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Dambisa Moyo
Co-Principal, Versaca Investments and Author

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Webinar

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Chair Emerita, The Economic Club of New York
Senior Fellow & Vice Chair of the Board of Trustees
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Introduction

President Barbara Van Allen

Good afternoon and welcome to the 601st meeting of The Economic Club of New York in our 114th year. I'm Barbara Van Allen, President of the Club. As many of you know, The Economic Club of New York is the nation's leading nonpartisan forum for discussions on economic, social and political issues, and our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation. A special welcome to members of the ECNY 2021 Class of Fellows – a select group of very diverse, rising next-gen business thought leaders, and welcome also to the graduate students joining us today from the Gabelli School of Business at Fordham University.

It's a pleasure for me now to welcome our special guest and Club member, Dambisa Moyo. Dambisa is Co-Principal of Versaca Investments, a family office focused on growth investing globally. She serves on a number of global corporate boards including 3M, Chevron, and Conde Nast, as well as the Oxford University Endowment Investment Committee. Her areas of interest are in capital allocation, risk, and ESG matters. She's the author of four *New York Times* bestselling books, and her new book is *How Boards Work and How They Can Work Better in a Chaotic World.*

Dambisa holds a PhD in Economics from Oxford University and a master's degree from Harvard University.

The format today will be a conversation, which we're fortunate to have Chair Emerita of the Club and Senior Fellow and Vice Chair of the Board of Trustees of the Hudson Institute, Marie-Josée Kravis, doing the honors. We'll end promptly at 3:45, and as a reminder, this conversation is on the record and we do have media on the line. Without further ado, Marie-Josée, the microphone is yours.

Conversation with Dambisa Moyo

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Thank you, Barbara. And thank you, Dambisa, and bravo to you. As Barbara mentioned, in spite of all your other activities and how busy you are, you've managed to produce another very informative and substantive book, which I had the pleasure of reading cover to cover and learned a great deal.

I'd like to start with you, Dambisa, your experience is so vast. You've worked in the U.S., in the U.K., in Canada, in Europe, and you've served on boards in those different jurisdictions where regulations are different and also the corporate culture is different. So I wonder if you might tell us a little bit about your journey and how you chose those boards or how they chose you, but really how you chose them and maybe draw some lessons or some parallels amongst those different experiences.

DAMBISA MOYO: Thank you so much, Marie-Josée. I'm delighted to be here with you albeit it virtually. And thank you, Barbara Van Allen and the team, for hosting me and giving me the opportunity to share some thoughts around my new book, *How Boards Work*.

With respect to how boards selected me and how I actually ended up on a number of boards, it's been quite a wild ride. I've now been serving on large global and complex boards for about 12 years. And the reality is I've had such a wonderful experience, not only across jurisdictions, as you mentioned, the U.S., U.K., Canada and also Continental Europe, but I've also served across different sectors so mining, energy, banking and finance, as well as consumer goods, and I've had the great privilege but also quite sometimes traumatic experience of having a ringside seat in very traumatic times, including Covid. I've had a chairman die in office. I've had activists in our stock. I've had a company whose stock was trading at $60 a share collapse down to $7 and real fears that the company might go under, but fortunately the company survived and continues to operate today with a share price of upwards of $20.

But I've had a wealth of experience, but truly the journey to the boardroom was quite a sort of circuitous one and I'm very much an unconventional board member. I'm an unconventional board member not only because I am a Black woman from Africa, but perhaps more importantly because I did not come through the C-Suite. And in that respect, as people I'm sure on the call will know, mainly board seats – at least traditionally – board seats were given to people who had previously been a CEO or a CFO of a competing or other company in an industry, and so I didn't have that background.

And I've been incredibly lucky because really what has happened is that there have been a confluence of factors beyond business, things like geopolitics, de-globalization, digitization, more macroeconomic trends and events that have led boards that I've served on to believe that they needed to widen the aperture in terms of the board members that would be relevant for their seats.

In general, Marie-Josée, as you know, boards tend to have about 12 board members. My sense is approximately 40% of those seats tend to still go to CEOs and CFOs, but there's definitely much more interest and much more openness to having people who come with my background or backgrounds that are less sort of defined by a business background as they were in the past. So that's my story.

And maybe just one last point is I've always been attracted to businesses that are global in nature and that are interested in the global themes and trends, whether it's demographics and technology and disruption, inequality, economic development, the whole host of things that are key inputs for human progress, and so I probably would not be found on a utility company of a local statewide utility but we're certainly always interested and fascinated by the challenging questions and puzzles of global businesses that have an imprimatur and footprint around the world.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, you mentioned in your responsibilities that directors hold, in fact, dealing with and trying to better understand the new cultural forces that are at play, and I'd like to get back to that a little later. But you also mentioned overseeing strategy and leadership succession and you've hired and fired many CEOs. How does that happen?

DAMBISA MOYO: More than I would like. I think the dirty, little secret, I mean you're absolutely right, boards have three – as far as I'm concerned – three fundamental roles. One is to provide oversight on the strategy so that's making sure that businesses have a profitable and a competitive but also successful sort of long-term intent and ability to continue to operate as growing concerns.

The second issue, as you rightly point out, is hiring and in some instances firing the CEO and I'll come back to that in a moment. And then, as you rightly point out, there's this third element around a cultural frontier. It's going beyond, you know, so what I call non-negotiables in the book. Things like professionalism and ethics. It's going beyond that into the realm of issues such as climate change, pay equity, racial and gender parity, issues of data privacy and worker advocacy, etc. So we'll get to that.

But with respect to hiring and firing, you know, the dirty, little secret is that over 50% of the CEOs that I've had to fire, censure, or in some way punish have been – I'm afraid to say – based on ethical infringements. And, you know, in retrospect, and this is one of the key aspects that I hope come out of the book, that we do a great job, if you look around the world, every day billions of goods and services are delivered without incident around the world, whether it's turning on the tap, clean water coming out, or your phone working, food being delivered. And so, by and large, things do work well. But, of course, we've also run into trouble where CEOs have run afoul. And, you know, one of the statistics in the book is that in just 18 months, there were over 400 CEOs and senior business leaders who were fired for "me-too" offenses.

But the point that I would like to make is that as board members, I believe that conventionally, we've spent a lot of time focusing on financial performance and operational excellence, issues of teamwork, all these key areas as we review candidates, but we have tended to sweep over the question of ethics and a moral compass. And I just last week wrote an article for Bloomberg arguing that I think we can do much better in this realm and that might be things like requiring attestations for candidates, people who want to become CEO, or even going as far as to ask one of my favorite questions, which is what's the worst thing that you've ever done to another human being? I don't think there's an answer necessarily, but I think we do need to probe much further and go beyond references into people's ethical and moral compass clearly as the world becomes more complex.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And you also mentioned, I mean you mentioned a moment ago how this new cultural frontier, and that touches upon a number of those issues relating to ethics and just cultural standards that are evolving. Here in the United States, the Business Roundtable has broadened its definition of stakeholder and cast a much wider net than it has in the past, way beyond the shareholders and even the employees, but to a broader range of different constituencies. And yet we heard Warren Buffett during the weekend say that trying to measure companies' efforts in terms of its environmental impact could be "asinine." So there is some controversy around this concept. Where do you stand on that?

DAMBISA MOYO: So, you know, I am sympathetic to Warren Buffett's views in some respect. I mean clearly I think you'd be hard-pressed to find anyone who believes that it's not important for us to be good community citizens. And for time immemorial and the first boards were around 1600 – I talk about that in the book – but really since then boards and the corporations that they serve have been key players in the global economy, whether it's through creating jobs, infrastructure buildup, paying taxes and, of course, through innovation.

You're right. The aperture has widened. The utility function has widened based on what the Business Roundtable said. And that throws up an enormous list of questions, some of them I rolled out a moment ago, but it also makes corporations have to reevaluate their role because they are not elected officials. So we have to think about not just what does it mean in terms of metrics and gauging the performance, not only in time series, but also as we compare companies with their peers and with other industries, but it's also about recognizing that each of these issues are incredibly difficult and very often they come with a lot of tradeoffs.

And so the box ticking exercise of here's a list, are you doing ESG, is simply not enough. You don't want to, for example, fight discrimination with discrimination. You know we have evidence and we know that having diverse boards and a workforce and C-Suite is very competitive. The returns on equity are clear that we get better returns and generate more success and are more competitive but at the same time – when you're more diverse – but at the same time we don't want to lose the high performing White guy because we become so overzealous in pursuing these goals. That's just one example.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, you've had also your experience with global corporations, corporations that work in multiple jurisdictions, whether it's 3M or Chevron or when you were at Barclay's and so on. So ESG has a different definition or a different impact, a different context in different countries. So, for example, you know, ESG is very different in China and India than it is in the United States. So as a board member, how do you balance these different approaches, both regulatory approaches, but also cultural and contextual?

DAMBISA MOYO: It's incredibly difficult, and I think that is the artifact of being a global company is that you are faced with these real challenges. You know the ability for a company to operate in different jurisdictions is not just about transplanting one culture into another. I mean we have to be sensitive to the fact, for example, that while in Silicon Valley or in the West we are pretty much all obsessed with work-life balance, in places like China people are willing to work from 9:00 a.m. to 9:00 p.m. six days a week, and who are we to go and impose our values there. And there is a risk of blow-back from the employees there but also from the consumers who may not like our suite of how the world should operate and how we should see the world.

My more general sense about these issues is that we do need to come up with a suite of policies or frameworks to provide guardrails in how we think about ESG. It's true that they should be more transparent. It should be more consistent. I think it's also really important that we put in place sort of guardrails that are innovative and dynamic to the changing nature of what is important vis-a-vis ESG.

So, you know, six months ago we were not talking about voter suppression concerns. Now we are. I need a system of making judgments for the future of corporations that's going to survive the next six months when God knows what the next issue might be. And in that respect, we do need to be flexible and flexible also in understanding that other cultures have a different understanding and appreciation for how they approach the same issues that we want to approach here in the U.S.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Do you think the public, and I'd even say the activists, understand that complexity?

DAMBISA MOYO: No. I do not. I fear unfortunately that the narrative has become quite facile. Clearly, there's a narrative among many activists, clearly there's a narrative even among politicians that characterizes a lot of these issues as simple. You know I talk about in the book, one of my favorite quotes from President Obama is how he says when he was president, when things got into his inbox, it meant they were extremely difficult, because if they were easy somebody else would have solved them. And I very much view ESG in the same way. If ESG were easy, then somebody else would solve it. No one would ever have to bring it to the board.

But, you know, I sit at the crossroads of a number of these issues. On the one hand, I was born and raised in Africa, a place that continues to live in extreme energy poverty, which has got material impact on people's long-term trajectory for human progress. I also serve on the board of an energy company, and I know what Chevron is doing in all areas of energy. We are not just focused on risk mitigation on the downside, such as CO2 emission or greenhouse gases. We're also focused on investing in solar and wind and water, in Nuclear Generation IV, in biothermals, etc. to try and figure out how we can get an answer to the scalable needs of energy around the world, where today 1.5 billion people don't have energy.

So when I hear activists arguing that we should defund an energy company, it's deeply frustrating to me because it totally neglects the 1.5 billion people who have no access to energy and does not actually even think about the second order effects of disorderly migration. Look at what's happening at the southern border of the United States as people's livelihoods are materially disrupted. And, you know, Marie-Josée, all those things I talked about, pay equity, racial parity, etc., all these issues, worker advocacy, data privacy, all these issues have those aspects of a tradeoff that require cool heads and everyone to have a seat at the table instead of this sort of simplistic narrative that I'm afraid dominates the conversation these days.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: You've made a real contribution with your book in bringing forth these issues and trying to engage into a conversation. And you make the point that one of the objectives of your book was to reassert the importance of the corporation and the role that the corporation plays, but business is not that popular right now. It's not very high in opinion polls. So how do you think that a better, or at least more substantive and more factual conversation can take place?

DAMBISA MOYO: Well, I think I would think about it in two ways. You're absolutely right. You know I'm sticking my neck out here because I do worry a lot that the business sector has been somewhat sidelined. They get very easily drowned out from people who are shouting louder and very often with fewer facts.

I think that there are two areas where we can do better. One is we need to be able to talk more directly with asset owners, not just the asset managers. I think asset owners, including ourselves as pension contributors, I think we might be more swayed by the nuance and the difficulty of some of these tradeoffs. And I think some of the sort of glamour around ESG, which is now about $45 trillion of assets under management according to JP Morgan, I think doesn't really, or I should say sweeps over some of the more nuance. And I think asset managers are a little bit guilty of that and perhaps asset owners would be a little bit more open-minded.

I think the other thing about business, and this point about reasserting is that we have been basically blocked into a corner as being, you know, antithetical to societal progress. You know I think and I hope that what has happened over Covid is going to remind people that we're not in a separate category. Yes, there are delineations between government, private sector and civil society, but we ought to be working together.

And the best outcomes, whether it's over Covid with the development of the vaccine and the rollout or even going back in history, the governments that are visionary that came up with DARPA and Silicon Valley and built the infrastructure for Manhattan Project, that type of visionary, data-driven, you know, a measured outcomes type of government is the type of government that can partner very effectively with the private sector. And the private sector and large corporations are keen to get it right and we need to for society's sake.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, don't you think more of that is likely to happen also post-pandemic? For example, corporations are reviewing their supply chains. It used to be just in time and now we're talking about just in case and putting more attention on the allocation of production and supply chain. So I would imagine that that will also entail more government interaction. Are you seeing that in the corporations in which you're involved?

DAMBISA MOYO: We are, absolutely. I don't think I'm divulging any state secrets. But I'm on the 3M board and we have been making the masks, the N95. I'm very proud to say we have a very large market share in that space. The reality is before Covid hit it was contributing about 1% to our sales, so really quite irrelevant. But just think about what it has done in terms of the board mindshare and also the CEO and the team since Covid hit. It has become an enormous piece of our conversation, not only because we wanted to ramp up production but also because we ended up in a geopolitical pissing match – if I can call it that – inadvertently. Right? I mean the Chinese, basically we produce masks in China and the government was very strict about exports from there, but the U.S. government had the same response with the DPA that was imposed on us – the Deferred Protection Agreement – which imposed on us.

So the reality is that we need to work with government. You know, as I said, we don't have to always think about risk mitigation and downside concerns. We should be thinking about working in partnership for upside leverage and real upside opportunity for continued growth and human progress.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Are you afraid, though, that trade protectionism might be on the rise, trying to impose on corporations rules as to where they should buy, sell or make their goods as everybody is coming out, everybody is trying to push their own recovery?

DAMBISA MOYO: Absolutely. You know I am deeply worried about de-globalization. Every aspect of globalization is under threat. Trade, if you look at the World Trade Organization, trade has flatlined. In fact, pre-Covid flatline is around 3%. If you look at the UNCTAD numbers on investment, it's true, as capital flows across border, we're down 42% in 2020. You can basically say that's because of Covid but actually even before that, the trend line was not very good.

I'm worried about immigration. It's been a very big piece of success in the United States in particular. About 13% of Americans are foreign-born and that's good, but during periods of a lot of protectionism, so think about the era of 1930s to 1954, we saw immigration, basically foreign-born Americans collapse to around 6%. That is not a good thing. It's not good for business, for talent attraction, etc.

And then, of course, the other two aspects around, in addition to trade capital and immigration, the other two aspects on globalization are intellectual standards, basically global standards, the splinternet, the risk that the world is going to bifurcate into a U.S.-led and a Chinese-led technology platform is a real concern for business. How do you run a business in that fashion? And then finally, global cooperation. I mean nothing has underscored the challenges there as much as we've seen how fractured the world is even amongst developed democratic countries in terms of the response to Covid, but also the rollout around vaccine.

So I am basically putting a lot of pressure on my CEOs saying, hey, wait a second, could this be the end run of, you know, over 50 years where we've seen great globalization? Are we moving into a more siloed world, a more balkanized world? And can we test the veracity of the controls and basically our operations and supply chains, etc., being able to borrow money in London and New York and invest in Brazil? Do those models work in a world that becomes much more fractured and siloed? And that's a real question. I think it's absolutely live and the evidence shows that that's the case.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And are you finding that CEOs are devoting more attention to that, or sufficient attention to that? Because it's not something that's in the public discourse.

DAMBISA MOYO: You know, I will tell you, Marie-Josée, it's been an uphill battle. But I will say I feel like I went from crackpot, oh, gosh, she's just one of these academics sort of pontificating on theory about maybe five to six years ago, and then in the last three to four years, people have been like, hmm, actually there might be something there. And it's obviously accelerated by the Covid situation.

Look, I don't like to be right on this. I am a globalist. I love the notion of globalization. I think in theory and the textbooks, it absolutely is the best way to funnel and catalyze, accelerate growth and economic progress. But at the same time it's been slow. It's very hard to have people change their mind about what the status quo is. And if you look back in history, we've only had liberal democracy and market capitalism for 1% of history and yet we, it's 50 years of our history and so we think that that's the global standard and it's not. And, you know, dare I say it, look what happened with the Gilded Age, from 1870 to 1900, very similar in terms of globalization and growth and big corporations and relatively laissez faire government and look what happened. It all blew up after the Spanish flu, the First World War and the stock market crash of 1929. So, you know, we're in tough times I think and we're going to be in a world of much more progressive politics I believe.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, speaking of progressive politics or maybe I would say even just fairness, diversity is now very on the agenda of many corporations, but there is the outstanding question of is that interest or is that commitment going to endure? We know that corporations sometimes have, not just corporations, the public have a short memory. And, yes, now in the wake of Breonna Taylor or George Floyd and we can list many other names unfortunately, that issue is very much on the top of any agenda of any CEO, but do you see that it's actually changing structurally? Do you think that this commitment will endure or not?

DAMBISA MOYO: Well, you know, I worry, I confess, because I do hear a lot of people say, oh, gosh, you know, look at my company, especially retailers, they say my company has got a lot of diversity. And when you look at their numbers, it's true, they're very diverse, but it's skewed to a lot of unskilled, lower income, lower paid workers. You know, for example, the lorry, the truck drivers, the people who are packing our goods and services and doing all that important work. But the truth is if we start to future-proof and think about the future scenarios, we know digitization is coming and digitization is, by and large, as we know it right now, will create a lot of diminution and breakdown of those types of jobs.

So, you know, how are we thinking about whether ESG and diversity, how will that stand up in a world ten years from now let's say where we have gotten rid of a lot of those unskilled jobs to automation, but at that point will we still care about diversity? The truth is we tend to have, if you think about the broad sweep of fads and I'm not suggesting ESG or diversity is a fad in of itself, but we do get drawn in and sucked in by fads.

We had the Nifty Fifty, we've had the BRICs, we'd had Tech-1, Tech-2, the FANGs, etc. And now ESG is the hot thing. And I would love to see the best bits of ESG, for them to withstand the test of time, but I think the only way that we get there is by having those conversations about transparency and consistency and making sure that, as I said earlier, we don't end up discriminating, using discrimination to fight discrimination by getting rid of a high performing White guy because we're so overzealous about diversity. So I think the jury is still out. Hopefully, all of this will be unnecessary in the next generation in terms of quotas or concerns but I do worry about what digitization, a massive trend, could do for all these sentiments.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, that's one of the issues, I mean diversity doesn't only entail hiring a diverse workforce, but also training it and also keeping it, retaining a diverse workforce. And it seems that many corporations of the past invested on hiring but not on retaining and on retraining. Is that changing?

DAMBISA MOYO: Well, I hope so. I think, again, the more structural trends in terms of labor participation rates, turnover of workforce are quite stressing not just for Blacks and Latinos but in general. People don't stay in jobs like back in the day we used to where you'd stick in a job for 20 or 30 years, forever. And so, you know, there are a lot of aspects to straddle and, you know, I do think your point is a valid one. Companies do want to invest in, of course they're still investing in their employees but that doesn't necessarily mean that we won't have high turnover, particularly in a world that becomes more digitized.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So when you speak of, and you raise that in your book, when you speak of investing in your employees, in the post-Covid world we all know that employees have gone through different types and levels of stress and trauma. So the well-being of employees, both their physical and mental well-being is going to be first and foremost, I would imagine, on the agenda of many corporations. How do you think that corporations are preparing to bear the employee well-being costs?

DAMBISA MOYO: Yes, it's a huge question. You know, it's funny because there's such a sort of explicit expectation the corporations are supposed to be doing this. This is once again another example where, you know, you would hope that the government would provide some form of a safety net. And I know having healthcare as a public good is a dirty word in America, but the point just being that these discussions don't really have a large government sector, as far as I can see, leading this conversation.

But we know from *The Lancet* medical reports and other reports that have come out from the World Health Organization that the biggest crisis or one of the biggest crises that is next to drop just within this decade is going to be around mental health, aspects of anxiety, etc. And it's enormous in terms of cost to companies in a world where people are in that situation without an outlet to be supported and helped, but it will also be a multi-trillion-dollar cost if we have to get corporations to pay to fund these programs.

The matter is obviously complicated, Marie-Josée, by the fact that, you know, the exact definition of what an employee is, is changing. It's no longer about here are my 50,000 full-time employees. A lot of companies are relying on subcontractors and other groups, to zero contract workers to help their operations as we say during Covid. And there must be some obligations, and I think more and more there will be an expectation that there's some obligations from companies to these groups and that just again provides additional costs to the company's bottom line.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So you've obviously thought through so many of the issues that are confronting the corporation and therefore come as a very well-prepared board member. But looking around the board tables, I won't say any specific one because you've had vast experience, do you think that the committee structure, for example, of boards as it exists today, the finance committee, the audit committee, the HR committee and so on, do you think that it represents or it's structured in a way that really represents the needs of today? I'm thinking of, you've mentioned technology. You've mentioned ethics. You've mentioned employee well-being and so on. Do you think that the committee structure today is a 21st century structure?

DAMBISA MOYO: So it's interesting. A couple of the proposals in the book are touching on exactly the need to upgrade the structure, not just in terms of the actual structure of the board and its construct, but also the membership of those boards so that it better reflects the needs of society today.

One of the things that I think we ought to consider seriously are the questions around an ethics committee. We are more and more being challenged as board members to opine on ethical issues. You know, is investing in ESG at odds or ESG compliance, is that at odds investing in China? How should we be thinking about that? And we've seen companies run up and challenge, you know, Google, I think it was 2018-2019, around the JEDI issue. And so more and more, I think, there's going to be a place for companies to think about having an ethics committee.

You know, I think when you think about these ESG issues, it's not that they aren't being covered. So, you know, if you said to me, well, Dambisa, you're on 3M or Chevron, you know, where are you dealing with social agenda issues or issues around culture or around climate, I can point to you how those aspects are being sort of funneled into specific committees. But I would say that these issues are so material to the way that society is going to function that more and more there's a case being made and I'm quite sympathetic to it, that the debate should be had at the full board and that it shouldn't be relegated to a committee – and I'm not saying relegated in the sort of sub-section, secondary level – but really in terms of do we want to have this discussion regularly at the full board level? And I think that's probably the way it's going to go at least for the time being.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And do you feel the same way about information? I mean we talk a lot about information, but we also talk a great deal about disinformation or misinformation. Some people have even called it an infodemic. And so in terms of vetting the quality of the information that you're getting from management, but also that you're getting from the outside, that makes it very, it makes it very tricky for a board.

DAMBISA MOYO: Very. And, you know, traditionally one of the big critiques of the board structure is that they were essentially beholden to the management and that there was information asymmetry. The management viewed the board as really just rubber-stamping what they wanted and that essentially we were provided information that the management wanted you to see, and if they didn't want you to see the bad news, you didn't see it potentially until it was too late.

I think that might be a little bit too simplistic now because we are getting sources of information from varied sources, everything from employee surveys that are managed by the company, but also outside, whether it's Glassdoor Layoff, Blind, these are different platforms that you can get information about how people feel about the cultural zeitgeist in the company, how people feel about sort of the mood music in the organization. You can get that information very readily as a board member.

And then more generally, there's the question around provenance. You know, it's going to be so easy and there's a company called OLAM, which is one of the large food producers internationally, you can already swipe, using an iPhone, on their products and it will tell you how much CO2 was emitted, how much water was used, what was the average wage of their employees to produce their goods and services? I don't think we're far, too far away from having that ability. Even in a restaurant you can swipe over your hamburger before you order it to get information on that. So board members are, you know, we're very, we're not inure to that. We are definitely conscious of it and we are drawing in all these different sources of information, which are critical in terms of driving our way forward.

The one last thing I will say on this is that, as you know, we've traditionally had audits, financial audits, operational audits that have been run by auditing firms. The SEC now is very much pushing on worker audits so human capital audits that will touch on a lot of the mental issues and racial and sort of gender diversity issues that we touched on earlier. And I think that, actually if you think about it, it's kind of like, hmm, that's interesting. It's such a key input, workers are such a key input to our operations, how is it that we've been operating without having worker audits? But I do think that's another way that information will be coming to the board in a good way.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So just to wrap up because you mentioned the overseeing strategy, and strategy, of course, is critical to any enterprise, but I'm reminded of Peter Drucker, who said, you know, culture trumps strategy every time. Would you apply that same approach as you did just a minute ago about ethics to the culture, the corporate culture? Because very few boards really discuss their corporate culture on a regular basis.

DAMBISA MOYO: That is absolutely the case and the truth of the matter is that we've been discussing it much more than perhaps we have thought we ever would. You know I'm always struck by, one of my favorite business books is a book by William Thorndike called *The Outsiders*, where he basically looked at companies that outperformed their peers as well as other companies, sorry, as well as the stock market, over long periods of time. And he basically found that there were eight of these companies. And he's like what is it about these eight companies, over 30 years, even longer, they consistently outperformed the S&P 500 and they consistently outperform their peers.

And the one point that really drove home to me is that the CEO of those companies was absolutely obsessed, 100% focused on allocating capital. Yes, all the other stuff, and I'm not here to undermine the great Peter Drucker, but I do think there's something about making sure that companies ultimately do what they are best trained to do, which is to allocate capital. These other areas are critically important. We cannot survive without understanding how we can be good community citizens and creating jobs and tax base, etc., innovation, but really when the rubber meets the road, we have to do our best in allocating capital.

And that's also part and parcel of the ESG agenda. If we are going to do ESG in climate, for example, we need to see the numbers of what it means to put a dollar to work and what the returns are, ROI, on a dollar to work in investing in solar versus wind versus other areas of energy. So there needs to be much more sophistication and that is absolutely true for culture.

I will tell you, and the last thing I'm going to say is that for culture, we are using the best levers that we have as board members, the two most important ones. Number one, we pick the CEOs, so in terms of who is going to be the standard bearer of culture for these organizations. We have full control of that. And, of course, we have a lot of control in terms of the compensation, and compensation has evolved much more to reflect, not just financials, but also how people behave in terms of that cultural norm. And it's amazing how people conform very quickly to compensation changes.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Because you mentioned compensation, let's just take one more question. There's such a difference between the approach to compensation in the U.S. versus almost every other jurisdiction in which you're involved, certainly in terms of Europe and Canada. Why? Why do Americans have to pay their CEOs so much more than other jurisdictions?

DAMBISA MOYO: Whether they have to or not is, I guess we'll have to have....

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Then why do they?

DAMBISA MOYO: I think it's very cultural. I've loved living in Europe. I've lived in Paris, lived in London, and I love living in the United States. And the reality is Europeans are in their deep core, as far as I'm concerned, socialists. They really are. And so even, I sat on the Remuneration Committee at Barclay's when we had those conversations about fair pay, we were always thinking about what is the top person's pay versus the median versus the mean versus the lowest paid.

In the United States, of course, we're sensitive to minimum wage. We're sensitive to these things, but the comparator is different. We're looking at our CEOs versus another CEO, and it doesn't matter whether you're in the same industry or not. And those conversations are constantly evolving. But I think at its very heart, Americans believe in capitalism in that purist form, that, you know, you pay to play or you sort of, I think the crude one is that you eat what you kill, so to speak. I don't even know if we're allowed to say these things anymore, but the point just being that there is something about being rewarded.

And perhaps there's no surprise that the biggest technology companies, biggest pharmaceutical companies, the innovation that got the vaccines out there, it's coming from American companies. I'm not here to advocate for big salaries, but I do think that it's, I don't think it's an accident that we see so much innovation. And by the way, I'm not saying people are only driven by money, but I think there's something there that is, that we have to kind of explain in what we see in the U.S. versus Europe.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, Dambisa, I have to thank you for your candor, but I really have to applaud how prepared you are and how on top of so many issues you are. Really a model corporate director. So brava to you. And please continue to enlighten us because it is a debate or a discussion that's lacking in the U.S. but also I would say all over the world. People just don't understand how boards work, so brava to your book and on to another bestseller. Thank you.

DAMBISA MOYO: Marie-Josée, thank you for the opportunity. Those were great questions.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Thank you.

PRESIDENT BARBARA VAN ALLEN: Many thanks, Dambisa, and Marie-Josée, for sharing your time today. Wow! That was a terrific conversation and full of insights. I'm pleased to report that we have many great speakers lined up as always, and we encourage you to invite guests to our events.

Next up, we've invited the top five candidates for the New York City mayoral race, and Eric Adams is going to join us on Thursday, May 6. Ray McGuire will follow on May 10. So please stay tuned for more announcements on this. Dr. Lisa Coleman, the Senior Vice President for Global Inclusion and Strategic Innovation at NYU will be on May 13. We have Dr. Wayne Frederick, the President of Howard University on May 20 followed by Darren Walker, May 26, the President of the Ford Foundation. And then we bring back Larry Summers and Glenn Hubbard to do another conversation on recent events in Washington and that will be on May 27. And we have many more to come. So if you're interested in joining, you're a guest today, please let us know on the Club address at the bottom of the screen.

And finally, I want to take a moment to recognize those of our 332 members of the Centennial Society who have joined us today as their contributions continue to be the financial backbone of support for the Club and help enable us to offer our wonderful, diverse programming now and into the future. So thank you again and please stay healthy and safe.