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<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

Good afternoon everybody. Wonderful crowd, great to see so many familiar and new faces; 25 trillion in the room today, dozens of CEOs, this doesn't happen every day. It's a very special moment for all of us. I'm Mark Tulay. I serve as the Director of CECP’s Strategic Investor Initiative and I will be the MC for today if my voice hangs in there. First I wanted to do something and recognize a few special people. Could the advisory board of the strategic investor initiative please stand up and hold your hand up? Like it or not? Without them we would not be here today and it's just been a wonderful experience working with each and all of you. But as Doug Conant says we can always do better.

So following – so we got a great program lined up today. We've got opening remarks from Vanguard's Bill McNabb followed by a fireside chat with Curtis Ravenel and Mike Bloomberg starting shortly. And then we'll have a special guest scheduled to speak after Mike, SEC Commissioner, Robert Jackson, will be providing some of his unique perspective after that, so that's a special late edition.

And then after that we'll have CEOs presenting their long-term plans for sustainable value creation, this is the heart of the program. We'll have Alex Gorsky from Johnson & Johnsonl; David Abney from UBS; Ken Frazier from Merck; then we'll actually give you a break because if we don’t have one break I get in big trouble, so we'll have a twenty minute break. Omar Ishrak from Medtronic will follow then Paul Polman from Unilever will bring us home, so what a great day. And a few logistics because of all this great content, we're squeezing to two days of content into half a day. So we have very little flex time. And those of you that know me, I start on time and I end on time. That's my one rule. I might have a couple more.

Lastly, in your folders, you will find an investor letter. Now that investor letter, it's on the right hand side, is signed by nine major institutional investors and pension funds and is the lead signatories Bill McNabb. That is a letter that is meant to drive excellent in the production of long-term plans. I'd like to recognize Brian Thomas and Glen Boreham for a second to – just give them applause for all their work on that letter.

And also in your folders you'll find this evaluation form, very important, CEO Investor Forum, evaluation form. It also doubles as you’re ticketing to the reception, so there's another reason to complete it. I'll leave you with a favorite quote before I introduce Daryl Brewster. Hearing tells you that the music is playing, but listening, truly listening tells you what the song is saying. There are times when we hear, but we sometimes forget to listen.

So I hope you take the time to listen to what's being presented today and just share your feedback on these forms. They're very important. They go back to the CEOs and drive continuous improvement. This last thing I'll say is the strategic investor initiative is not just a program, not just a program to me. It's a movement. It's a movement to bring long-term perspective to capital market decision making. It's a movement to influence voting and engagement decision making. It's a movement to move trillions in capital to companies that demonstrate true excellence and long-term performance. It's a movement to move financial markets towards more sustainable outcomes.

So that's our goal between now and the end of the today. So we've got a little work to do. And with that, it's my privilege to welcome to the stage to Daryl Brewster.

<<Daryl Brewster, Chief Executive Officer, Committee Encouraging Corporate Philanthropy>>

Thank you, Mark. Thank you and good afternoon and it's really a delight to have so many talented CEOs here today as well as investors to come together and thank you Mark for those kind words and the great leadership you're providing for this initiative and thank you all to our attendees. For those who don't know, CECP was founded on nearly twenty years ago by CEOs, four CEOs, with the belief that the world's leading companies can and should be a force for good in society.

And then that was not only just good for society, but would be really good for business. And at CECP we've kind of taken that up as our mantra as we move forward. Each year we bring together CEOs, leading CEOs, to talk about the role of business society. We just completed our 13th Annual Session inside. We have some 50 CEOs, well over a trillion dollars of market cap, talking about how by being a force for good. It actually is good for their business, great examples for Master Card, from Ecolab, from US Bank, from PWSC, from KPMG and others about that area. So we're really delighted to do that.

At our session a few years ago, we heard from investors saying, it's all kind of good, but you CEOs are too short-term oriented. And of course the CEOs said, we're not the short-term ones, it's you other guys. And that was sort of the challenge. We polled our CEOs. We found that 86% said they were too short-term oriented, 86%. McKinsey is seeing similar results in their research as well. We studied the research from people like Bob Eccles, who's with us here today, and Roger Sodhi and others, McKenzie, that basically said companies run for the long-term, outperform over the long-term.

They perform better because they understand they're significant stakeholders, which includes customers, employees, their communities, the planet as well as investors and they understand and they recognize they deal with their material risks on a business. So we found some good research on that. We've read the letters from Vanguard. Bill McNabb, who's with us today from BlackRock and others saying we're looking to hear more about this and so at CECP we decided to act. And to operationalize those letters and the call for long-term.

Not that the trading doesn't matter, the quarterly things, the updates are incredibly important, we need us – but we need to strike a better balance on that. We put together as you've seen a world-class advisory board with us today. We really appreciate it. And that advisory board comes from big companies, part of CECP, comes from big investors and it comes from the professional service firms, who can bring it all together. We listen to others, who are outside of that group, but this is the group who really helps us to advance these efforts.

Year ago on this very day we held our first CEO Investor Forum, wasn't quite as big a crowd. We had actually have a number of companies that presented. We had a second one, last fall, at Bloomberg. This is our third. We have three more planned and we are learning a lot about along the way. Mark showed the investor letter, which we think is terrific and gives us a great sense of how we can really bring that that all together, but we're also getting ready to scale things up. And to scale things up, we need input, we need to fill out those feedback cards, give us some insights, but how we can make this part of the way we think about companies and invest and engage with companies.

With that we have a question we want to roll up here, a polling question. In front of you are there polling devices. So please you're going to have an opportunity to vote out of four or five of these today. So a little bit like Chicago, you get to vote early and often. So, you'll just very simply push the number corresponding to the answer. You don't need to push send. And this is what is your view, this audience, on how the balance and how CEOs currently spend their time. Are they overly short-term, somewhat imbalanced to long-term, way, way, way to long-term.

So this is the focusing in on public company CEOs. So push the number corresponds, run the clock down: three, two, one. Alright and we will see what the other group says. All right, so we have about 78% of people here, by the way if that number wasn't that good we have to shutdown the meeting now. But 78% of the folks saying, nearly four to five, not quite as high as what CEOs said, saying the companies who are either somewhat short-term or overly short-term. One in seven saying it's about imbalanced and a few who are thinking – we do have a couple of hedge fund guys here today, who are thinking companies might be a little bit too long-term oriented. But a helpful perspective and backdrop of what we're doing.

We're also delighted to make this work, which is really how do we really evolved and just create a better capital markets. It really requires a lot of teamwork, Mark's team and his group are CEOs, but we're really delighted to have an outstanding co-chairs of this organization and I'm going to be introducing Bill McNabb, Chairman of Vanguard. And when you look for co-chairs, you want people who are smart, who have had impact and have a lot of zeros because this is a game about zeros, billions, trillions of dollars.

I give Bill a big credit on smart right, He's a Dartmouth grad went to Wharton. He's an Eagle fan, but this year that's even looking pretty good for Bill. In terms of the impact in the zeros when Bill got to Vanguard, he's been there for long-time and as CEO it's been ten years. Vanguard was managing somewhere about a half a trillion. Today with some market improvements and others, it's over $5 trillion of assets under management. So an enormous impact that that Bill has really made. And I'm going to ask Bill to come to stage in addition we're going to be announcing later today that Bill's co-chair of this effort assuming that he does well on his presentation will be Alex Gorsky. Alex, you'll see has also stellar numbers, a smart guy, a West Point grad, great numbers, great impact that he has had and assume he does well and we will get vote on it with Alex's peace. He'll also join as a co-chair.

Without further ado ladies and gentlemen, Mr. Bill McNabb, our member of the CECP board.

<<Frederick William McNabb, President & Chief Executive Officer>>

Thank you. Daryl, I was going to be nice to the audience and leave out that Eagles thing. I didn't break out my, we're from Philly shirt. Any of you who are sports fans, who happen to watch the parade, don't do it with young children in the room, but the we're from Philly part, it's actually pretty amusing. So look it's a huge privilege to be here. There were two things, Daryl and Mark didn't tell me when they asked me to do this. One was that they were going to run a poll about short-term long-term before I got up here and was going to talk about it. And secondly that the only thing standing between us and seeing Mayor Bloomberg on stage, which will be an incredibly I think engaging as well as educational session, having done a couple things with Michael before. It's his perspective on some of the topics that we're talking about I think is incredibly relevant.

So CECP, as Mark and Daryl went through, has really evolved over the last fifteen years in particular and you know it's become such a great convener to be able to collect all of you in a room like this to talk about these really important topics. I think is just it's remarkable and it's fun to see the evolution. The whole theme of long-term is I'm really came about as we were talking about this a couple of years ago and you see – you saw the poll results like people do feel that there's too much of a short-term orientation.

I was at a session recently where a couple of my peers, who are in the private equity, private equity business have pulled together a bunch of portfolio companies. And the companies basically said being private to better form of capitalism and as somebody who invest a lot of money in the public markets that was not music to my ears. And I actually think there's huge policy issues around that, I think there are social issues around that. And so trying to in a sense get a balance if you will between the private markets and the public markets is going to be a very important thing and there are a lot of elements to that, but one of the most important elements is timeframe.

And you know having the ability to think out longer-term. And it's interesting as a firm that invests lots of money on behalf of our clients in public companies, we're actually not public. And, so we get to actually run ourselves a little bit differently, because of our mutual ownership structure, which I actually see a lot of the benefits to. So, we get the debate, and we actually understand it.

So, I think part of our responsibility and I think one of the reasons for this initiative is to really drive this sense that it is actually good for shareholders, for companies to think longer term. And we're going to talk a lot about that this morning. This letter that Mark and Daryl referenced and you have a copy of, it actually came about for an interesting reason.

We ran the first couple of these sessions, a year ago and then in September and then there was a panel after the session last September and they asked the panel members, so what did you think. And they said look it's great to have companies up here talking about the long-term but frankly, we didn't think they were long enough term. And so some of the companies came back and said well that's great why don’t you give us a little guidance.

And that was the – if you will the catalyst for putting out the letter initial, if you see in the letter there are seven basic questions. Now, I'm not going to pretend that this letter is the be all and end all but what I think it is, is a really good start to what the kind of conversation we need to be having and if you imagine for a moment those of you in the portfolio management side, we all do quarterly, everyone sits in on quarterly earnings calls whether companies provide guidance or not whether – whatever that topic is but you sit in on those calls.

Imagine if you just took one of those calls away and had the CEO and the management team perhaps a member of the board talk about their long-term aspirations. And, how they're trying to position themselves not just for today but for tomorrow and for the future. I think it would be as an investor, I think it would be a huge, huge benefit trying to understand that.

So we're – that's a lot of the work that's going to go on in this committee that's a lot of what we're thinking about it and the reason that we believe so strongly in this is that we think that getting long-term shareholder returns that are really vibrant is very much linked to companies having a sustainable long-term strategy. And companies that manage two short-term oriented, we don't think do as well over the long-run.

There's emerging academic data on this but if you just think about it from a commonsense standpoint and you think about the companies that you really admire that have been around for 50, 75 or 100 years. They've somehow figured out how to make that long-term case to their investors, as well as their other stakeholders.

And so that's a lot of, what we're going to really be all about on this committee. Now today you're going to have discussion with some of the best CEO's in the world and what you're going to hear a lot about is the concepts of how do you actually create a strategy that is long-term and relevant. And I think a lot of it I'm a strategy geek, I love this stuff and I could spend all day on it.

But I think a lot of it is really trying to get it two critical issues, and the first one is why does the company exist. And very much related why will it be relevant, why is it relevant today and why will it be relevant tomorrow. And I grew up in Rochester, New York and we had a couple of iconic companies. There's one, I'm sure it's gets talked about all the time Eastman Kodak.

And Kodak defined itself very clearly as a film company and it defined itself as the best film company in the world. And they were going to sell you the most film and every everybody was going to have a Kodak camera, and everybody was going to have a Kodak film, filling that camera.

As I started thinking about strategy from more of a purpose driven perspective one of the questions I've asked myself is how would Kodak have fared because we all know what happened, how would Kodak have fared if it's mission instead of to be the best film company in the world was something like we exist to capture life's moments. Or some really equivalent kind of light.

And if you think about that they still would have had to be a great film company at the time but they would have been much more open to any and all new technologies that would have captured the moment. I think many of you know Kodak actually invented the digital capture. And so was positioned to actually to dominate that but again saw itself too narrowly.

So I don't mean to pick on Kodak but having spent the better part of my childhood and young adulthood in Rochester it's always been something that's bothered me because it was such an iconic company. It was such an iconic company and to me it just a good idiosyncratic example of getting this right.

So that's a lot of what we're going to be talking about and what we hope to hear from companies is talking about why they exist, why they're going to be relevant and frankly then getting into how are they going to actually do that. How does the board interact with them, how does the board think about strategy and risk and oversight of that. So that's a lot of what I think we'll hear this afternoon and I think it's going to be really exciting.

One of the questions that's come up in our committee work in some of the debates certainly around the industry in academia is the role of shareholder versus other stakeholders and I'm sure that's going to come up and we've certainly had some of that in our morning session and our funds I'll also speak for Vanguard, we managed roughly four trillion dollars of equities and a lot of that is in indexed funds which are forever investors if you think about it.

So we obviously are very concerned about shareholder return, and we get other people thing but how do you trade that off against all the other stakeholders. I'm going to make the case that I actually think that debate is less relevant than we all think because I don't actually think it's a trade off. I think if you're actually managing a company for long-term value creation, you must take other stakeholders into account and you actually must build something that's very vibrant for them as well.

And that's where I think these ideas are going to converge and that's a lot of again I think the work that's ahead of us. So I want to close with a huge thank you for all of you being here. Having so many participants from the investment community to really listen to these companies to the CEO's and as Mark and Daryl have indicated we're going to need your feedback. This is very early innings in getting people to think this way but more input more feedback from you all will be very helpful in helping us shape this very, very important topic.

Because I do think it's incredibly relevant to the success of the economy, the success of society frankly to get this right. So again huge thank you for being here, we look forward to spending the afternoon with you. Thanks.

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

Thank you Bill, excellent. Now I would like to introduce to the stage Erika Karp who will introduce the next session with Michael Bloomberg and Curtis Ravenel, Erica.

<<Erika Karp, Founder and CEO, Cornerstone Capital Inc.>>

So it's amazing to be able to introduce Mayor Bloomberg and Curtis and Bill's comment about long-termism I'm struck that long-termism really does mean a resilience to disruption. And that's particularly interesting when you get to talk about Michael Bloomberg. It was Abraham Heschel who said that the opposite of love is not hate, it's indifference.

And so when it comes to Michael Bloomberg and some of the things that he does that seem maybe crazy and that some people hate no one is indifferent, which is wonderful. So when you think back and Mayor Bloomberg has roofs in New York City painted white, so that we can save on power. Or he stands up in congregations like my own synagogue where he fights for the critical right to marry marriage equality. Or he works to create an organization near and dear to my heart called SASB. Many of you know SASB where we fight for the idea of disclosures, standards for disclosures around critical environmental, social and governance factors.

Or he thinks about the idea of carbonated soft drinks and the fact that we are driving through them obesity and diabetes and he fights. So from the standpoint of Mayor Bloomberg’s position again there's no indifference, there's progress. And what I would say also, I'm reminded this is a Ronald Reagan said if you can't make them see the light then make them feel the heat.

So in any case for me again knowing Michael a bit knowing Curtis it is a great honor to be able to introduce them to you. Thank you.

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Erica thank you. Good afternoon.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

Hello. Well it's good to see you all again. I've been here before and I'm glad to be able to interview Mike. Let's go around I think the idea of long-termism is obviously something that Mike has thought about quite a bit. And we'll dive right into it.

First of all, actually I want to thank Bill and Mark and Daryl and CECP for having us number one. Charlie nice to see you. The strategic investor initiative is important Bloomberg is a part of it and we're really excited about. So thank you all for your support.

Mike you just wrote a book Climate of Hope with former Sierra Club, President, Carl Pope in which you expressed optimism that bottom up solutions are the answer to climate change. Why are you so optimistic.

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Well for a start if the alternative is were all going to turn this planet into Mars, you might as well be optimistic and there is no reason to be pessimistic. You're not going to be around if it is right.

Seriously, I think climate change and lots of problems in life are really small problems individual problems and if you attack each one of them you can make some progress in the grand scheme of things. They are very few things that you can attack on a revolutionary way, it's evolution that got us where we are and it's going to take us forward and what's happening to the climate, 17 out of the last 18 hottest years on record have been since the year 2000.

So, if you don't believe in climate change, I don't know what to tell you what is true however is the consequences of killing everybody on the face of the earth. No matter how remote the possibility is expected mean value is something you should pay attention to.

And when people say oh I don't believe it, can you imagine a CEO in front of her or his board and saying well I'm not going to move the plant, screw it I don't think the oceans are going to get higher, the board will say wait a second what's your backup plan, where's the wall you built, what's the backup facility that sort of thing.

And when you watch the crazies on FOX News, it's the former has beens are never business people they are generally journalists who don't have to really worry about it. But nobody is going to their board, I don't believe it I'm not going to take any precautions. And what you see here is there is a lot of pollution caused by coal, you can do something about that. We've closed – with the Sierra Club really funded by us and some others have closed 268, I think it is coal fired power plants in this country that's more than half of the coal-fired power plants. It's brought down greenhouse gases dramatically in this country and there's a lot of pressure to continue with this closing of plants. In fact the number, the rate of closures since Donald Trump was elected is greater than it was before. So really are making a difference there.

There are people who are going to more fuel efficient cars, there are people that convert their electricity incandescent bulbs to LEDs, and complex fluorescent. You can as Erika has mentioned if you paint your roof white you reflect off enough of the sun that even here in New York City you reduce your Con Ed though by 25%. And I will never forget Al Gore and I were on the – he's the one that invented the Internet if you don't remember. Al doesn't like that when I say it. Al and I were on a roof in Queens I think it was, where most of the buildings like five storeys and flat roofs. And there were with our rollers painting the roof white and post status dressed as clowns or something on the front page.

But today if you fly in and out of LaGuardia, look down every roof is white and the handful that are not, I guarantee you are empty the buildings held by the banks or somebody that can't find because for two cans of paint you cut your electricity bill. People are going to pay attention there. So there are individual things you can do and we are making progress. And you don't have to have everybody in the world do them. Commonsense says there'll always be some countries that for selfish reasons or just stupidity aren't going to take actions that will help us all, although they will benefit from our actions. But that just means we've got to do what we can.

China is one of the countries that is the most pro environmental country in the world right now. They have this enormous problem, they can't see across the streets and they're trying to do something about it. On the other hand India next door you see pictures of people carrying coal out of the mines in their arms, there's the job problem there and there Modi is trying but I know is near as aggressive actually making progress. So America is going fine, we'll do fine without the federal government. And China is going to do its part and India may down the road and there are that individual things keep working.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

You talked about individual things but there you're also known for collective action and after Trump announced the U.S. withdrawal from Paris he launched an effort called America's Pledge to ensure that U.S. meets its goals. Can you talk a little bit about that effort and what it means?

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Well number one, the federal government hasn't done really anything. Obama did pass a piece of legislation, or got a piece of legislation passed. But it has never been enforced. It's tied up in the court. Someone Trump says he stopped the Obama plan. He didn't really stop the Obama plan, it was never implemented and who knows whether it ever will be. But without the federal government we're going to be just fine and when Obama or Trump said we're going to pull out of COP 21. And my hope is that he does not then in the end there’s enough pressure and like a lot of the things the President says the ideas that he sort of formulates on the fly and when he gets into the details they really don't get implemented so he meant we may never drop out of COP 21. But even if we did drop out, all of the progress that we have to make in America is made by individual people, and individual companies and local governments and those things can go on without the federal government. So what we've said is look America has an obligation to pay, I think, it was $15 million over the next five years to an organization which keeps track of who's doing what they promised it or not doing what they promised at the Paris in COP 21.

And – okay we'll pony up the money, if the federal government doesn't pay, I don't know what that says, if the federal government doesn't pay a few of us are going to pay kind of mismatch. But okay we'll come up with money somewhere. And you have 2,000 odd companies, and cities and organizations that have joined and we call this America's pledge Jerry Brown, the Governor of California has been very helpful and as well. And Carl Pope, who you mentioned before, who co-wrote this book with me used to run this Sierra Club. And together we have coalesced together and excited people to do more than we would have done if Trump had stayed out of it. I mean in the end he was a godsend for us because he got people to say oh I'm not going to let that happen I'll do my part.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

And you all will likely be reached out to some point to help join coalition if you haven't already, so thank you. You've been very active working with cities to reduce emissions and as you said Sierra Club to close these coal plants around the country. Why cities and why coal specifically?

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Well coal is the most polluting fuel that we use maybe into any scale. And coal we have a lot of it but it is so polluting the estimates are it killed about 13,000 people a year. That's been cut down in half seven odd thousand because we are putting a lot less pollutants into the air. And if you live downstream from a coal fired power plant I would suggest you start picketing right away you don't want your kids breathing that air. And it's really a very local thing.

One time in New York City when I was mayor we plotted on a piece of paper just on the X Y axis where kids who go to the hospital with asthma attacks live? And you plot the roads right through Manhattan all these big trucks go through Manhattan. It's interesting if you look at all of the Hudson River crosses, under and over the river crossings you pay tolls coming east. If you look at the Verrazano Bridge, you pay them going west. So trucks go one way through the city and the other ways the other ways to avoid paying tolls and that puts an enormous amount of traffic in New York City which you don't need.

But Susan Molinari whose father was the borough president of Staten Island, and she was Congresswoman, in order to curry favor with the people on Staten Island got in the federal legislation the requirement that the Verrazano goes in the other direction to cut half the traffic that would have otherwise gone through Staten Island is a very clever piece of legislation not good for the rest of us but that's okay.

But anyways, coal is very bad, there are alternatives, natural gas is so plentiful and so inexpensive that it really gives an impetus to anybody that owns a coal fired power plant. Forget about whether they believe or not that’s damaging the world. The economics are forcing everybody in the Sierra Club has really been helpful and picketing that's helpful and all that sort of stuff. But I think it's fair to say that the economics are forcing people to do that. Some countries don't have a lot of natural gas and so they can't really do that or be more expensive to get rid of coal.

It's also true that renewables have become so cheap that in many cases they are a very good alternative, even cheaper than natural gas. The problem with renewables are that the sun doesn't shine all the time, the wind doesn't blow all the time and until you solve the battery problem which we’re getting to but it's not there. There are big power plants, companies that are going to rely on solar, wind but only for part time and then they have to have a backup and that hopefully will be natural gas which is still a fossil fuel and still pollutes but no ways near as much as coal.

And the cities incidentally it's the problems are in the cities because we are using the energy. The pollutants may come from a power plant 200 miles away but if you reduced your energy consumption here you would reduce the amount of pollutants they put in there.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

So in relation to this group to especially your chair of two things that are around information disclosure and intended to get better information to investors, one is you were appointed as Task Force on Climate-related Financial stability or if disclosure rather by Mark Carney looks at climate change from a market perspective you're also Chair of SASB, which focuses on broader sustainability reporting. Why are investors, you think, concerned about climate risk and what are you trying to do with SASB and the task force to help?

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Well the task force and SASB are to let investors see what companies are doing and use that in the decision making process if they so choose. I can just tell you from my company when we interview people for a job the first thing they ask us because the review process has been turned around someplace when I look for job and now. And they want to know what you're doing in the environmental space. And if you say in our case I say well Bloomberg is giving all its profits to its foundation and we work on a number of things, that's a big positive if you say the company is – we generate a lot of our own electricity that's a big plus and it's what we use in competition with other companies, we’re trying to hire the same people.

Companies are worried about their customers wanting to deal with an environmentally friendly company, they are worried about their employees wanting to work for an environmentally friendly company and they're particularly worried about the big investors who are getting pressured from their beneficiaries to only invest an environmentally friendly companies. And so a lot of what's driven by this is you've got to stop and think who's the beneficiary, why the companies do things? I saw today Delta and American, I think it was two airlines that said they were going to terminate their relationship with the NRA, they have a benefits program. Why did they do that? They don't care what the NRA does they care about their customers which is the public. Congress is not rushing to walk away from the NRA, why? Because their customer is the NRA, it's the NRA that's funding their campaigns. And so everybody that says oh they're going to change now because of this terrible tragedy of 17 kids getting killed, or 57 people in Las Vegas. I don't think they are going to change they will do some meaningless stuff, but they still want to get their monies from the NRA and their support from the people who are and NRA members.

And Delta and American have made the decision they're going to have to fly some time anyways so if all the airlines pull out of support of the NRA, they get a freebie if you will. The people look good and it doesn't cost them anything.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

And obviously on the information front getting this comparable information you talked about and what Bill talked about earlier long-termism. Having a longer view on issues that may or may not be immediate is important and obviously as a firm Bloomberg invests in making good information available to its customers. And so for us it makes sense to invest in these initiatives that provide better information. Our goal as a firm right to help…

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

I've always been fascinated with people that say companies can't have long-term plans because of the demand on quarterly earnings. And all you have to do is look at Jeff Bezos to say that's not true. What you have to do is say to your investors, look we're going to be long-term and have the consistent message and then they will, not all of them, but most will ride with you through quarterly downturns as well as upturns. You have to explain it to them, you have to tell them what you're doing and why this quarter was bad or whatever. But this argument that you can't plan for the long-term doesn't make any sense to me. And in fact I would not want to invest in a company that was only investing for the short term, or only running the business for short term.

Things are changing, every business is being disrupted, I thought Bill's comments about Eastman Kodak were dead-on. Who would have thought that – if you take a look at the change today what's happened in the last 10 years in everyone of our businesses, because we live with it, you don't see it, but go back and see it's hard to believe that ten or 15 years ago people didn't have any uplink capability, forget about the 10 gigabyte uplink capacity that I have to have on my phone.

And the estimates are that you'll have more new technology in the next decade than we've had from Thomas Edison to today. So just think about that you've got a plan for the long-term you've got to work for it. And for the environment you've got to go and try to do some things that will take a long time, takes a long time to get to build a dam, for example, for hydropower, it takes a long time and a lot of money to invest in battery technology or transmission technology to get energy where you need it.

And there are some short things you can do, which we talked about but there are some long things too. And I think companies have to go and think about the long-term, they are much too short-term focused and you can say, okay, well, do you have a private company not to answer anybody but that's not true. You – even in private company, you have to answer to your customers, who want to know you're going to be around down the road. You have to answer to your employees, who want to make sure they're going to have it down the road a job and that sort of thing.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

So speaking of on corporate sustainability, given what we've talked about the lack of leadership with the federal government et cetera. Do you think the businesses really can lead the way, this is a group of business leaders and investors?

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

My experience in 76 years is, in business just tell us what the rules are, we'll deal with them. We can spend all the time, yes, you have a lobbying group when you try to influence the dialogue. But whatever it is companies – if they are subject to really being hurt by a small change in the law, tax rate that goes up or down, interest rates that go up and down a little bit, they don't have a business.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

So Bloomberg, for example you mentioned a lot of these things, we’ve made some changes based on Sandy to some of our operations as well. So we know about the near-term real impacts of climate change. On that long-term planning as we see temperatures rise, as we see regulatory changes especially in Europe. How do companies remain resilient to use Erika’s term, how do they do that?

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Well, you have to sit there and look at every part of your business and say, what would happen if it's not there. A good company does that with their employees, we all have succession planning. And then we had a book, which was done while I was in City Hall of every employee or at least the first 4,000 out of 20,000 whatever it is. And who would do the backup and when I got, I started looking at the book, there was one person was a backup the half the job. You have to plan for the long-term, you have to think about what if and what if the technology isn't there or changes. Could Kodak have really responded when they saw cell phones with cameras built-in, I'm not so sure they could have maybe they should have gone out and shorted their own stock that they could have done.

But could they have gone in and competed with the hardware manufacturers, the Apple’s and the Samsung's and in those days, it was other companies probably not. Maybe they're just in the wrong place, wrong time and there was no salvation but all of us should assume that everything no matter how good it is, tomorrow somebody can come along and what is your game plan.

In our company, I do think a lot of times about – a lot about what we do, we have some protection because we have a big customer base depending on our technologies. So if somebody comes along, we'll have some time to react. But having said that, you can't wait, let me rephrase it, if you ask your customers and your sales force. What your customers need and if that's what you build, you will be hopelessly behind because it's what everybody else is going to build and by the time you deliver it. They don't need it any more.

It's the great example of somebody who's looking for a two bedroom apartment, asked the agent to show apartments, sees two bedroom apartments calls a week later and said take my name off your list, I just bought a three bedroom apartment but I thought you said two bedroom. Yeah, well, I didn't know what three bedroom look like and it's that kind of thing you've got to show your customers, where they should wind up and build it for them and then try to take them there. It's sort of leading from the front and leading to the back, that's not to say your customers don't have good ideas. It's not to say you don't have to be a responsive and all that sort of stuff. But I don't think your customers or your sales force or even you are good at foreseeing the future.

The future is scary and particularly it's hard to believe that they can, somebody can automate you out of existence, your business or your job or something like that. And we just push it out of our minds because maybe you don't have a good solution and you can't go through life thinking about everything going to zero, just never get there. The good news is if you're my age, you are not going to see most of it.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

Well, with that, I’m going to conclude thank you so much for your time.

<<Michael Bloomberg, Former New York Mayor, CEO of Bloomberg L.P.>>

Thank you, all. Thank you.

<<Curtis Ravenel, Director-Sustainability for Bloomberg L.P.>>

Thank you.

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

Thank you, Mike. Thank you, Curtis. And what great leadership Bloomberg is showing in the sustainability movement. It's a pleasure to have all these great speakers today. It's now my – checking the time here. Now my pleasure to introduce Gianna McCarthy, who will – is with the New York State Common Retirement Fund, who will introduce our next special guest speaker, Gianna here? Here she comes perfect.

<<Gianna McCarthy, Director-Corporate Governance, New York State Common Retirement Fund>>

Hi, good afternoon, my pleasure to introduce Commissioner, Robert J. Jackson Jr., who was appointed to the SEC by President, Donald J. Trump and was sworn in just last month. He recently gave his first public remarks as Commissioner on perpetual dual class shares, the case against corporate royalty, suggesting exchanges, revised listing standards to balance the need for equitable voting schemes against the need to encourage visionary founders to bring their companies public. So that mom-and-pop investors can participate in these companies tremendous growth potential as well.

Commissioner Jackson is on leave from NYU School of Law. He previously was professor of law and director of the Program on Corporate Law and Policy at Columbia Law School. Well at Columbia, he organized a group of law professors to petition SEC requesting rulemaking requiring companies to disclose political spending. It received a remarkable one million comment letters including one from my organization, the New York State Common Retirement Fund in support.

He also served as adviser at the Treasury Department and in the Office of the Special Master for TARP Executive Compensation. Commissioner Jackson earned all-in five degrees from Harvard and University of Pennsylvania. Please join me in welcoming Commissioner, Jackson.

<< Robert J. Jackson Jr., Commissioner-U.S. Securities and Exchange Commission>>

Thank you so much, Gianna, for that incredibly kind introduction. So good to be back here at home in New York and what an honor to be speaking after Mayor Bloomberg today, I'll tell you as a guy who just moved to DC to take a new job. I'm sure the mayor will be pleased to know, I plan to be back and speak in New York often, if only so I can get a decent slice of pizza.

I was born in the Bronx, just a few subway stops from here, to a big Irish Catholic family. My father was one of five kids and my mother was one of nine, and I’ve got dozens of cousins spread out around New York. Matter of fact, it would be great if you could keep the fact that I’m in town just between the 200 of us. Otherwise, I’m going to have to spend the rest of the week visiting everyone.

My mom has three older brothers, one of whom served for decades as a transit cop and then he was a detective in the NYPD. My Uncle Jim mostly worked in local precincts, not that far from where he grew up and today his son, my cousin Jason is carrying on that tradition, serving with pride in the NYPD.

I’ve thought about them a lot during my first few dizzying weeks at the SEC. And that’s because, for all the publicity our rulemaking tends to receive, I’d tell you the daily bread-and-butter work of the SEC is really enforcing the securities laws. In fact, I spend most of my time with the incredible SEC staff, who work all around the world to bring cases against fraudsters, who trying to steal from average investors. They’re the real cops on the beat of the financial world, and play a critical role in ensuring that our markets are the safest and strongest in the world.

And let me tell you, having spent some time with the cops on the beat, both in the NYPD and at the SEC, I’ve learned a lot about how hard their job is. And if I’ve learned one thing, it’s this: whether on the street or in the securities markets, the cops can’t do it alone. We need multiple layers of protection to keep our market safe and strong. And that’s especially true in the financial sector, where investors are often the last line of defense keeping folks from committing fraud. Good thing for our country and for everyone in this room that insiders know that, if they try to cheat investors and get caught, shareholders can sue and they’re going to get their day in court.

Now you are all here to ask today, what investors and companies and corporate leaders can do for the long-term good of our markets. And that's why I want to talk to you today about recent rumors that folks are planning on slipping a mandatory arbitration provision of shareholder disputes into an upcoming IPO. The idea is that our Division of Corporation Finance is going to be required to approve the IPO, and in the stroke of one pen, one company will strip shareholders of their right to their day in court. My pitch to you today is that this is not the way to do this. This will undermine confidence in our markets over the long-term. It will raise questions for every company everybody in this room about where you are on corporate fraud.

My view on this is whatever the SEC decides to do in this area, we should only do it through a careful public rulemaking process. And I hope today you'll join me in calling on my colleagues at the commission that if we're going to take away investors right to their day in court, we should at least do it in the light of day. Now you all know very well that there are two main ways we enforce securities law in this country. First, the government can identify the wrongdoing and bring a case. Second, investors themselves can bring a lawsuit against the responsible individuals and companies.

Now look, government enforcement is crucial to the functioning of our securities markets. And I’m very proud to work alongside the best securities enforcement team in the world. I see the results of their hard work every week in our close commission enforcement meetings, and I am heartened by their dedication and their commitment to protecting investors. But at the same time, I had to tell you, I'm struck again and again by the audacity of fraudsters and the devastating amount of money that our investors lose. Almost daily, I am reminded that our world-class enforcement lawyers just cannot do it all alone.

That's why the Supreme Court has said for many years it's been well understood the policing corporate wrongdoing is a team effort. The government and investors working together to make sure that the insiders who do the wrong thing are held to account. And nowhere is this more clear in the area of shareholder recovery of losses that fraud causes.

Let me give an example. In 2016, $0.60 of every dollar returned to investors in corporate fraud cases came through private rather than SEC settlements. And giving investors their day in court has been even more important when the stakes are the highest, like in the wake of the significant accounting frauds. After scandals at WorldCom, Enron, Tyco, Bank of America, Global Crossing, investors recovered more than $19.4 billion in private lawsuits. And by contrast we at the SEC obtained $1.75 billion.

Something else that's important to know is that shareholder suits help us at the SEC do our work. In fact, in important empirical work a couple of scholars one of my colleagues Stephen Choi has observed that investor lawsuits are as good or better than the government is in targeting securities law violations.

Now, look, my colleagues at the Division of Enforcement doing valuable work every day protecting investors, but there are limits to what they can do, especially today, when the SEC's budget is frozen and fraudsters are finding new ways to hurt investors every day. Our enforcement efforts are straining at the limits of our budget resources and recent judicial developments have made the job of our enforcement staff even harder. Supreme Court's recent ruling in Kokesh v. SEC for example, prevents the SEC from recovering hundreds of millions of dollars that in the past we could have returned to investors.

So it comes as no surprise to me and it shouldn't to you that shareholders are working harder than ever before today to help enforce our securities laws. More federal securities lawsuits were filed in 2017 than any year since 1995. As my colleague, Rick Fleming, SEC's investor advocate pointed out in the speech over the weekend because of the limited scope of the SEC's resources investors themselves bear a large share of the responsibility for policing our securities markets and that's never been more true than it is today.

So now when the SEC is hamstrung by budgetary and legal limitations, it's hardly the time to think about depriving shareholders their day in court. But there's another reason why I'm skeptical of proposals like these and I hope you are too. They deprive the public of the confidence they need that corporate wrongdoers are going to be held accountable. You see the resolution of private disputes in public courts creates what a guy like me would think of as a positive externality. In other words, the public benefits when private litigants show in a public hearing that corporate insiders need to know what the law expects of them.

Holding wrongdoers to account tells the public we take corporate fraud seriously and it sends a signal to insiders, lawyers and investors that being unfaithful to your shareholders doesn't pay. By contrast, arbitration is usually conducted in a closed door proceeding, depriving investors of their chance to air their objections and the rest of us the knowledge of what the law is. And that's especially true when it comes to the fiduciary duties that everyone in this room owns to their investors.

One reason is that in this area we have the benefit of the expertise of the Delaware courts. It’s a matter of fact one of the major cause that concerns me most of proposals to bring shareholder lawsuits into the dark is that they would deprive the public of the investor protections the state courts have developed over the years. Those protections would not exist today if those underlying disputes had been privately arbitrated.

Now, look, of course it's true lawsuits have their own costs. My guess is everyone in this room has found that out the hard way over time. But let's be clear, steps have already been taken to address that problem. For example, Congress chose to limit the scope of investor suits in federal court over 20 years ago and the Delaware courts have also put in place limitations on shareholder litigation that companies and shareholders can make use of today.

And here's the key thing that I want you all to think about. Nobody in this room should be in favor of creating any doubt whatsoever that fraud doesn't pay. Allowing that to happen favors the competitor you have who skirts the line a little too carefully. And I know that everyone in this room who is committed to creating sustainable long-term public good is not in that group.

Any change like this in the past has always occurred after careful public analysis of the arguments on both sides, took the views of millions of investors on one side and managers, strategists on the other. This is never been the way we've done this in America, it's never been the product of a one sided process that one company could initiate with the staff of my agency. We should all agree as we always have that investors deserve better than that.

So how do we move forward from here? For starters we need rigorous answers to the many legal questions that these rumors have been raising. What would the effect of SEC action be in this area for state law? What would the Delaware court say about the relationship between forced arbitration and a board’s fiduciary duties for example? Would our approval at the SEC of such provision even be consistent with the federal securities laws?

And what would the practical effect be for the SEC’s enforcement priorities, especially at a time when regulators were being asked to do more with less. If investors are barred from bringing suits in court then the burden of investigating and litigating all these cases might fall entirely on the SEC. How much would Congress need to appropriate to make sure we have enough resources to do that job? By the way, given the sheer scale of private enforcement of our securities laws, I'm skeptical the government could ever fully prevent corporate wrongdoing on its own.

So to really evaluate an idea like this one we have to know what would it cost our markets and the investors who rely on them to face more corporate fraud? These are just a handful of the issues that I think will need to confront. I'm sure that many of you in this room could point to many more and I fully expect we're going to hear a wide range of views on the topic and that's why we need considered public input to make sure we fully understand the cost of ideas like these.

A model that we at the SEC would do well to follow I think is the detailed empirical work that supported the CFPB’s arbitration analysis. Surely public investors deserve a similar level of deliberation if what we're thinking about doing is taking away a fundamental mechanism for how we fight corporate fraud in this country.

Now, look, before I joined at the SEC my research and teaching the things I focused on were really what we're here to talk about today. How we give managers and shareholders incentives to build the kind of sustainable value that makes American markets the envy of the world. And what I've learned in my first few weeks on the job is that the most important thing we can do to create long-term sustainable value in this country is to make sure the corporate crime doesn't pay.

Look, there are always going to be short run scam artists who seek to steal rather than create long-term value. As my uncle, my cousin and first responders everywhere know it's also an unfortunate truth that as hard as we try we'll never be able to prevent every fraud or catch every crook. That's why I'm skeptical about handcuffing investors who play such an important role in detecting fraud. But whatever path we choose we should choose it in broad daylight and we should choose it with the help of all of you.

I'm deeply grateful for the chance to be here today to talk with you all in these important conversations about the long-term future of our companies and our markets, and I still look forward to the rest of our day together. Thank you very much.

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

But we're waiting for Alex Gorsky, he's in the air now and he's landed shortly. So what we're going to do right now is we're going to switch to you with some polling questions, Charlie, if we can turn up this question number two. Use your polling devices, again, you don't have to push enter. Approximately what proportion of the companies you currently hold are successfully communicating their long-term strategies? 100%, 75%, 50%, 25% or 0%. Can you hit it if you have some music or 20 seconds.

Interesting. So 51% 25% are effectively communicating their long-term plans and 1% say 100%. So that is very interesting feedback, and thank you, because we'll be using this later on for providing CEO's with feedback on their long-term plans. Can we go to question number three now? Polling question number three. And all this results will be shared with you in your follow-up packet. Question three is hearing company’s long-term plans. Making Charlie do multiple tasking here.

And by the way, all of this information, all of these presentations are being live streamed. So following Reg FD compliance – should have said that before the SEC Commissioner came out. Okay, question number three, hearing company's long-term plans will influence your proxy voting engagement strategies. So this isn't the investors in the room. So many of your investors they can't walk with their feet so they have to vote. And so will hearing company’s long-term plans influence your proxy voting engagement strategies? Strongly agree, agree, neutral disagree or strongly disagree. Strongly agree, well, that's interesting. That's a very high percentage of that.

So and now the final polling question I think we’re okay in terms of timing. Which two – now this is two-party answers, we're going to really complicate things for you. So which two elements of the SI investor letter which is in your packet but you didn't have to read it; are most important to your investment decision making? So this is a long one. So which two when you're making your long-term investment decision making? Key risk factors and megatrends, capital allocation strategies for a company, a company's role in society, a company's human capital management how to manage its employees, shareholder and stakeholder engagement or board composition enroll. What are the two most important factors in influencing your investment decision making for the investors in the world?

So it's one and two, interesting. So these are great discrete feedback. And again, I wanted to thank everyone for – are we scheduled for Alex yet or should we have a quick break?

<<Unidentified Participant>>

I think set the tables. I think we can have – since we haven't had a lot of time to have a lot of conversations at the table we've gone straight through it, we have – we'll have a five or ten minute break at the table so you don't have to go into the hallways. But if you can stay around and just talk amongst your table, then we'll get back right on track and have Alex Gorsky’s speech. Thank you.