

Keynote Remarks by Peter T. Grauer, Chairman, Bloomberg LP

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Good morning everyone.

I want to start by thanking Loh Boon Chye, Piyush Gupta and the Diversity Action Committee for inviting me here to speak with you today.

It is a privilege to join this gathering of chairmen of Singapore's largest listed companies. Regardless of country, company or sector, I believe we have much in common to discuss over the course of the morning.

I think we would all agree that the global economy is at an inflection point. The global economic order in which we've operated for many years is under challenge. The fundamental tenets of how we conduct business in a global framework and serve our shareholders are in flux. Many of us are dealing with disruption to our sectors at the same time as a trade conflict rages between the world's two largest economies.

Underlying these macro developments, the gaps created by social inequality are widening. Nationalism is upending world views. And a general erosion of trust in institutions means we are leading in an uncertain business environment.

Amid this turbulent backdrop, it has never been more important, in my view for leaders like ourselves to engage in real conversations - dialogue that can lead to actionable solutions and concrete pathways forward. As chairmen of boards, we have to be the lighthouses for companies of the future. To chart and navigate the way forward through rough waters, to shine a light into the future, in the face of adversity.

Six years ago, I became the founding chairman of the world economic forum's community of chairmen. This group of 100 chairmen was created to provide a venue for discussing, openly and honestly, the challenges of board governance in an ever-changing global business climate. And I am struck by just how acute those challenges have become over six short years.

Members of the community of chairmen represent companies from virtually every geographic region of the

planet. I find it reassuring that it is not the differences between these firms that stand out but their commonalities.

one of the many things i admire about our founder and my friend Michael Bloomberg is his ability to take on some very difficult, unfashionable, yet important causes. During his time as New York mayor and now through Bloomberg philanthropies, he has taken on some of the most challenging causes, whether it be climate change, the soda ban, tobacco control or gun violence.

Likewise, I think in today's turbulent times, we have a responsibility to take on and address what I believe are three of the most challenging but vital themes facing boards today - corporate sustainability, innovation, and board diversity.

These are three very different priorities but all require major mindset shifts across leadership and within organizations, and a long-term horizon into the future.

CORPORATE SUSTAINABILITY

Recently, I was greatly saddened by the passing of former un secretary-general Kofi Annan.

As I reflected on the contributions he had made running one of the most diverse and challenging organizations as an secretary general, I was reminded of what he said at the 1999 world economic forum.

With the UN Global Compact, he made the unfashionable ask of the world's top business leaders to join governments in alleviating poverty by adopting a more responsible and sustainable approach to business. Fast forward 18 years and I would say that his call to action is even more relevant today.

His words were profound, and perhaps prophetic: *"The spread of markets outpaces the ability of societies and their political systems to adjust to them. History teaches us that such an imbalance between the economic, social and political realm can never be sustained for very long. The global economy will be fragile and vulnerable to the backlash from all the "isms" of our time: protectionism, populism, nationalism, ethnic chauvinism, fanaticism and terrorism."*

And remember, this was spoken nearly two decades ago!

Since then, more than 9,000 of the world's leading private sector chief executives have joined the UN Global Compact and are driving new approaches to achieve the sustainable development goals.

Investors now hold companies accountable based on a triple bottom line – people, planet and profit. A growing number of investors evaluate firms based on their social and environmental impact. According to Bloomberg data, assets related to sustainable investing recently reached \$23 trillion under management - up 73 percent from just two years ago.

Consumers, too, increasingly care how companies conduct themselves and are willing to pay more for brands promoting a positive record.

A new generation of employees apply their own governance to the companies they choose to work for based on whether they will be part of a company doing business responsibly.

Regulators are also beginning to insist on demonstrable commitments in these areas. The rule issued by the EU mandating companies to include sustainability and impact factors in their financial reporting, which began last year, is a case in point.

Today's leaders of the future must increasingly embed corporate sustainability across their organizations, integrate it as a part of their business model and include real action for change.

At Bloomberg, 85 cents of every dollar earned on behalf of our founder goes to supporting one of the world's largest non-profit organizations.

Granted, I am fortunate to be part of a thriving company where the Ceo is also a special envoy to the United Nations and a WHO global ambassador, as well as being one of the foremost philanthropists in history.

Corporate sustainability requires a long-term, complex stakeholder approach but it certainly should be on top of board agendas today.

MANAGING INNOVATION

Next, I want to talk about managing innovation, a topic which by necessity must be on our minds every day.

Singapore has been punching above its weight by investing heavily in research, innovation and enterprise development.

The Bloomberg 2018 innovation index ranked Singapore third this year, ahead of European countries like Germany and Switzerland, so I think Singapore companies are on the march in a positive direction.

By conventional definition, innovation literally means 'to bring forth something entirely new'.

Importantly, it also means to 'restore' or 'renew'. It's incumbent on most companies to live by both definitions.

Here I can also draw on some personal experience.

37 years ago, Michael Bloomberg invented a new method for financial data delivery that revolutionized financial markets worldwide. We built a network for financial professionals before the adoption of the internet.

Years back, our communications systems, message and instant Bloomberg, were among the first commercial messaging systems. Our biometrically secure clients now move billions of messages across instant Bloomberg every day. We may be the market leader, but we have a healthy state of constructive paranoia that keeps us innovating every single day.

For many companies in today's hypercompetitive world, continued success will depend on that ability to constantly renew themselves. Innovation requires a real cultural shift in how we hire, how we think, how we learn, how we collaborate and how we solve problems and this culture of innovation needs to come from the top.

BOARD DIVERSITY

Let me now cover the third topic today, around board diversity.

2017 marked a turning point in the global investment community. The three largest asset managers in the U.S. - Blackrock, Vanguard and State Street - put a very public stake in the ground, challenging companies with shareholder proposals to add more women and diverse directors to their boardrooms.

Together, these companies signaled to the wider investment community that diversity is critical for responsible and competitive corporate governance.

Board diversity is no longer a “nice to have,” it is a business imperative across gender, geography, ethnicity, expertise and professional background. I would also offer that lack of diversity can no longer be gotten away with by citing a lack of ‘supply’. We must recognize that it is clearly a matter of demand – and that precedent-setting demand must come from the very top of companies.

To back this up, since 2016, Bloomberg has provided the investment community with a first-of-its-kind gender equality index.

This data isn’t available in public filings – so we engage directly with companies to learn about what they are doing to elevate more women into leadership roles, support the needs of working families and encourage diverse customer bases.

Bloomberg’s 2018 gender equality index has doubled its membership in the past year and expanded into all sectors.

I want to take the opportunity to congratulate DBS and CDL for being the first two companies from Singapore to join 100 others from 24 countries on the index.

While companies adopt different approaches to achieving board diversity, I think it’s true to say that there remains a lot of work to be done. This again is not an easy cause, one I know too well as an advocate for diversity long before it became a buzzword in today's boardrooms. I would argue that now is the time to make progress, which is why the work of the Diversity Action Committee is so important.

When I was asked to form the chairmen's council at the world economic forum, my team and I set ourselves a goal of ensuring the council was comprised of at least 30% women. But by the time we had filtered the firms based on certain size and membership criteria, we realized we couldn't do it; the women simply weren't there.

So we reevaluated the criteria to determine which were really the most critical. By changing a few of the less meaningful parameters, such as the regional breadth of the company, we were able to bring chairwomen, and greater diversity of background and experience, into this group.

CLOSING

I want to conclude by saying that it is very clear that the economic center of gravity has shifted back to Asia. The IMF Projects Asia will lead global growth at an average rate of 6.4% from now until 2023.

Singapore is well poised to grow with the region and, in fact, to advance efforts to help businesses, markets and countries become even more sustainable, innovative and diverse.

To do so, chairmen and business leaders need to shine a light to the most difficult, darkest issues, and boardrooms must adapt and be equipped with more diverse skillsets and new mindsets, to build on strong foundations of corporate governance.

I look forward to the discussion with Janet shortly.

Thank you again for the privilege of joining you today.