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INSIGHTS PAPER

Top Social Issues Critical for Organizations

How and Why Companies are Taking Public Stands

Insights Paper

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Introduction

In a radically changing and increasingly polarized world, companies face a new dilemma. When major shifts occur, such as the reversal of *Roe v. Wade*, should they speak out? Does that imply a political bias that could offend employees, customers, or other stakeholders?

There is compelling evidence, documented in this paper, that speaking out is more and more necessary as employees, especially members of Gen Z, demand their corporate leaders be societal leaders as well. Consumers, too, often vote with their wallets, choosing to buy from organizations that publicly support their values.

But speaking out can be a daunting process. And if DEI isn't part of the equation, the messaging may not be inclusive or can actually damage the organization's reputation. In this paper, we examine who is impacted by corporations speaking out, best practices in determining when and why to speak out, and how Seramount can help your organization understand employee needs so you can best position your statements. We will look at some of the specific issues most impacting companies—and society—today.

Who is Impacted by Corporate Stands?

Talent Impact

It is becoming increasingly common for companies to make statements and take action on social issues. The Great Resignation is still ongoing, and more people seek employment at companies that align with their values. A July 2022 Qualtrics survey revealed that 54 percent of US employees would take a pay cut to work at a company that aligned with their values, and 56 percent would not consider working for a company with whose values they disagreed.

There are serious talent attraction and retention implications for organizations to weigh when deciding whether to take a stand on social issues. Although staying silent has traditionally been the safest route, there is now a risk of losing current and potential employees to companies that speak out. During a time when companies are facing labor shortages, showing commitment to Environmental, Social, and Governance (ESG) topics by speaking out on social issues that affect employees aids the business's ongoing reputational strategies to attract and keep desirable talent. This is especially true with younger employees.

Millennials (born between 1981 and 1996) and members of Gen Z (born after 1997) make up 46 percent of the full-time US workforce, and will increase to 72 percent of the global workforce by 2029. Younger employees have a reputation for expecting their employers to be committed to diversity, equity, and inclusion (DEI). believe it is important for companies to take a stand on social issues, according to a recent report from Job Sage. Younger employees are conscious about how the places they work can affect other communities, and are more willing to make lifestyle changes—including the places they choose to work—than previous generations. According to the 2021 Deloitte Global Millennial and Gen Z survey, 44 percent of Millennials and 49 percent of Gen Zers said they have made choices about the type of work they would do and companies they would work for based on their values.

Companies' taking a stand also plays a role in retention by bolstering employee engagement. Seventy-five percent of employees expect their employers to take a stance on current societal issues—a sentiment that has grown since the protests after the murder of George Floyd in 2020.

These sentiments are not exclusive to the US. A majority (54 percent) of employees globally believe CEOs should speak publicly about issues they care about. This topic is critical for company leaders because it is a question more employees are beginning to consider when they decide whether to leave their current employers.

Research shows that 68 percent of employees would consider quitting their current job to join an organization with a stronger viewpoint on the social issues that matter most to them. This trend has been noticeable in the corporate world. For example, people who work in the tech industry are jobs at large companies to work at smaller, often non-profit, organizations fighting the climate crisis. Climatebase, a job-search site that specializes in climate tech and environmental organizations, has had more than 600,000 users since it was launched in 2020. When employers speak out and take action on social issues, employees are twice as likely to express high job satisfaction than the employees of companies who remain silent.

Employee activism is on the rise. Employees of all ages, but especially younger ones, are unafraid to call out their employers when they feel there has been a wrong response to a social issue. There have been employee protests at Netflix, Uber, and more within the past two years. Although many employees want their employers to speak out, they want the comments to be genuine. Over half (53 percent) of employees regarded their company's efforts to address social issues as inauthentic or performative.

Seramount's From Pledge to Progress report, which documented corporate anti-racism efforts in the wake of George Floyd's murder and employee perception of those actions, showed that Black employees in particular are most skeptical of their companies' efforts, with 16 percent agreeing that their employer is all talk and has not taken any real steps.

Shareholder and Consumer Impact

The way in which companies respond to sociopolitical issues is increasingly intertwined with their ability to develop a brand and loyal consumer base. Along with employees, customers are also looking to companies to be vocal on social issues. According to Barron's, 60 percent of Americans want consumer-facing companies to have a position on issues such as racial discrimination and social justice. Furthermore, 63 percent of Americans surveyed by Just Capital said CEOs have a responsibility to take a stand on important societal issues, especially if the issues are related to their business. When companies take a stand on social issues, they show potential consumers that the organization's commitments to DEI are more than just lip service. Customers' purchasing habits are increasingly being determined by their values. Nearly 46 percent of consumers indicated that they visited a company's website or searched online before buying to learn about their position on social issues, compared to 23 percent who said they would never do so.

Consumers are not alone in wanting companies to take a stand. There are also B2B implications for companies to consider when speaking out on issues. B2B businesses find their clients increasingly expect them to uphold values through initiatives such as supplier diversity and sustainable procurement, so a company's reputation on social issues is of utmost importance. In fact, according to a survey from global communications agency Hotwire, 80 percent of business leaders would end a business relationship based on the vendor's failure to have effective crisis communications.

Investors have already started embracing ESG, and it has become more popular within the past few years. Social-issue shareholder proposals rose 37 percent in the 2021 proxy season compared to the year before. Company leaders are recognizing the link between responding to social issues and the bottom line.

In May 2020, research from the CMO Survey showed 80 percent of marketing chiefs did not think their companies should take sides on politically charged issues. However, one year later, 43.5 percent believed that it *was* appropriate for brands to take a stance on legislation and 24.7 percent believe executives should speak out themselves. Clearly, there has been a rapid shift in the expectations of organizations and executives during times of societal unrest. With the bottom line, customers, and the war for talent on the line, staying silent is becoming less of an option for companies that want to remain competitive.

Risks When Speaking Out

In order to meet this moment, companies are going to have to find ways to take a stance in a manner that aligns with company values without alienating too many stakeholders and shareholders. It is critical that companies are intentional when deciding what issues they are going to take a stand on and how their position will be executed.

There will always be risks involved when companies speak out on social issues, especially as political polarization grows in the US. Although more people are expecting companies to take a stand, there is not always going to be agreement on what that stand should be. It is impossible to please everyone in a consumer/client/investor/employee base when taking a stand on a divisive cultural issue. Companies speak on a variety of issues across the political spectrum. The critical task for company leaders is figuring out how to take a stand while remaining sensitive to employees and consumers who disagree.

Companies can demonstrate their commitments to DEI and ESG by working with and listening to their employees when major social changes arise., Not only does careful listening ensure leaders are taking the proper actions, but it also helps all employees feel that their voices are being heard, even if the public stance is one with which they disagree. Any stance an organization makes should have clear ties to the values and philosophy of the company. Without this connection, there is a risk that the organization's response will be viewed as inauthentic by consumers, clients, investors, and employees, which negates the purpose of speaking out in the first place.

Case Study: Gillette's "The Best Men Can Be" Ad

Procter & Gamble's brand Gillette's 2019 Super Bowl ad on toxic masculinity and the #MeToo movement is an example of a company taking a stand and receiving both public backlash and praise for its stance. The company released a short film titled "We Believe: The Best Men Can Be," encouraging men to take accountability on issues such as sexual harassment, bullying, and sexism. The first part of the ad shows men engaging in behavior that is typically viewed under the umbrella of "toxic masculinity" before transitioning to showing men taking accountability by breaking up fights and stopping other men from sexual harassment.

The Gillette consumer base is overwhelmingly men. Conservative consumers in particular were vocal in their disapproval of the ad, claiming they would "no longer buy any of their products" and that the company was promoting "feminist propaganda" through the ad. "The Best Men Can Be" got hundreds of thousands of dislikes when it was uploaded to YouTube. Some consumers even called for a boycott of Gillette products because of the ad.

However, the ad received a good amount of praise from the public alongside the backlash. For example, Bernice King, daughter of civil rights leader Dr. Martin Luther King Jr., wrote, "This commercial isn't anti-male. It's pro-humanity and it demonstrates that character can step up to change conditions." Others thanked Gillette for "taking a chance on attaching your tagline to something meaningful, important, and real" in their ad. Leaders at Gillette knew that the ad would cause strong responses from the public, but they were firm in their beliefs about their decision. This sentiment remained through the backlash: the company stood by their ad and the message behind it. Gary Coombe, Chief Executive Officer of Procter & Gamble's Global Grooming business, released a statement saying:

> We knew that joining the dialogue on 'Modern Manhood' would mean changing how we think about and portray men at every turn…Effective immediately, Gillette will review all public-facing content against a set of defined standards meant to ensure we fully reflect the ideals of Respect, Accountability, and Role Modelling in the ads we run, the images we publish to social media, the words we choose, and more.
>
> For us, the decision to publicly assert our beliefs while celebrating men who are doing things right was an easy choice that makes a difference.

Case Study: Nike's Colin Kaepernick Ad

Taking a risk by speaking out has the potential of becoming a major success story for an organization, such as Nike's ad campaign with Colin Kaepernick. Kaepernick is a former NFL quarterback who gained notoriety through his protests of police brutality by kneeling during the national anthem at football games in 2016. Featuring Kaepernick's voice, the ad campaign introduced a new tagline for Nike: "Believe in something. Even if it means losing everything," referencing how the protests cost the quarterback his career in the NFL.

Company leaders knew that this message would not resonate with all of their consumers and took a well-calculated risk by partnering with Kaepernick. Millennials and Gen Z, who generally want companies to speak out on social issues, are a large part of Nike's target consumer base. So, although Kaepernick may be a polarizing figure to the general populace, people who would be likely to, or already do, shop with Nike were much more receptive to the ad campaign. The ads were met with strong feelings from all sides, but were a success for the company. After the ad was released, Nike stock prices reached an all-time high and direct digital sales rose 36 percent.

The Issues are Companies Speaking Out About

Corporate Response to Attacks on Abortion Rights

On June 24, 2022, the Supreme Court overturned *Roe v. Wade*, which for nearly half a century upheld the federal right to have an abortion , leaving abortion access to be determined by state governments. The decision, which was leaked a month before the official ruling, sent shockwaves through the US. Many corporations found themselves at the forefront of securing access to reproductive healthcare for their employees in states where abortion is likely to be made illegal. The polarizing issue of abortion presented a challenge for corporate leaders. While abortion, as a political topic, has long been avoided, leaders were now expected to speak out by their employees and shareholders. Some companies may have spoken up because they felt pressured, but the majority of companies who did speak out framed the decision as an employee rights issue, because many people receive their healthcare through their employer.

Research from LeanIn.org reveals that most employees under 40, regardless of political affiliation, want to work for companies that support access to abortion. Results from the survey show this is a sentiment strongly supported by women (76 percent). Research from the Pew Research Center shows 62 percent of Americans believe abortion should be legal in all or most cases, and 57 percent disapprove of the court's opinion.

Furthermore, abortion advocacy increasingly has the ability to influence where people look for jobs. According to the LeanIn survey, a third of women and men under 40 are considering switching jobs either to work for a company that publicly supports access to abortion or one that offers more generous reproductive healthcare benefits. Abortion is particularly important to underrepresented groups, as women and men of color are about twice as likely as White women and men to consider switching jobs over their company's support and benefits.

Abortion access is a critical issue that has DEI implications that will impact the workplace. Low-income communities of color are overrepresented in the number of abortion patients because they experience stark disparities in the quality of and access to reproductive education and healthcare. Abortion bans also have serious implications regarding the financial and physical well-being of people who need them. A 2018 US study showed that women denied abortions were more likely to live in poverty and less likely to have a full-time job than women who were able to terminate their pregnancies.

Historically, abortion access has been a major contributor to women increasing their labor force participation. There is potential for companies to lose the gains they've made with women's representation in their organizations without the economic freedom and control over reproductive health granted by abortion access. In the wake of *Roe v. Wade* being overturned, 82 percent of women say they are concerned about abortion rights because they believe "having control over whether and when they have a child is critical to pursuing their career goals."

When the decision to overturn *Roe* was leaked on May 2nd, some companies made statements in support of abortion rights. For example:

- Bank of America: CEO Brian Moynihan called *Roe v. Wade* "settled law" and said the company is discussing ways to provide benefits to employees seeking an abortion.
- Levi Strauss & Company: "Given what is at stake, business leaders need to make their voices heard and act to protect the health and well-being of our employees. That means protecting reproductive rights."
- Lush: Released a statement May 3: "The leaked draft of the Supreme Court opinion confirms our worst fears and we are currently exploring ways to support impacted staff with inclusive and equitable care. But this 'fix' can only be temporary from the business community, we need legislation like the Women's Health Protection Act, passed to reflect the will of the majority of the country and ensure that women's rights are affirmed as what they are—human rights."

After *Roe* was reversed, many more companies took a stand. Overwhelmingly, they modified healthcare benefits to ensure access to abortion for employees who live in states where care is limited. Some of these include:

- Amazon: Will cover travel expenses for treatments not available nearby, and they are expanding oncology, bariatric care, congenital anomalies from within 24 months of birth, mental health treatments, and in-patient substance abuse disorder services
- Amalgamated Bank: Will cover travel expenses for employees and their dependents who need to travel out of state to access reproductive health care. The benefit includes airfare, gasoline costs, hotel fees, and meal expenses, as well as up to five days of childcare expenses for an employee's young children who might need to stay home during the trip. The bank also said it was launching a grassroots fundraising drive for organizations responding to the access issue called the Critical Reproductive Access Fund (CRAF)
- Apple: Will cover travel expenses for those seeking abortions
- CitiGroup: Will cover travel expenses for treatments not available nearby
- Chobani: Will cover transportation, lodging, and childcare when their employees or dependents have to travel for reproductive healthcare access

- Dick's Sporting Goods: Will cover travel expenses up to $4,000 for employees, spouses, and their dependents to travel to the nearest location where abortions are legally available
- The Walt Disney Company: Will cover travel expenses for employees who cannot access family planning healthcare, including abortions
- The Estée Lauder Company: Will cover travel expenses for reproductive healthcare for employees and dependents starting August 1, 2022
- Google: Allowing its employees to apply for relocation "without justification" in light of the Supreme Court ruling overturning *Roe v. Wade*
- Salesforce: Will cover travel expenses BUT also offering to cover moving expenses for employees wishing to move out of a state with an abortion ban to a state with no restrictions (statement made in September 2021)
- Zillow: Updated its health plan on June 1, ahead of the Supreme Court ruling, to include an up-to-$7,500 reimbursement for "significant travel" that might be necessary to access certain medical procedures, "including reproductive services or gender-affirming care."

Although some major US companies spoke out in support of abortion rights, a majority did not. Only a few dozen Fortune 500 companies addressed the issue in the few weeks following the decision from the Supreme Court. Employers such as Walmart and TJX were silent, which prompted a response from shareholders. Shareholders at Lowe's, Walmart, and TJX Companies, which owns TJ Maxx, were asked to vote on proposals that would require them to publish reports detailing the risks and costs of restrictive state policies on abortion.

Some companies or their leaders have made public statements while not allowing employees to discuss abortion internally. For example, Meta's former COO Sheryl Sandberg released a powerful statement on her Facebook page about supporting abortion rights while she was still employed with the company. It said that the ruling:

> …jeopardizes the health and the lives of millions of girls and women...I cannot believe that I'm going to send my three daughters to college with fewer rights than I had. This is a huge setback. For ourselves, our daughters, and every generation that follows, we must keep up the fight.

Despite the strong statement from a company leader, employees at Meta are reportedly not allowed to talk about abortion at work. According to a statement from Naomi Gleit, VP of Social Good, Growth, Engagement, and Identity at Meta, discussion about abortion is prohibited on Workplace, an internal version of Facebook, because of "an increased risk" that the company is seen as a "hostile work environment." In a letter to employees, Gleit explained "At work, there are many sensitivities around this topic, which makes it difficult to discuss on Workplace," and employees are allowed to talk about abortion only "with a trusted colleague in a private setting (e.g. live, chat, etc.)" and in a "listening session with a small group of up to 5 like-minded people to show solidarity."

According to reporting by *The Verge*, employees at Meta are split in their support of the policy, as it results in less tension that can arise when sensitive topics are discussed at work, yet it is contradictory to how the company treats other social issues such as Black Lives Matter and LGBTQ+ rights. One employee reported feeling a "strong sense of silence and isolation on Workplace."

Affirmative Action

Affirmative action began in the 1960's as an adjunct to civil rights legislation, requiring all government contractors to expand job opportunities for racial/ethnic minorities.

Today, many companies still have affirmative action policies, which ensure that they are making good-faith efforts to include racial/ethnic minorities (and sometimes individuals in other categories, such as women or veterans or people with disabilities) in recruitment efforts.

Affirmative action has also had a general meaning in US society, as the name of an effort to attain a certain number of people from underrepresented groups. The implication by critics is that these applicants get special preference, even if they don't have the same qualifications as other applicants.

Corporations are among the biggest defenders of affirmative action, as they have increasingly recognized the need for diversity in their workforce to meet the changing face of consumers and clients.

The extent of the corporate buy-in to affirmative action was put on dramatic display in 2003, when the US Supreme Court heard *Grutter v. Bollinger*, an admissions case involving the University of Michigan Law School. The court received 69 amicus briefs from corporations arguing in favor of Michigan's affirmative-action admissions program, including General Motors, Dow Chemical, and Intel. They supported affirmative-action admissions because they wanted universities to produce educated people for a diversified workforce.

On Oct. 31, the Supreme Court is scheduled to hear two cases, brought by the anti-affirmative action organization Students for Fair Admissions, that challenge the race-conscious methods that Harvard and the University of North Carolina use for recruitment. The current makeup of the court has signaled to many that the court will rule against affirmative action in college recruitment, which also would have a chilling effect on corporate recruitment efforts.

According to the Legal Defense Fund, 82 corporations and business groups have signed three amicus briefs filed in these two cases, asking the court to uphold more than 40 years of precedent allowing colleges and universities to consider race as one of many factors in admissions. The group includes businesses that submitted briefs to the Supreme Court in *Grutter v. Bollinger*, as well as new companies that did not exist in 2003. The companies signing onto the amicus briefs account for more 5.5 million employees worldwide and more than $3.2 trillion of annual revenue, according to the Legal Defense Fund.

The amicus brief states: "'[S]trong evidence' supports the insight, confirmed by Amici's experience, that university students who study and interact with diverse peers, and particularly with racially and ethnically diverse peers, exhibit enhanced cognitive development necessary for a wide range of skills highly valued in today's economy…Students of all racial backgrounds benefit from diverse university environments…Building a diverse classroom experience is how to turn out the most informed critical thinkers. Classroom diversity is crucial to producing employable, productive, value-adding citizens in business."

A second amicus brief filed by major US technology companies emphasizes the continuing importance of race-conscious, holistic university admissions practices to the competitiveness of the science and technology field. According to the Legal Defense Fund:

> The brief explains that a) a racially diverse pipeline of graduates in disciplines such as science, technology, engineering, and mathematics (STEM) is essential to the success of science and technology companies; b) racial diversity improves scientific endeavors and the innovation of new technologies; c) a racially diverse workforce helps guard against the possibility that science and technology companies will be out of touch with their increasingly diverse and global customer base; and d) a racially diverse workforce helps STEM companies recruit and retain talent.

As the science and technology companies note in their brief:

> For science and technology companies to achieve…competitive advantages, universities must admit racially diverse classes of students and foster inclusive cultures…[C]ompanies whose workforces are racially and otherwise diverse will be better equipped to identify and address any number of scientific and technological challenges…Tech companies work on unconventional questions that require creative solutions, and diverse groups consistently outperform homogenous groups on exactly that type of problem solving.

A third amicus brief filed by IBM and Aeris Communications, Inc. along with the Massachusetts Institute of Technology (MIT) and Stanford University underscore[s] the importance of diversity not just within higher education or the corporate world at large, but in the particular cross-section of academia and industry within the intensely collaborative, and increasingly global, STEM industries." As IBM, Aeris, MIT, and Stanford explain, "Not only does diversity promote better outcomes for students in STEM, it contributes to better science. As such, American businesses at the forefront of innovation in STEM depend on the availability of a diverse cross-section of talented graduates from the nation's most rigorous and elite institutions."

Corporate Response to Anti-Woke, LGBTQ+, and Critical Race Theory Laws

On April 22, the Stop WOKE Act, which stands for "Wrongs to Our Kids and Employees," was signed into law in Florida. The bill banned the teaching of critical race theory under the guise that it exacerbates racial division. The bill affects companies operating in Florida, and there is potential for similar bills to be passed nationwide as part of the backlash to addressing systemic social issues.

The new law amends the state's Civil Rights Act of 1992, and now defines certain DEI programs as unlawful discrimination if mandated by employers, associations, or certification organization.

According to the Human Rights Campaign, the bill changes Florida's employment discrimination statutes to give employees the ability to file discrimination claims against an employer engaging in trainings or discussions about Black history, LGBTQ+ issues, and other issues relating to perceived injustice and discrimination. Lawmakers opposed to the bill raised concerns about how it would impact Florida's businesses. The author of the bill, state Senator Bryan Aliva, pushed back, asserting that "Florida was right to ban training programs by several national companies that talk about racism and White privileges."

The law signals the way in which companies will have to navigate culture wars becoming political, and how that change will affect business and their employees. In the wake of the law passing, 15 companies that conduct business in Florida wrote a letter to the Legislature opposing the law, expressing how it would have negative implications on their businesses and DEI efforts. An excerpt from the letter reads:

As written, these harmful proposals would force businesses to navigate between competing mandates. We have a legal and ethical requirement to create safe and fair workplaces by conducting meaningful trainings on workplace issues like sexual harassment, diversity, and inclusion. If this bill passes, we could face potential legal liability if said training makes someone feel “uncomfortable.” We fear this will provoke an onslaught of frivolous lawsuits, even as Florida has been recently praised for reforming its litigation climate.

Furthermore, this legislation would weaken our already-strained efforts to recruit talent to fill vacancies left vacant during the pandemic. Our businesses will struggle, even more than they currently do, to resume employment levels needed to be successful.

While some of us are headquartered or function solely in the state, we also represent larger national employers with a footprint in Florida. This legislation creates a burdensome patchwork of special rules, making it more onerous to operate and to provide equitable workplace opportunities in Florida.

The major companies that signed on include:

- Apellix
- Ben & Jerry’s Homemade, Inc.
- City of Fort Lauderdale
- Converge & Associates Consulting
- H&M US
- Innova Management Solutions, Inc.
- J. Crew Group
- Levi Strauss & Co.
- Lush Fresh Handmade Cosmetics
- Misfits Gaming Group
- On Top of the World Communities
- Palm Health Foundation
- Ponto Alto Publishing
- Seventh Generation
- Sun Life US

Corporations Weigh in on Gun Safety

Several companies, including retailers and especially financial services firms, have taken strong views on gun safety in recent years, especially after numerous well-publicized mass shootings with assault-style weapons.

Most recently, the CEOs of more than 250 companies, including Levi Strauss & Co., Dick’s Sporting Goods, Patagonia, and Unilever, cosigned a letter urging the US Senate to take immediate action to address what they called an “epidemic” of gun violence. The June 9, 2022, letter emphasized not just the human toll but also the "profound economic impact" of such disasters.

The letter from CEOs for Gun Safety, which was also signed by leaders at Bloomberg LP, Condé Nast, Lululemon Athletica, Lyft, and Bain Capital, says "the Senate must take urgent action to pass bold gun safety legislation as soon as possible in order to avoid more death and injury."

In 2019, a similar letter was signed by the CEOs of 145 companies following mass shootings.

The expanded size of the group this time shows increased willingness by CEOs to wade into controversial topics, at least this one.

Some examples of companies taking stands on gun safety in recent years:

- Retailers
  - Dick's Sporting Goods ended sales of all assault-style rifles in its stores. The retailer also said that it would no longer sell high-capacity magazines and would require any gun buyer to be at least 21 years old, regardless of local laws. Dick's also announced it would remove firearms from 125 stores.
  - Walmart, the nation's largest gun seller, announced that it would not sell any firearm to anyone under 21. The company also said it would no longer sell assault-style rifles.
  - L.L. Bean said it would no longer sell guns or ammunition to anyone under 21 (note: firearms specific to hunting and target shooting are sold at its flagship store in Maine).
  - Kroger also announced that it would not sell guns to people under 21.
- Financial Services Firms
  - Citibank announced a US commercial firearms policy that requires retail-sector clients or partners to abide by several best practices prohibiting the sale of firearms without a completed background check, the sale of high-capacity magazines, and sales of firearms to purchasers under the age of 21.
  - Bank of America stopped lending money to gun manufacturers that make military-style firearms for civilian use.
  - Amalgamated Bank does not lend to or provide banking services for firearms manufacturers or sellers.
  - BlackRock is now offering clients a choice of products that exclude the firearms industry.
  - State Street Global Advisors and the California State Teachers' Retirement System (CalSTRS), among others, in a coalition of institutional and private investors with combined assets of more than $4.83 trillion, created the Principles for a Responsible Civilian Firearms Industry.
  - PayPal does not allow the use of its service or logo for selling firearms, certain firearm parts, or ammunition.
  - Credit-card payment handler Authorize.net (a subsidiary of Visa) cut its relationship with North Carolina-based Hyatt Gun Shop–the self-proclaimed nation's largest gun store.
- Other Companies

- Salesforce bans customers that sell automatic and semiautomatic weapons, 3D-printed guns, and a number of accessories from using its sales management software.
- Levi Strauss & Co. pledged its support for gun violence prevention through establishing The Safer Tomorrow Fund, a fund to direct philanthropic grants to nonprofits and youth activists working to end gun violence in the US; partnering with Everytown for Gun Safety and executives from the business community; and driving efforts to engage employees.
- TOMS, the shoe company, launched a campaign to end gun violence with a $5 million donation.

Corporate Action on Climate Change

Corporations have been speaking up and taking action on climate change for years. Although climate change is a hot-button political issue in the US, environmentalism and sustainability do not bring the same amount of tension in the workplace as other social issues. This is most likely because the overwhelming majority of Americans believe in climate change (75 percent), despite debates by government officials over its existence and how to tackle it.

Companies are increasingly taking action on climate change because stakeholders and shareholders are demanding they do so. Sixty-eight percent of Americans think it's important for companies to be transparent about their sustainability commitments and publicly report on their progress on environmental issues, and 53 percent of US adults say it's important to work for a company with a strong commitment to addressing climate change.

As ESG is becoming a more popular investment strategy, environmentally friendly business practices are becoming a standard requirement for investors. Globally, 48 percent of personal investors take sustainability into account when investing, and 21 percent are likely to do so in the future; 70 percent of C-suite executives report feeling pressure from investors and shareholders to take action on climate.

Through taking a stand on climate, companies have a considerable opportunity to separate themselves from their competition and become leaders in their industries. One of the best examples of this is Patagonia's "Don't Buy This Jacket" Black Friday ad. In 2011, Patagonia took out a one-page ad in the New York Times encouraging readers not to buy one of its best-selling jackets in an effort to curb over-consumerism and the resources used to manufacture it. The ad was a success, and in 2015, competitor REI joined Patagonia by closing on Black Friday. Now, over 700 companies close on Black Friday in advocacy efforts to address overconsumption and promote resource conservation. Both Patagonia and REI experienced significant growth after the launch of their campaigns. Through taking a stand for social issues, these companies were able bring more people into their consumer base by staying true to the values of the business.

Younger generations in particular are deeply concerned about climate change and are counting on corporations to step in to make necessary changes for a healthy planet. According to Deloitte's 2022 Gen Z and Millennial Survey, both generations put climate change just behind the cost of living as their top societal concern. Results from the survey show these generations want employers to "prioritize visible, everyday environmental actions, such as banning single-use plastics and providing training to help people make better choices in their everyday lives." These employees report being ready and willing to push their employers to do more, especially because only 15 percent of Gen Zs and 14 percent of millennials believe businesses are strongly committed to taking climate action.

Case Study: Leveraging Learning and Development for Climate Action

Leading companies in sustainability have been teaming up with employees to generate change through the creation of climate courses. Gen Z and millennials have reported wanting to take part in their organizations' climate efforts, and these classes give young employees the chance to do so. One of the most successful cases is Deloitte's digital climate course, launched in August 2021. The course is available to employees across the globe and allows employees to set aside time every day to keep up with the latest news in climate science and how they can make an individual impact on sustainability, as well as what the company is doing. The program has been immensely popular since it was made available to employees. As of March 2022, 269,000 workers out of 330,000 had completed the course, and all new hires will be required to take the course as a part of onboarding.

Using learning and development as a tool to boost employee engagement and a connection point to the company's sustainability practices is becoming a best practice in corporate action on climate change. In February 2022, professional services firm EY announced it would pay for any of its global employees to get a master's degree in in sustainability, in partnership with Hult International Business School. Additionally, financial services company AXA launched the AXA Climate Academy in 2021, which provides employees with the opportunity to:

- Build awareness on AXA's climate strategy
- Develop and increase climate literacy
- Develop and increase understanding of the impacts of climate change on AXA's business
- Encourage change in behavior and attitude towards climate change
- Develop the ability to think critically about climate topics

By 2023, AXA aims at training 100 percent of its employees on climate issues. Céline Soubranne**,** AXA's Head of Sustainability, spoke about why AXA looked to education as a strategy for climate action:

> Eco gestures and volunteer actions will continue to be necessary but are not enough: now it is time for broader business transformation and development of new skills. That's why we commit to train all employees on climate issues by 2023. Climate is changing and so must we!

Why CEOs and Corporate Leaders Should Speak Out

Why should CEOs and other corporate leaders speak out about controversial issues? Until recently, most CEOs, heeding advice from their corporate communications, steered clear of anything considered risky out of fear they would make investors nervous. But that has changed.

As issues deeply impacting employees, company culture, and society at large have made their way into the office, more CEOs and their corporate leadership have been speaking out. Why? It matters to their employees, it matters to their consumers/clients, and often, it matters to their organizational focus and mission.

According to the 2022 Edelman Trust Barometer, 81 percent of respondents believe CEOs should be visible when discussing public policy outside of their companies or the work their company has done to benefit society. And 60 percent said that when considering a job, they expect the CEO to speak out publicly about controversial social and political issues that they care about.

The survey participants chose these issues as most important for CEOs to discuss: jobs and the economy (76 percent), technology (74 percent), wage inequality (73 percent), global warning and climate change (68 percent), and prejudice and discrimination (65 percent). More than 36,000 participants in 28 countries participated in the Edelman survey, which consisted of online interviews in November 2021.

One CEO explained what he sees as the importance of corporate leaders taking stands. Matthew McCarthy, CEO of Ben & Jerry's, known for its social activism, told Seramount: "You are what you do. This is true for companies as well as people. And if you choose to be silent, then that is an action."

McCarthy, whose company is owned by Unilever, served on Seramount's Pledge to Progress Board of Advisers, recommending solutions for corporations to address systemic racism. He admitted it's easier for a company like his, with a long history of social advocacy, to take a stand. For companies that are unsure, he advises having a communications plan and being transparent about their uncertainty.

"You want to provide clarity to people. It's OK to say we know where we stand on racial equity and systemic racism, but we haven't figured out where we stand on abortion because we know there are different sides," McCarthy said.

Employees' Own Words About the Importance of Companies Taking Stands

After the Supreme Court's decision to reverse *Roe v. Wade*, Seramount held five Assess360 Employee Voice Sessions, virtual listening sessions that give employees a psychologically safe, anonymous solutions-oriented forum.

In all, 235 employees from 36 companies participated. Respondents overwhelmingly supported companies' decisions to speak out about reproductive rights, although not all employees agreed. Here are some of their responses:

- "If my company's values aren't aligned with mine, I don't want to work there. We cannot be productive employees if we are not safe or not valued. We need to know what options we have in regard to healthcare coverage and travel expenses or if we need time off. If not, employee engagement will suffer."
- "I am afraid for my colleagues who live, work, and travel to states without full access to reproductive healthcare. It absolutely impacts business or could for many reasons. On a personal level, I would not have my career, health, or now my two children without full access to personal decision-making about reproductive health care. I am very worried for marginalized communities already suffering from lack of access."

- “I feel very lucky to have company support, in contrast to my daughter, who is an intern at a conservative company, in an office where 90 percent are men, some of whom are openly discussing how pleased they are with the ruling. I'm struggling with how to help her.”
- “I'm fearful that as the climate we're living in becomes more polarized and personal, it'll become harder for me to keep my personal views out of work. I don't want to help partners who think it’s a victory to take rights away. I fear my company won't flat out say at some point (if this gets worse) that this is wrong—and that will make me feel less a part of my work community.”
- “I appreciate the intent of the neutrally worded response that the company sent, but it has been crickets otherwise.”
- “I want to make sure employers are recognizing BOTH sides. Leaders are starting conversations as though everyone agrees with their point of view. Do NOT assume. Start your conversations with empathy and grace.”
- “This hasn't affected me at work. No one is really discussing it. I think people are scared to express how they feel about it. For HR reasons.”
- “Professionally, I am very opposed to companies weighing in on this topic and my company chose to speak on it. It has disrupted our workplace unnecessarily while people struggle with this outside of work.”
- “It tells us how they value women. These are human issues impacting us all and our abilities to show up at work. Not acknowledging or dismissing this altogether would be a huge miss."
- “Our health care is provided by our workplace. Oftentimes, there is a lot of work that goes in to choosing the best plan for your employee population. For a company to not speak to a loss of access to healthcare while no other group of the population is impacted would be taking a stance in itself. This decision can be life or death for many women, which has a direct impact on the working class in this country.”
- “It's an equity issue. If this becomes a patchwork by state, I feel like you have to guarantee that all staff regardless of where they live have the same flexibility and options.”
- “If they don't address it, it’s a clear signal to me that it’s not a good fit and I should find a company who does care enough about rights to say something.”
- “We need to feel confident that our employer has our best interest at heart. They need to support the issues that affect our lives. Previously our reproductive rights were a non-issue in the company, but the Supreme Court has made it an issue. It needs to be acknowledged. Secondly, my healthcare is through my employer. This makes them party to the issue.”
- “Companies can talk about caring for their employees all they want but it's their actions that will show us the truth and now is the time to step up and prove it.”
- “My company has a louder public voice than I do.”
- “How can a company expect to genuinely put importance on diversity and inclusion, if women's rights aren't protected to keep her able to be employed?”

Conclusion

As sociopolitical issues become increasingly top of mind for employees and consumers, staying silent is becoming less of an option for company leaders. Taking a stand on social issues is one of many ways companies can show their commitment to DEI to stakeholders and shareholders, but it has to be done in a way that is aligned with company goals and values. Crisis management should not be a task undertaken by DEI or CDOs alone. It requires leaders from across the organization to come together to form a strategy on how to move forward.

What happens when action needs to be taken? Data from the 2022 Seramount Inclusion Index indicates that:

- 92 percent of Index companies have corporate decision trees in cases of crisis communications.
- At 84 percent of those companies, DEI is part of those decisions on whether and how to speak out.

Who else weighs in?

- At 89 percent of Index companies, the legal department;
- At 89 percent of those companies, corporate communications;
- At 88 percent, HR;
- At 53 percent, marketing;
- And at 38 percent, investor relations.

It is critical that company leaders take meaningful action alongside making public statements to ensure they are authentic in their efforts, rather than appearing as merely performative. Making a statement is a great first step, but it should be only the beginning of how companies get involved in social issues. Without concrete evidence of how companies plan to make a difference, a statement in support of a movement or stance does not show a true commitment to change, and risks the company being perceived as virtue signaling. In addition, leaders should look at what benefits, policies, and practices their organizations should change or add to show their words are not just lip service. Furthermore, companies should look for philanthropic opportunities to get involved with the issues they are speaking out about as well.

Corporations are charting new waters when it comes to speaking out. Organizations are not going to get it right every time—and that is okay, if genuine effort is put into understanding where missteps occurred and how to avoid them in the future. It's important that companies listen to criticism when it arises and continue moving towards the ultimate goal of being diverse, equitable, and inclusive. Making the decision to put out a public statement is undoubtedly a risk, but has the potential to reap the rewards of good reputation, brand loyalty, and a competitive edge in talent recruitment of young workers.

Are your organizational leaders considering speaking out on social issues? Do you know what your employees think about these issues? Consider these Seramount offerings:

Seramount's Employee Voice Sessions provide leaders with qualitative and quantitative insight into how employees are feeling in an anonymous and psychologically safe environment. In times of contentious social moments, leaders should engage with their employee base to better understand their experiences. This is a tool that can be leveraged to get a sense of what employees are expecting from their leaders, and to let employees know that their opinions are being heard and validated by leadership. Employee Voice Sessions are offered through our Assess 360 solution, which helps company leaders:

- Identify levers to drive lasting and meaningful change
- Align stakeholders in mapping out a DEI strategy
- Engage and motivate today's diverse workforce

Seramount Inclusion Index data shows that chief diversity officers (CDOs) and their teams are increasingly being asked to weigh in on when and how their employers respond to social issues, and they need more support than ever before. Seramount's CDO Collaborative empowers CDOs in their role as corporate change agents through cutting-edge research and community. CDOs are not crisis managers but are often called to be involved in these issues. The CDO Collaborative offers members opportunities for private, closed-door, peer-to-peer discussion and customized implementation guidance that goes deep into the "nuts and bolts" of change management.

Interested in becoming a Seramount partner, looking for a demo of our solutions, or participate in our Inclusion Index? Fill out a request form here or call (202) 747-1005.