

**RUSS HUTCHINSON:** I'm pleased to introduce Dr. Tony Coles, who after an impressive history in the biotech world now serves as President, CEO and Chairman of Cerevel Therapeutics. Dr. Coles is also a Co-Chair of the Black Economic Alliance, an organization Goldman is proud to support through our Fund for Racial Equity.

Thank you for joining us today Dr. Coles.

**DR. TONY COLES:** Thank you, Russ. Thank you for having me. Pleasure to be here.

**RUSS HUTCHINSON:** You have had such a long and successful career in the biotech world. Currently you're at Cerevel Therapeutics, which is dedicated to unraveling the mysteries of the brain and to find treatments and solutions for a range of neuroscience diseases, including Parkinson's. I've got a two-part question for you. Part one is, throughout your experiences, how have you seen the industry change? And then part two is, and in your view, is it prepared to meet the needs of today's world? One where the global population has been overcome by a pandemic?

**DR. TONY COLES:** So, I am trained as a cardiologist and left practicing medicine almost 30 years or so ago. So I've seen quite a lot of change in the industry. I think our industry, the biopharmaceutical industry, broadly writ, was in its early days really a matter of happenstance when we stumbled on blockbusters. We didn't have very well-organized scientific tools to try to find these blockbusters. And it really required a lot of ingenuity.

Science has probably been the biggest change in the industry in this time period. The human genome has been sequenced. We now understand cell therapy much better. We understand immunoncology much better. We have techniques for editing DNA. All of these things have arisen in the last 15 years or so. So, I think about this as the platinum age of science in a way. Where the breakthroughs really are just coming at, literally, a breakneck speed. So that's one way in which the industry has changed.

It's also changed because the business model has changed. I started in the industry, which was really, just sales representatives going to into a doctor's office and trying to convince a doctor that their product was the right product to choose for a patient. We have direct mail. We have direct-to-consumer. We have a variety of social media initiatives. So, with the advancement of technology, and I do want to focus on

direct-to-consumer because I know that's a controversial area for the industry. Some people love it, some people hate it. What we saw is that the rise in consumerism, which was a trend that started emerging in the 2000s, really did support the opportunity to put the information in the hands of consumers so they could have these conversations with their physicians.

I'd say the third great trend change has actually been around pricing and reimbursement. There's a lot of conversation around where products should be priced, who deserves to get them, should they be free, should there be differential pricing between the United States and ex-US markets. So, this entire conversation is really giving us an opportunity to focus on something that I think is very important, which is transparency. And it's transparency in what it takes to create these therapies. But also transparency in how the value chain works. And we can, obviously, talk a little bit about that.

I do think we're prepared for modern day, for the pandemic. Obviously, the breakthroughs in science are creating some of this breakneck progress in searching for a vaccine.

**RUSS HUTCHINSON:** I want to switch topics to the Black Economic Alliance. You're Co-Chair of the Black Economic Alliance. Maybe we start with the founding story there. We can start with the origin story of the Black Economic Alliance. And you can talk to us about how this nonpartisan group of business leaders, how you go about thinking about your mission in terms of supporting candidates and policies that are working to improve the economic conditions for Black people.

**DR. TONY COLES:** This was an idea that was really created shortly after the election of 2016. I think there were a number of Black business leaders who could see that there would be troublesome waters ahead for people of color, certainly in business, and perhaps even economically more broadly, home ownership, and a number of things that would be called into question, including some of the social justice issues that we've seen come to a head this year. A lot of that could have really been predicted in 2016.

But we realized that we actually hadn't harnessed the power of the collective. And on a united basis as a group of Black business leaders and Black citizens, really said, "We want to focus our efforts, raise funds, and we want to support candidates and drive a specific policy agenda that would do three things." We have a focus on work, wages, and wealth. Very

simple.

Help Black Americans find meaningful job opportunities. Pay them a fair and decent wage. And use these two things as a pathway to wealth creation. Now, that includes thinking about everything from not just home ownership, but the reskilling that's going to be required to compete in the tech economy, which is upon us, which Black Americans are woefully underprepared for. And we can talk some of the statistics there. But it is estimated that 60 percent of the jobs that are likely to be displaced by technology advancements have a disproportionate number of African Americans. So as those jobs convert to tech-based jobs, imagine what happens to the employment and the unemployment rate of Black Americans, which is excited to increase to 20 or 25 percent by the year 2030 if we don't do something.

So, we're thoughtful about skilling and reskilling to prepare for the tech economy. Looking at issues of access to credit to ensure the pathway to home ownership, which has been the best pathway to the middle class in this country. Access to capital for entrepreneurs. And importantly, making sure that Black Americans have the opportunity to participate in the American dream just as everyone else does.

**RUSS HUTCHINSON:** Given your incredibly successful career as a business leader, and also building on the theme of companies being focused, particularly in the aftermath of the many police killings we've seen, including the very graphic images of George Floyd's killing, can you help us understand some of the ways that we can help confront bias and racism in the workplace?

**DR. TONY COLES:** So, if I can Russ, I'd love to just open the aperture on that question. Maybe broaden it a little. Because one of the things we've observed over the last several years is our political system is increasingly dysfunctional. And we can't get anything done. It's highly partisan. And into this vacuum, into this gap, business has had to step from a moral perspective, from a simple leadership perspective. And importantly from a corporate stewardship perspective as well.

And so, if you think about the intersection of the triple threat, if you will, COVID's provided: the health injustice and inequity, the social injustice, and the economic inequity that has plagued our communities and those who exist on the margins, there's clearly an opportunity for businesses to step up, not just inside the company with internal initiatives, but outside the company as well. And I want to talk about both.

So, internally, clearly, we should be doing more and thinking more aggressively about the internal representation within firms like Goldman Sachs and firms like Cerevel. We're a small biopharma startup. We have 100 employees. But we push diversity to the forefront of the agenda in building the executive team and in driving a conversation, because it's not just about the representation, it's about the conversation that leaders have a responsibility to sponsor, to conduct, to drive, and to be really aggressive and unashamed.

And the reason I say that is these are hard conversations. We've got 400 years of institutionalized and systemic and structural racism. We've all built compensatory mechanisms to deal with these matters in our own way and collectively as a society. Undoing that overnight is going to be really hard. Almost impossible. So, we've got to put in the work. We have to open up the conversation. And into this leadership gap that I talked about a moment ago, we all have to step. And we have to recognize that we have this responsibility.

But it's not just inside the company. And this is where I wanted to open the lens a little bit on the question. It's outside the company. So, Goldman Sachs and others have provided wonderful grants to the work of BEA. I think that's amazing. I think that's terrific. But beyond the platitudes of a very nicely worded corporate letter that many CEOs provided in the wake of the national unrest following George Floyd's unfortunate death, there's got to be sustained commitment. And you could say, "Well Tony, this is terrific. That's all well and good. And it's the right thing to do." But let me make the business case for this. There is a reaction survey published by Edelman public relations firm that many of us have been thinking about and talking about. That particular survey looked at 2,000 adults, this was in the June/July timeframe, shortly after the civil unrest began. They asked the simple question, "How would you think about businesses, manufacturers, and brands?" 60 percent of the respondents surveyed said they will either buy or boycott on the basis of a business' response to the national unrest and the killing of George Floyd and the social conversation that needs to be at 60 percent.

So you might, if you dissect it, think, well, that's a lot of millennials. That's a lot of young people. And it is true that it was a more important issue skewed slightly to the younger population and towards people of color. However, there's this one statistic that I found very interesting. When surveyed, if

you looked at by age group, the answer to the question of "Do businesses have a moral obligation?" Nearly 70 percent of those who were 50 and older said, "yes, businesses have a moral obligation to host this conversation, drive the conversation, and affect change."

So, this was really eye opening because we've all heard about cancel culture. We've all talked about boycotting products and brands. But this was one of the first demonstrated efforts that suggested that if a business did not reconcile and reckon with this particular topic, it would likely be left behind from a revenue point of view. And I think that's really compelling. So, we've got to keep all of that in mind. People will vote with their conscience and their moral perspective.

**RUSS HUTCHINSON:** What do you look for when hiring the next generation of talent? And how is this informed by your own personal career journey and experiences as a Black executive?

**DR. TONY COLES:** Well, let's just build from the last answer because, obviously, all of these topics are connected. And so, if I am sitting here really reflecting on the virtues of moral leadership, I think you really have to try to understand that next generation of talent through the lens of who are you hiring? Who are you inviting into the C suite? Are you looking for someone who has a moral compass? Are you looking for someone, importantly from a skill point of view, is intellectually curious? Which is one of the things that I sort for when I interview individuals. Is this a person who is intellectually agile and intellectually curious about the world and has a wide-open frame to a global perspective? And I just don't just mean around the world. But to different points of view? Because it's through that wide open and global perspective that we'll get the best contribution from the individual. And we'll get the best product for the business.

But we can't really underestimate one of the leadership qualities that I think is most important. And this is inherent in how we've been talking about the George Floyd incident and the business community response, and our good friend Ken Frazier [PH] and everything he's done to really be a lightning rod on these issues, and that is courage. Because the answer is, generally, not in the analytics. The analytics will tell you what the analytics tell you. But it's really in being able to draw upon the courage to make the tough business calls and business decisions. And in this moment, not just make the business calls, but to do what's in the best interest of

employees as a business leader.

So, that's where the intellectual curiosity, this global perspective, this understanding about the agility that's required to lead a business, wrapping all of that under the banner of courage, I think, is really the ideal set of characteristics for today's leaders and tomorrow's leaders. Because I don't think the business community will have the luxury or stepping back into the shadows again and not having a clear voice on some of the social issues that we're debating right now.

**RUSS HUTCHINSON:** Thank you, Dr. Coles. This has been a fascinating conversation.

**DR. TONY COLES:** Thank you, Russ. Thank you for having me.

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