E Pluribus Unum:
Out of Many, One

Virtual Caucus | September 27, 2021
Agenda

Welcome & Overview

Jeffrey A. Sonnenfeld, Senior Associate Dean for Leadership Studies, Yale School of Management
Peter Salovey, 23rd President, Yale University

Rebuilding National Trust and Common Purpose: Avoiding Finger-pointing at Work

Katie Porter, Member of Congress, State of California, 45th District
Ro Khanna, Member of Congress, State of California, 17th District
Carlos Monje Jr., Under Secretary for Policy, US Department of Transportation
Sylvia M. Burwell, 22nd Secretary of Health and Human Services; President, American University
Kevin Johnson, President & CEO, Starbucks Corporation
Lynn J. Good, Chair, President & CEO, Duke Energy Corporation
David Gibbs, Chief Executive Officer, Yum! Brands
Steven A. Cahillane, Chairman & CEO, Kellogg Company
Maria Pope, President & CEO, Portland General Electric
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Helena Foulkes, Former Chief Executive Officer, Hudson’s Bay Company
Ynon Kreiz, Chairman & CEO, Mattel
Kenneth D. Moelis, Founder, Chairman & CEO, Moelis & Company
Jeffrey M. Solomon, Chairman & CEO, Cowen Inc.
Steve Case, Chairman & CEO, Revolution; Founder & Former CEO, America Online (AOL)
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Katharine A. Martin, Partner, Chair of Board, Wilson Sonsini Goodrich & Rosati
Douglas H. Ginsburg, Senior Judge, DC Circuit, US Court of Appeals
Brad S. Karp, Chairman, Paul Weiss Rifkind Wharton & Garrison
Ralph E. Reed Jr., Chairman & CEO, Century Strategies
Grover Norquist, President, Americans for Tax Reform
Mark D. Ein, Chairman & CEO, Capitol Investment Corp
Adam M. Aron, President & CEO, AMC Entertainment
John A. Hayes, Chairman, President & CEO, Ball Corporation
Blake D. Moret, Chairman & CEO, Rockwell Automation
James P. Keane, President & CEO, Steelcase
Carlos Rodriguez, President & CEO, ADP
James F. McCann, Founder & Chairman, 1-800-Flowers.com
Linda Rendle, Chief Executive Officer, The Clorox Company
Richard H. Pildes, Professor of Constitutional Law, New York University
Rich Lesser, President & CEO, Boston Consulting Group
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
Tom Rogers, Executive Chairman, Engine Media
Eliot Brown, Co-Author, The Cult of We
Maureen Farrell, Co-Author, The Cult of We
Joel N. Myers, Founder & CEO, AccuWeather
Harvey L. Pitt, 26th Chairman, US Securities and Exchange Commission
Thomas J. Quinlan III, Chairman, President & CEO, LSC Communications
Anthony Scaramucci, Founder & Co-Managing Partner, SkyBridge Capital
David J. Shulkin, 9th Secretary, US Department of Veterans Affairs
Joe Strauss, Speaker (2002-2019), Texas House of Representatives
Steve Lipin, Founder, Chairman & CEO, Gladstone Place Partners
Mark J. Penn, Chairman & CEO, Stagwell Inc.
Kyle Dropp, Co-Founder & President, Morning Consult
America’s New Global Standing Challenges and Your New Business Risk

Michael S. Dell, Founder, Chairman & CEO, Dell Technologies
Chris Kempezinski, President & CEO, McDonald’s Corporation
Carmine Di Sibio, Global Chairman & CEO, EY
Doug Parker, Chairman & CEO, American Airlines Group
Judy Marks, President & CEO, Otis Elevator Company
Richard Adkerson, Chairman & CEO, Freeport-McMoRan
Richard W. Edelman, Chief Executive Officer, Edelman
Bob Diamond, Founder & CEO, Atlas Merchant Capital
Barbara Humpton, President & CEO, Siemens USA
Daniel S. Glaser, President & CEO, Marsh & McLennan Companies
Alan B. Colberg, President & CEO, Assurant
Harold L. Yoh III, Chairman & CEO, Day & Zimmermann
Thomas C. Nelson, Chairman, President & CEO, National Gypsum Company
R. Adam Norwitt, President & CEO, Amphenol Corporation
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
Ashton B. Carter, 25th US Secretary of Defense
Thomas P. Bossert, President, Trinity Cyber; Former Assistant to the President for Homeland Security
James R. Clapper, 4th Director, US National Intelligence Agency
Steve Papa, Founder, Chairman & CEO, Parallel Wireless
Richard V. Spencer, 76th Secretary, US Navy
Robert D. Hormats, Under Secretary (2009-2013), US Department of State
Andrés R. Gluski, President & CEO, The AES Corporation
Anders Gustafsson, Chief Executive Officer, Zebra Technologies Corporation
Eric P. Hansotia, Chairman & CEO, AGCO Corporation
Rick Goings, Chairman Emeritus, Tupperware Brands
Nels B. Olson, Vice Chair, Korn Ferry
Lynn Tilton, Chief Executive Officer, Patriarch Partners
Mark Trudeau, President & CEO, Mallinckrodt Pharmaceuticals
Quinn Mills, Professor Emeritus, Harvard Business School

Making the Impossible Possible: “My Life in Full: Work, Family, and Our Future”

Indra K. Nooyi, Chair & CEO (2006-2018), PepsiCo

Legend in Leadership Award: Lynn J. Good, Chair, President & CEO, Duke Energy Corporation

PRESENTATION

Indra K. Nooyi, Chair & CEO (2006-2018), PepsiCo
Darius Adamczyk, Chair & CEO, Honeywell
On September 28, 2021, the Yale Chief Executive Leadership Institute held its Fall 2021 CEO Caucus virtually. During this time of division in society, Yale Professor Jeff Sonnenfeld led a discussion among CEOs and policymakers about what unites us. Participants discussed policies and attitudes that unite us, while looking at real versus faux innovation.

Former PepsiCo Chair and CEO Indra Nooyi shared perspectives from her just-released book, with a particular emphasis on the importance of family and caregivers. The Legend in Leadership Award was presented to Lynn Good, Chair, President, and CEO of Duke Energy.

We are at a moment of extreme political and societal divisions.

Politically, the most significant divisions at the time of this Caucus surrounded lifting of the debt ceiling, passage of an infrastructure bill, and legislation desired by President Biden related to the social safety net and other economic needs.

In regard to the debt ceiling, about half of CELI participants (49%) hold both political parties equally responsible, with 36% blaming the Republican party and 15% blaming the Democrats.

However, polling by Morning Consult found different results among the US population, where 42% blame both parties equally, 33% blame the Democrats, and 16% blame the Republicans.

Congresswoman Katie Porter and anti-tax advocate Grover Norquist demonstrated this division. Representative Porter stressed the importance of programs such as universal childcare, expansion of Medicare, and paid family leave, which she termed as investments that will grow the US economy, increase stability, and enhance America’s global competitiveness.

In contrast, Mr. Norquist argued that the proposed spending is wasteful and that the tax increases necessary to fund this spending would make US tax rates higher than those of Canada and many European countries, hurting US competitiveness. He contended tax increases would chase away investment, hurt employment levels, and lead to slower economic growth.

The other major area of dissention is around vaccination. About one quarter of Americans say they are unvaccinated and among those who have not been vaccinated, about three in five refuse to get vaccinated.

<table>
<thead>
<tr>
<th>If the US were to default on the national debt, which party is more to blame?</th>
<th>Both parties equally</th>
<th>Republicans</th>
<th>Democrats</th>
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<tbody>
<tr>
<td>Poll among CELI Caucus participants</td>
<td>49%</td>
<td>36%</td>
<td>15%</td>
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<tr>
<td>Poll by Morning Consult (9% didn’t know/no opinion)</td>
<td>42%</td>
<td>16%</td>
<td>33%</td>
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</table>
The percentage of the population that is vaccinated varies significantly by state, with blue states, such as states in New England, having much higher vaccination rates than red states, particularly in the Southeast. Hospital admissions and mortality are correlated with state vaccination rates.

"On this we are a divided country."
—Mark J. Penn, Chairman & CEO, Stagwell Inc.

Kyle Dropp of Morning Consult sees significant differences by industry, with about 80% of college professors and 75% of healthcare workers being vaccinated, while less than half of farmers and construction workers are vaccinated.

These divisions also apply to vaccine mandates. About 80% of Democrats support various types of vaccine mandates while only around 35% of Republicans support mandates. Among CELI participants, 21% already have a vaccine mandate in place for all employees and 41% intend to put a mandate in place, while 38% don’t have a mandate and don’t intend to have one.

The good news: even in our deeply divided society, there remain unifying elements, politically and particularly among the business community.

The theme of this Caucus, highlighted by Yale President Peter Salovey was, “E Pluribus Unum: Out of Many, One.”

In focusing on this theme, CELI participants identified multiple unifying elements, even during this time of division. Among the unifiers discussed were:

- **Bipartisan legislation.** Last summer, the Instructure Bill received 19 Republican votes in the Senate. Carlos Monje, Under Secretary for Policy at the US Department of Transportation, said, “People don’t think about infrastructure until it breaks.” He hailed bipartisan support for the infrastructure bill, which includes investment in highways, rail, electric vehicles, and more.

- **The Endless Frontier Act and the CHIPs Act.** Another area of apparent unity is bipartisan support legislation that invests in the critical technologies of the 21st century and makes funds available for tech investments across the country, including regions that have previously been left out. This includes funding to support the strategically important semiconductor industry.

Caucus CEOs are unified behind this legislation, with 86% saying their company supports the CHIPS legislation pending in Congress.
It can be difficult to distinguish between true innovation and faux innovation.

An entrepreneur and business leader like Michael Dell has innovated and reinvented his business multiple times, providing tangible value to both customers and investors.

However, while Dell may have repeatedly created tangible value, there are multiple examples of entrepreneurs and investors who are blurring the lines between real innovation and faux innovation in their quest for astronomical short-term returns. Examples were shared of WeWork, meme stocks, cryptocurrencies, SPACs, and NFTs, which elicited expressions of “disbelief,” “hysteria,” “frenzy,” and “herd mentality.”

“People want to suspend disbelief for just the possibility that there’s going to be these huge returns.”

— Maureen Farrell, Co-Author, The Cult of We

Yet Mark Ein remarked that in all financial markets and all sectors there are good and bad; there are real things and things that aren’t real; and there are winners and losers and successes and failures. Several examples were shared of positive actions surrounding some of these questionable practices.

• AMC, under CEO Adam Aron, which has been one of the most high-profile meme stocks, put out many warnings and made the company’s disclosures as transparent as possible. In fact, in June 2021, AMC put out a disclosure saying that the stock was trading away from fundamentals and that anyone buying the stock should be aware of that.

“How would you assess the threats (body image, confidence, etc.) imposed by big tech social media platforms to pre-teens and teenagers?”

<table>
<thead>
<tr>
<th>Threat Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>No threat</td>
<td>0%</td>
</tr>
<tr>
<td>Neutral/indifferent</td>
<td>0%</td>
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<tr>
<td>Moderate threat</td>
<td>44%</td>
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<tr>
<td>Strong threat</td>
<td>56%</td>
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“I have confidence in the ability and judgment of social media companies in content moderation and policing.”

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<thead>
<tr>
<th>Confidence Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Yes</td>
<td>13%</td>
</tr>
<tr>
<td>No</td>
<td>87%</td>
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</table>

“Should government regulators intervene in the practices of social media giants to mitigate the threats presented to pre-teens and teenagers?”

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<tr>
<th>Intervene Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Yes</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>14%</td>
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</table>

“How do you compare the United States’ technological capabilities and innovation pipeline to that of China’s?”

<table>
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<th>Comparison Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Significantly or Moderately Advanced</td>
<td>68%</td>
</tr>
<tr>
<td>Equal</td>
<td>9%</td>
</tr>
<tr>
<td>Moderately or Significantly Limited</td>
<td>23%</td>
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</table>

“People want to suspend disbelief for just the possibility that there’s going to be these huge returns.”

— Maureen Farrell, Co-Author, The Cult of We

“These responses among America’s business leaders show that you believe we haven’t lost it and are still on the forefront of innovation.”

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

“It’s hard to unravel what’s real and what’s not… there’s a lot of fluff out there.”

— Jeffrey A. Sonnenfeld, Senior Associate Dean for Leadership Studies, Yale School of Management
Coming out of the pandemic will present significant opportunities.

Starbucks CEO Kevin Johnson said that after 35% to 40% of adults were vaccinated, local governments began easing restrictions and consumer mobility immediately increased. As a result, traffic began increasing in Starbucks stores, which is continuing.

More attention needs to be paid to “the business of family.”

On the occasion of the publication of her book, “My Life in Full: Work, Family, and Our Future,” former PepsiCo Chair and CEO Indra Nooyi shared some of her reflections from the book. She observed that the pandemic highlighted the vast care ecosystem, which has largely existed in the shadows. This care ecosystem—of caring for children and older people—is largely handled by women, even though more than 70% of women work outside of the home.

Ms. Nooyi emphasized that society and business leaders need to prioritize “the business of family” at the same level as climate change and other major priorities. This includes providing paid leave, flexibility and stable working hours, and childcare.

“...This great human reconnection is unfolding and I think that creates a great opportunity for all consumer brands over the next three to five years to really adapt and play into what consumers are looking for.”

— Kevin Johnson, President & CEO, Starbucks

LEGEND IN LEADERSHIP AWARD

Lynn Good, Chair, President, and CEO of Duke Energy Corporation

Indra Nooyi and Honeywell CEO Darius Adamczyk presented Lynn Good, Chair, President, and CEO of Duke Energy Corporation, with the Legend in Leadership Award.

They recognized Lynn for her courage, tenacity, wisdom, and commitment to change in transforming Duke Energy while reducing its carbon dioxide emissions by over 40% over the next decade. Duke is expanding its renewable energy capacity and investing in electric grid upgrades and extended battery storage, as well as hydrogen and advanced nuclear.

Lynn is a role model for women and has been a prominent and effective leader in Charlotte, North Carolina’s business community.