

SPEECH

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Remarks from the IDC Governing Council Chair, 2020 Fund Directors Conference

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2020 Fund Directors Conference (Virtual)

As prepared for delivery.

Good afternoon, everyone! As chair of IDC's Governing Council, it's my pleasure to welcome you to IDC's 2020 Fund Directors Conference.

From wherever you're joining us today, thank you so much. We're very glad you're here.

For more than 15 years, this conference has served as the premier event for the independent director community. And though few could have predicted we'd be holding it virtually when we met last October, we're pleased to be bringing you an event of the same high quality that long-time attendees have come to expect.

We're excited to once again be bringing you a timely, substantive program on the important issues facing fund directors and the fund industry at large; a stellar lineup of expert speakers and panelists; and prime opportunities to learn from directors across our vibrant community.

It's just like when we gather for this conference in person, except we don't have to worry about planes, trains, or Ubers!

As you might imagine, reconfiguring this conference for the web has been no small undertaking. So I hope you'll join me in sharing your sincere gratitude and appreciation:

- To the IDC staff and Governing Council, including our Education Committee members,
- To ICI's Conferences and Public Communications teams,
- To our speakers, facilitators, and sponsors, and
- To everyone who helped make this conference possible.

Thank you.

You know, I've had the privilege of working in the fund industry for nearly my entire career—in almost every area of the business.

Financial and regulatory administration; operations and compliance; distribution, marketing, risk management across financial services. And—for nearly nine years now—the area that we all dedicate ourselves to: governance.

For a number of reasons, this year has been unlike any other. And with hotly contested elections still to come, 2020 might still have yet more twists and turns in store for us.

But none of the many challenges confronting the world this year has affected our industry quite like the COVID-19 crisis. My prayers and sympathies go out to all those in our industry directly affected by the disease.

As for our work, the spread of the disease into a global pandemic triggered a wave of developments that put us all to the test:

- Extraordinary volatility and disruption in the financial markets, and far-reaching measures from policymakers in response,
- A surge of cyberattacks from a wide range of thieves, fraudsters, and hackers—all growing more aggressive and sophisticated by the day,
- A wholesale shift from office work to remote work in the space of a single hectic weekend,

Just to name a few.

What sustains my passion for our industry though—what I deeply appreciate about the independent director community—is that even in turbulent times like these, our commitment to our shareholders remains steadfast.

For more than 80 years now, the success of independent directors—the success of our industry's unique governance model—has stemmed from our ability to continue serving fund shareholders no matter the challenges we encounter.

Just think about some of the challenges we've faced over the years: constantly evolving industry practices and trends; an increasingly complex regulatory landscape; an expansion of our duties into those better suited to fund management.

Yet through it all, we directors have always stayed true to our fiduciary obligation to our shareholders—and this year has been no exception.

As the crisis turned our world upside down, we've continued to carry out our core responsibilities. Even with board meetings having gone virtual, we've continued to fulfill our vital oversight role with the same sharp focus that our important position demands—with the same vigorous energy that our 100 million shareholders deserve.

No question, this year has asked a lot of our community. It has asked us to adapt to a dramatically different environment, to rethink how we approach our work, to grow and become even better directors from what we've learned through this process.

Together, we can be proud of our ability to meet every challenge so far, and grateful that

the leading organization representing our community—the Independent Directors Council—has supported our efforts every step of the way.

How has IDC worked to meet the needs of the director community?

Well, many of you are familiar with IDC's four-part mission—educating independent directors, fostering community and engagement among us, sharing our perspective in policy debates, and promoting public understanding of our critical role in the fund industry. This mission guides all of IDC's work.

My predecessor Dawn Vroegop has often emphasized the importance of IDC's mission. And her focus and leadership have strengthened IDC's ability to fulfill it, redounding to the success of fund directors and fund shareholders.

In times of crisis, executing on a mission grows even more critical. And under the leadership of Tom Kim, the IDC team has worked tirelessly throughout this crisis to ensure that we can navigate it effectively.

Throughout this crisis, IDC has delivered rich, diverse educational content—reimagining core programs in a virtual format, and hosting timely webinars dedicated to the unique circumstances brought on by the pandemic.

It has provided new opportunities for us to connect—creating virtual roundtables as a space for director-only conversations, where we can share insights and practical tips with our peers.

It has reached out to us frequently—answering tough questions, talking us through complex issues, and seeking our input on how they can tailor their work to our unique needs.

It has opened up a productive dialogue with the SEC and staff—helping secure the order that has enabled us to meet virtually during the crisis, and working to incorporate constructive director-centered adjustments into major rulemaking proposals.

It has even launched a new communications initiative to help the public better understand our work and the value we provide to fund shareholders.

For as long as this crisis lasts, responding to it will remain a top priority for our industry. But this response—as essential as it will continue to be—will be far from the industry's only priority in the year ahead. And in my view, few priorities will take on more importance than fostering greater diversity and inclusion in our ranks.

The benefits of a diverse, inclusive workforce—especially in leadership and management roles—couldn't be more clear.

Not only do diversity and inclusion make firms more equitable and empower a wider range of voices. As a growing body of research shows, they also spur innovation and increase productivity—making the business case for our industry even more compelling.

It's true that our industry has some work to do in this area. Many industries do. The good news is that progress is continuing apace.

The Investment Company Institute recently announced a significant expansion in its work toward a more diverse, inclusive fund industry with dedicated initiatives to measure and

report on the demographics of our industry's workforce—including the makeup of fund boards—and to bring more women and minorities into legal and investment management careers in the industry.

We should celebrate this work, and support and encourage every effort to make our industry more diverse and inclusive. But make no mistake: the progress so far marks only the beginning of a long-term commitment.

A commitment to holding thoughtful and candid discussions, to pursuing meaningful action, to urging our peers to do both. The leaders on today's diversity and inclusion panel are sure to bring the reflection and candor that this critical issue demands.

I'm very much looking forward to working with my fellow directors toward fulfilling this commitment, and I know that many of you—and many more across the industry—are as well.

With a collaborative effort and this steadfast commitment—with ICI and IDC both playing pivotal roles—I have every confidence that we'll be able to improve diversity and inclusion in our industry, and overcome whatever challenges come our way.

Our 100 million shareholders are counting on us to do so, and indeed they deserve nothing less.

Thank you so much for your time and attention. It has been my honor to speak with you this afternoon.