglas H. Ginsburg, Senior Judge, DC Circuit, US Court of Appeals
Richard H. Pildes, Professor of Constitutional Law, New York University
Brad S. Karp, Chairman; Paul Weiss Rifkind Wharton & Garrison
Jerry Greenfield, Co-Founder, Ben & Jerry’s Homemade
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
Geoff Colvin, Editor & Columnist, Fortune
Mark D. Ein, Chairman & CEO, Capitol Investment Corp
Kevin Hourican, President & CEO, SYSCO Corporation
Benjamin A. Breier, President & CEO, Kindred Healthcare
Paul Polman, Co-Founder & Chair, Imagine; Retired CEO, Unilever PLC
Ynon Kreiz, Chairman & CEO, Mattel
James F. McCann, Founder & Chairman, 1-800-Flowers.com

Legend in Leadership Award:
Anthony S. Fauci, Director, National Institute of Allergy and Infectious Diseases, National Institutes of Health

PRESENTATION

Albert Bourla, Chairman & CEO, Pfizer
Alex Gorsky, Chairman & CEO, Johnson & Johnson
Peter Salovey, President, Yale University
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On March 10, 2021, the Yale Chief Executive Leadership Institute held its Spring 2021 CEO Caucus virtually. Yale Professor Jeff Sonnenfeld led a discussion among CEOs, policymakers, and thought leaders about dealing with recent cyberattacks, attitudes toward the coronavirus relief package, and improving the US infrastructure.

The Legend in Leadership Award was presented to Dr. Anthony Fauci, Director of the National Institute of Allergy and Infectious Diseases at the National Institutes of Health.

This Caucus takes place at a particularly poignant moment.

In opening this Caucus, Professor Sonnenfeld noted, with a heavy heart, that the Spring 2021 Yale CEO Caucus takes place almost exactly one year after the World Health Organization’s declaration of a global pandemic. Since that declaration, more than half a million Americans have died, as have more than 2.5 million people across the globe.

Also, Professor Sonnenfeld paid tribute to Marriott CEO Arne Sorenson, who passed away less than a month ago. Arne was honored with the Legend in the Leadership Award at the most recent Yale CEO Caucus in September 2020. He was remembered for his leadership, inspiration, courage, friendship, and for the compassionate, humane way in which he treated others.

There are enormous concerns about the country’s cybersecurity vulnerability and about the need for government/private sector collaboration.

Just months after the discovery of the massive Solar Winds cyberattack, allegedly perpetrated by Russia, a separate cyberattack has been discovered affecting Microsoft Exchange. It has been reported that this attack was initiated by China, and it might be even larger than the Solar Winds attack.
Particularly troubling is that the extent of the attack and the motivation isn’t yet known (was it espionage or something else?). A national defense expert termed the attack “a huge intelligence failure.” One expert said, “This isn’t like some cyber–Pearl Harbor; it’s more like someone has been walking in and out of your home for months and you don’t really know what they took.” It is not clear if patches have worked or not, and even after the attackers were detected, instead of backing off they have been emboldened to double down.

For businesses, a reporter from The Wall Street Journal observed that many CEOs are giving standard responses about making additional investments and relooking at policies and procedures. Few Caucus participants believe this will be adequate.

A set of specific actions to be considered includes improving the security of the entire information supply chain, including both hardware and software; increasing the focus on the enormous amount of Chinese equipment that enters the US, which is a massive threat; and implementing things like zero trust, widescale encryption, and more frequent updating of systems.

Another CEO mentioned a lack of a cooperation methodology between companies and the government. This CEO believes companies that create insecure connected devices and other insecure aspects of the infrastructure need to be held liable. The threat of liability would push companies to improve their security and their level of cooperation.

But no individual company can go it alone. Several Caucus participants called for greater collaboration between government and the private sector.

“No individual company has the wherewithal, no matter how much resource is put behind it, to defend ourselves on our own. A more concerted partnership is needed between government, the private sector, and tech companies.”

Another CEO noted, “We have had a lack of industrial policy in this country, for pretty much ever as it relates to technology, while the adversary has built up a sophisticated set of capabilities tied to their industrial policy.” This CEO acknowledged that the words “industrial policy” aren’t popular in Washington DC, but consideration of industrial policy for the tech sector is needed.
There is strong approval for President Biden, much support for the coronavirus relief package, and optimism about the economy.

In a real-time poll of Caucus participants, 86% approve of the job that Joe Biden is doing as President and 82% believe the image of the United States has improved under the Biden administration.

<table>
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<th>Has the image of the United States abroad improved or worsened under the Biden administration?</th>
<th>CEO Caucus</th>
<th>US Population (Morning Consult)</th>
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<tbody>
<tr>
<td>Improved</td>
<td>82%</td>
<td>44%</td>
</tr>
<tr>
<td>Worsened</td>
<td>2%</td>
<td>26%</td>
</tr>
<tr>
<td>Stayed about the same</td>
<td>14%</td>
<td>19%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
<td>11%</td>
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</tbody>
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Similarly, CEO Caucus participants have a much more favorable view than the general public of the impact of the Biden administration on the image of America internationally. Kyle Dropp, President of polling firm Morning Consult, commented that under the Biden administration his firm has seen an improvement of the image of the US in every country in the world, with the exception of Russia and China.

When asked about the Biden administration’s $1.9 trillion coronavirus relief package, 71% of Caucus participants support this legislation, with about 80% of the public supporting this package. However, despite the broad support among CEOs, 64% believe the relief package goes too far.

Cedric Richmond, formerly a Congressman and currently Senior Advisor to the President and Director of the White House Office of Public Engagement, acknowledged that $1.9 trillion is a huge package, but he asserted that this package is in response to the enormous challenges posed by COVID-19. The package funds vaccinations, logistics, and unemployment insurance. It provides additional assistance for small business, for businesses such as the airlines, and for state and city government. While Congress had passed five previous bills during the pandemic, they were too little and too late. This package was finally big enough to address the magnitude of the issues the country is facing.

BCG CEO Rich Lesser has heard from some CEOs that this unprecedented bill may have gone a bit too far. Yet at the same time there is broad recognition that many people in the country are struggling, especially at the low end of the income scale, and aggressive action was needed to get the country going again. In addition, this package can help children in poverty and can help close the digital divide. From the perspective of the business community, it can accelerate the economic recovery. Those who have looked at economic packages from the last recovery concluded that recovery was too slow because the funding packages were too small; the goal is not to repeat that mistake.

Former Directors of the US Office of Management and Budget Peter Orszag and Sylvia Burwell both support the current program. It provides funding to address the health problem that is holding the country back. The US package provides a form of an experiment, in contrast to relief in Europe which, while significant, is much less aggressive than in the US. Mr. Orszag is optimistic that this government funding is going to help drive 6% to 7% GDP growth in the US.
This optimism is broadly shared by CEOs. Data from The Conference Board shows that as the rollout of the vaccine continues and distribution of funding from the coronavirus package begins, CEO confidence is at a 17-year high.

“CEOs are feeling a lot better [about the economy].”

Survey of U.S. CEOs, Q1 2000 to Q1 2021.

However, not everyone shared this optimism. Grover Norquist argued that only 1% of this legislation is related to vaccines and less than 10% will be spent this year. He sees earmarks embedded in the legislation as corrupt and believes unnecessary funding is being provided to incompetent states and corrupt cities.

Grover Norquist, President, Americans for Tax Reform

Louisville Mayor Greg Fischer countered that the pandemic has had a significant impact on many cities’ tax revenue and budgets. Without federal aid, cities would not be able to provide the services that citizens need.

“Do we want Americans to struggle, or are we going to try to get this economy going and affect the people that have been most impacted, which is those at the lowest end of the income scale?”

Grover Norquist, Mayor, Louisville, Kentucky

Several Caucus participants are hopeful that the coronavirus relief package is just a start and that it is followed by a robust infrastructure bill that places a high priority on climate, clean tech, and permitting reform.

Lynn J. Good, Chair, President & CEO, Duke Energy Corporation

Despite the prevailing optimism around the longer-term implications of the country taking on so much debt. Andrew Ross Sorkin, who has studied and written about financial crises, said, “Debt is the thing that lights the match of every crisis . . . it’s always debt.”

“It’s going to be helpful in the short term, of course, but the question is, is it helpful in the long term?”
Anthony S. Fauci, Director, National Institute of Allergy and Infectious Diseases, National Institutes of Health

The presenters described Dr. Fauci as the most trusted scientist in the world. Even prior to the pandemic, Dr. Fauci was known in the world of life sciences for his prolific scientific work in the field of infectious diseases, for his integrity as a long-serving public servant, for his straight style, and for the quality of his character. During the pandemic, he has been the calming voice of reason and the face of public health and scientific integrity. He has also worked tirelessly behind the scenes to foster collaboration and information sharing, to accelerate progress, and to make sure things got done.

Through his tremendous leadership—as a scientist and researcher and a humanist physician—he has inspired the next generation of students in schools of medicine, public health, nursing, and other health-related fields. Dr. Fauci has truly been the legend in leadership that the country needed at this critical moment.

In his humble fashion, Dr. Fauci recognized the extraordinary efforts and contributions of the scientists and leaders at companies such as Pfizer and J&J, as well as the healthcare workers in the trenches each day who are caring for patients and saving millions of lives. He commended the extraordinary level of collaboration and partnership with the pharmaceutical industry and noted that the rapid development of vaccines was made possible due to long-term investments in fundamental basic science.

While celebrating the rapid development of effective vaccines that are now being given to more than two million people each day and expressing optimism about the progress that is possible over the next few months, Dr. Fauci called for remaining cautious and prudent in returning to normality in a stepwise fashion.