

EXECUTIVE SUMMARY FOR
PARTICIPATING CORPORATE INSIDERS

Affirmative Action Pulse Survey



June 14, 2023

GRAVITY
RESEARCH

Survey Demographics: Affirmative Action Pulse Survey

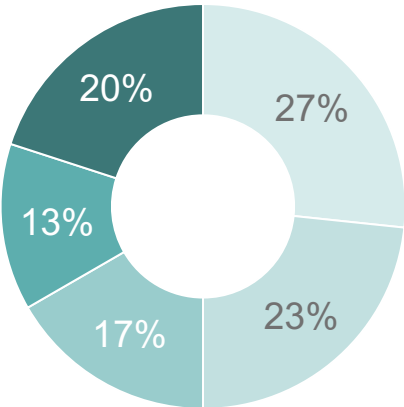
30 executives completed the first of two **Corporate Insiders Affirmative Action Pulse Surveys**. These graphs reflect demographics for our corporate participants.

Annual revenue and **employee** bands were derived to segment participants with comparable organizations.

National Journal also evaluated participants by **industry**, level of **regulatory oversight**, and whether the company **primarily served consumers**, a business-to-consumer (B2C) company, **or businesses**, a business-to-business (B2B) company.

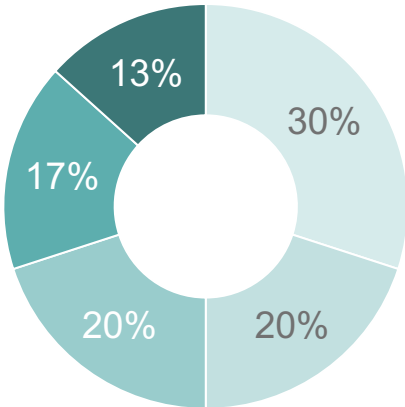
AFFIRMATIVE ACTION PULSE SURVEY

Insiders by Revenue Band



<\$25B \$25-50B \$50-75B \$75-100B \$100B+

Insiders by Headcount



<20K 20-50K 50-200K 200-400K 400K+

Insider Demographics

Industry Sectors: Industries represented among Insiders are Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Retail, and Utilities.

Seniority: Insiders reflect senior-most leaders within their organizations, including titles such as Vice President, Senior Vice President, Executive Vice President, and C-Suite leadership.

Corporate Functions: A variety of functional areas were represented by these executives, including Communications, Marketing, Government Affairs, Public Policy, External Affairs, Corporate Social Responsibility, Sustainability, Reputation, and Risk Management with some leaders holding responsibility in multiple areas.

Companies were categorized by their level of preparedness in responding to the upcoming affirmative action decision

Though Insiders at B2C companies are more likely to report a sense of preparedness, *both* B2B and B2C executives have doubts about their companies' readiness to respond.

Consumer-facing brands are found within both groups, though **Less Prepared** companies are more likely to be in the Consumer Discretionary and Retail sectors.

Less Prepared companies also **tend to be larger** than their More Prepared counterparts, in terms of **revenue** and **headcount**. These characteristics may introduce **additional risk factors** to consider in responding to the affirmative action decision.

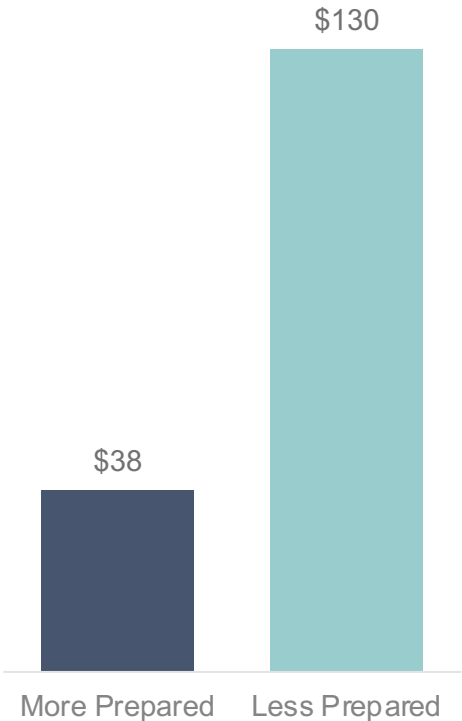
AFFIRMATIVE ACTION PULSE SURVEY

Demographics of Preparedness Levels | Revenue and Headcount

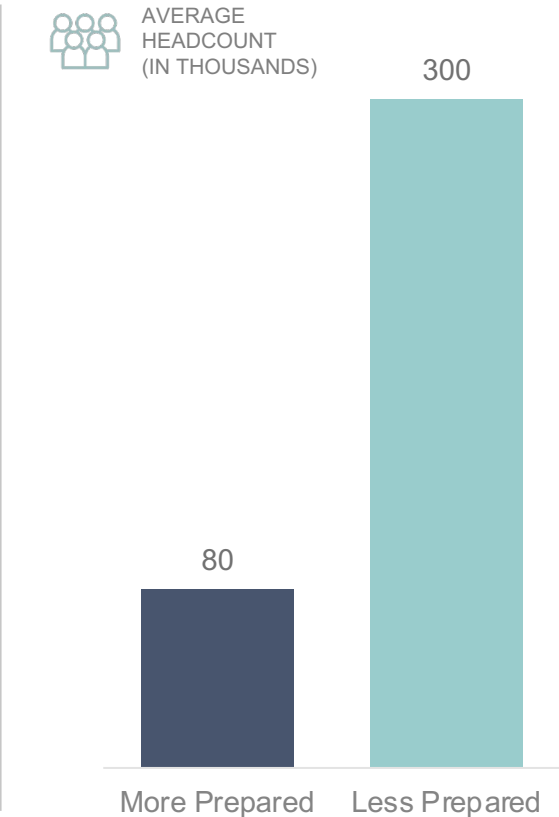
FREQUENCY OF INSIDERS



AVERAGE
REVENUE
(IN BILLIONS)



AVERAGE
HEADCOUNT
(IN THOUSANDS)



Finding #1: Many companies are hesitant to weigh in on the affirmative action decision, few aim to lead

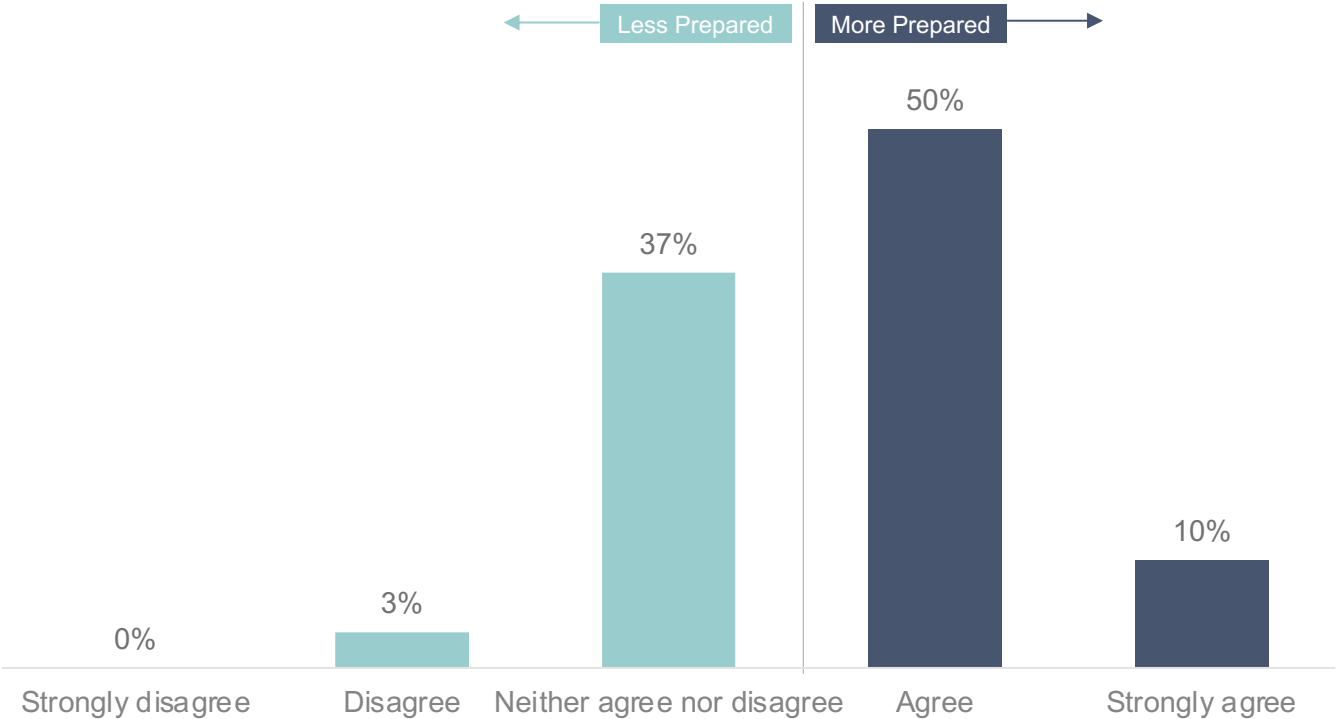
Nearly half of Insiders do not feel equipped to respond to the Supreme Court’s upcoming decision on affirmative action. Most Insiders seek to follow their peers in addressing the decision, though More Prepared companies are more inclined to lead in their response.

Less Prepared companies face challenges of balancing multiple stakeholders – employees, consumers, investors, etc. – across various geographies and markets.

Q: Please rate the following statement: My company is equipped to respond to the Supreme Court's decision on affirmative action.

Equipped to Respond to Supreme Court’s Affirmative Action Decision

FREQUENCY OF RESPONSE



AFFIRMATIVE ACTION PULSE SURVEY

Finding #2: Employees present the greatest pressure on affirmative action

The top four stakeholders of concern for Insiders are **ERGs, rank and file employees, advocacy groups, and elected officials**.

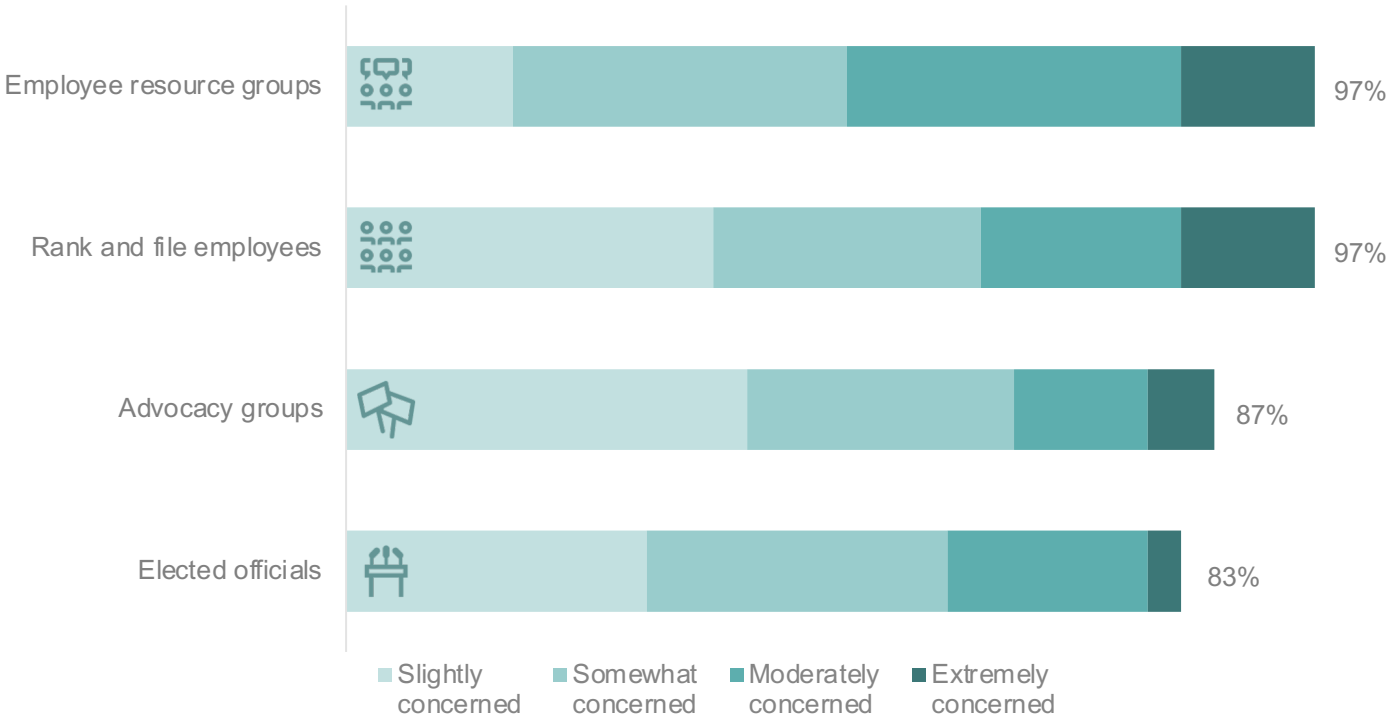
This tracks with Gravity Research’s recent agenda poll finding that, across all societal issues, employees are the top source of pressure on companies to engage.

Other sources of pressure such as **news media, peer companies, and C-suite executives** fell below 80% of total concern.

Q: How concerned is your company about the following stakeholders as sources of pressure on your company’s response to the affirmative action decision?

Sources of Pressure on Affirmative Action Response

FREQUENCY OF RESPONSE*



*Excluding “Not at all concerned” responses.

NOTE: Other inputs relied upon less frequently include: CEO, C-Suite Executives (excluding CEO), board members, investors, peer companies, federal departments and agencies, news media, business clients and individual consumers, local community

Insiders' stakeholder pressures align to their main risk concerns following the decision

The greatest worries in the near to medium term stem from **lawsuits challenging DEI hiring practices** and **anti-woke rhetoric from policymakers and politicians**.

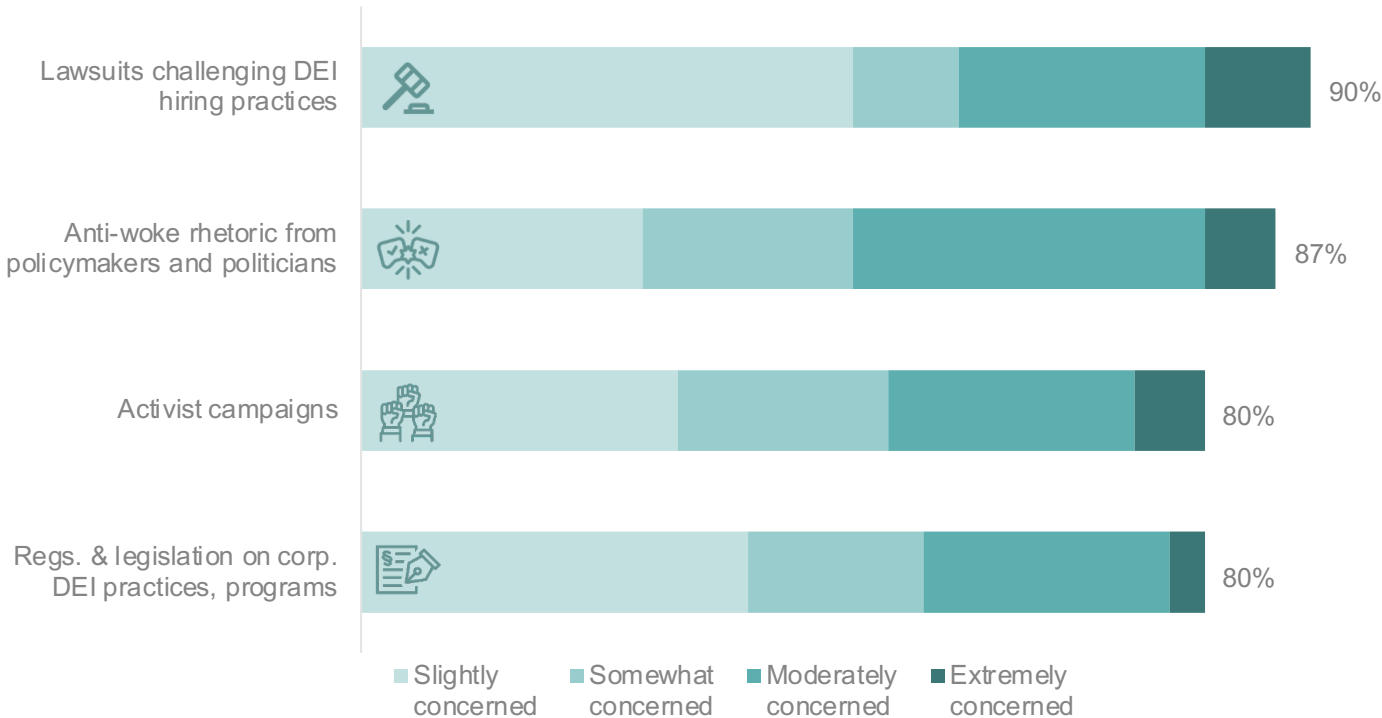
Activist campaigns and regulations & legislation on corporate DEI practices are also significant concerns.

Other risks such as **shareholder proposals on racial equity** and **congressional investigations** fell below 80% of total concern.

Q: How concerned is your company about the following risks in the near to medium term after the affirmative action decision?

Near-to-Medium Term Risks Following Affirmative Action Decision

FREQUENCY OF RESPONSE*



*Excluding "Not at all concerned" responses.

NOTE: Other inputs relied upon less frequently include: lawsuits challenging corporate DEI programs, shareholder proposals on racial equity, congressional investigations, investigative reporting on corporate DEI practices

Finding #3: Companies facing pressure from multiple stakeholders consult a greater variety of functions

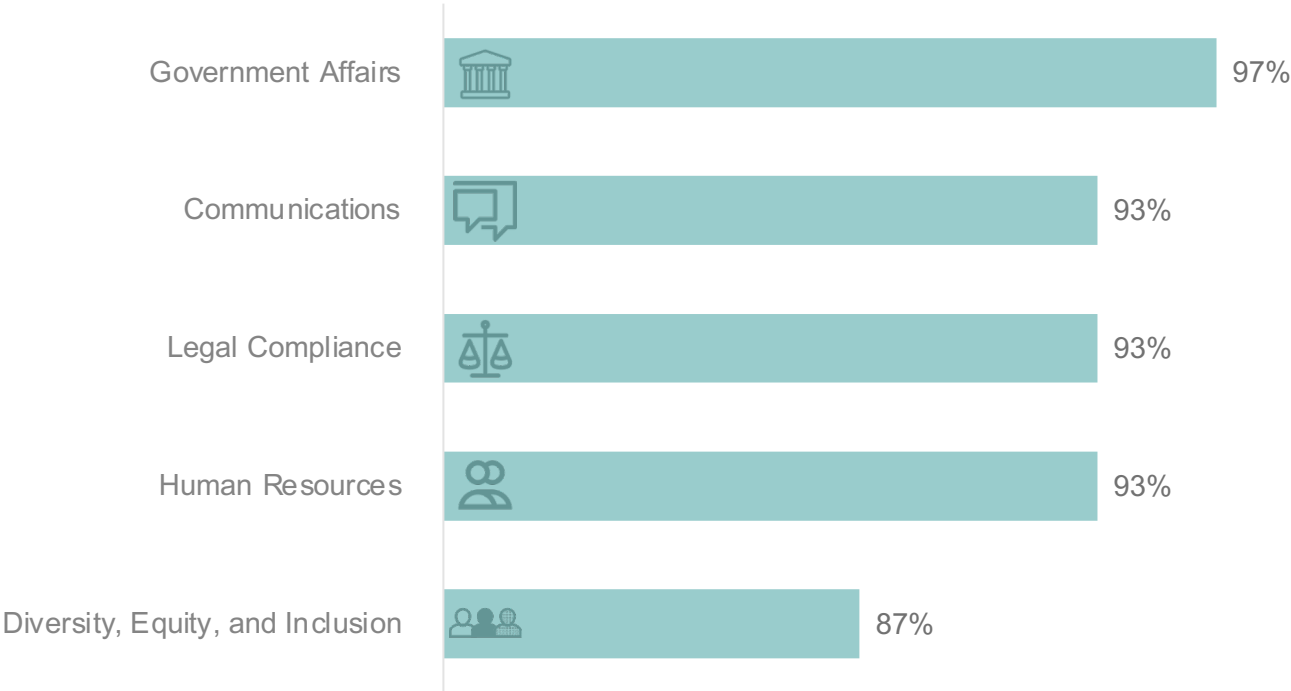
Most Insiders involve a **core set of functions** in formulating a response to the affirmative action decision: **Communications, Government Affairs, Human Resources, and Legal Compliance.**

Of note, **Less Prepared** companies are more prone to involve their **Diversity, Equity, and Inclusion and Reputation and Risk Management** functions in their decision-making.

Q: Thinking of groups that influence your response to the affirmative action decision, which functions would be consulted in formulating your company's response?

Corporate Functions Consulted in Affirmative Action Response

FREQUENCY OF RESPONSE (MULTIPLE CHOICES PERMITTED)



AFFIRMATIVE ACTION PULSE SURVEY

NOTE: Other departments consulted with less frequency include: Marketing, Strategy, Sales/Revenue, and Accounting/Finance.

Most Insiders will rely on their Chief Human Resources Officer to communicate their response

The top three messengers that companies would use to communicate their affirmative action response are their **Chief Human Resources Officer, Chief Communications Officer, and Chief Diversity Officer.**

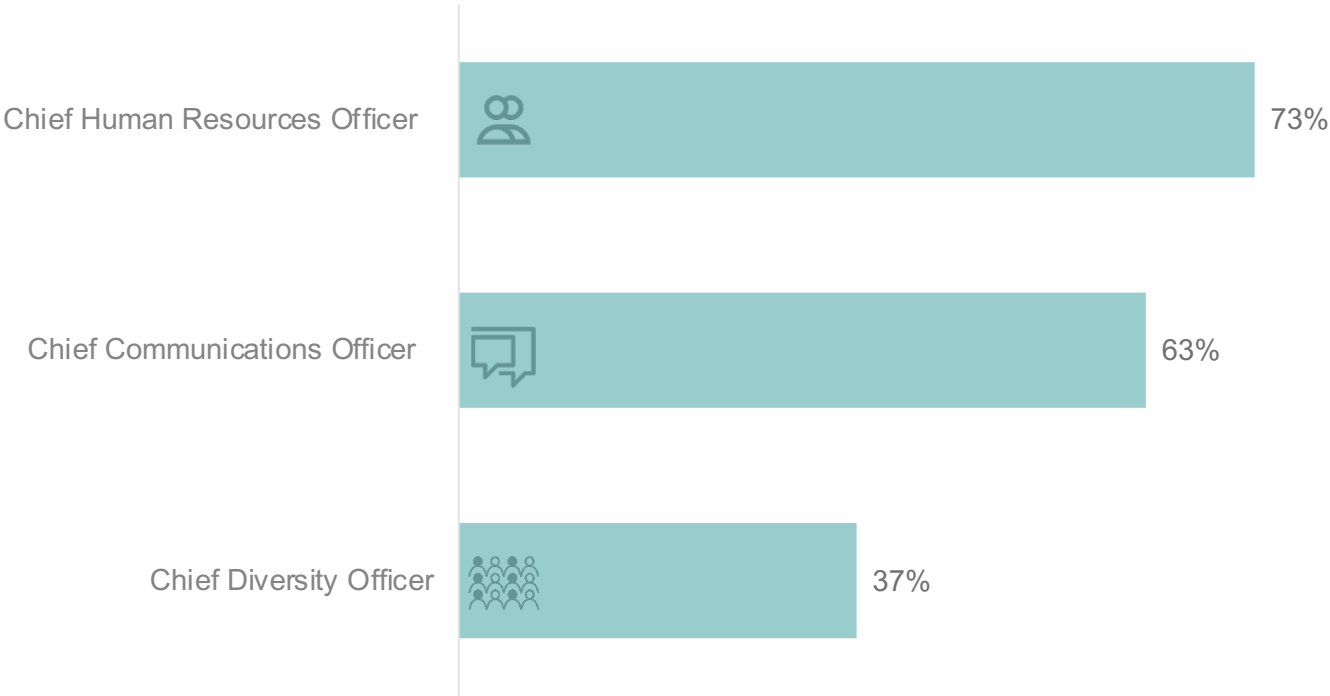
Of note, Less Prepared companies more frequently **task a greater variety of messengers** to communicate their response, perhaps reflecting the greater complexity they face.

Q: Who would be tasked with communicating your company's response to the affirmative action decision?

Parties Tasked with Communicating Affirmative Action Response

FREQUENCY OF RESPONSE (MULTIPLE CHOICES PERMITTED)

AFFIRMATIVE ACTION PULSE SURVEY



NOTE: Other messengers relied upon less frequently include: the Chief Executive Officer, ERGs, Chief Government Affairs Officer, Business Unit leaders, Chief External Affairs Officer, Board of Directors, and the Chief Marketing Officer.

The majority of Insiders use employee-centered inputs to inform their response

The top input for all Insiders are **internal surveys of/meetings with employees**, following the trend of employees as the top-most concern.

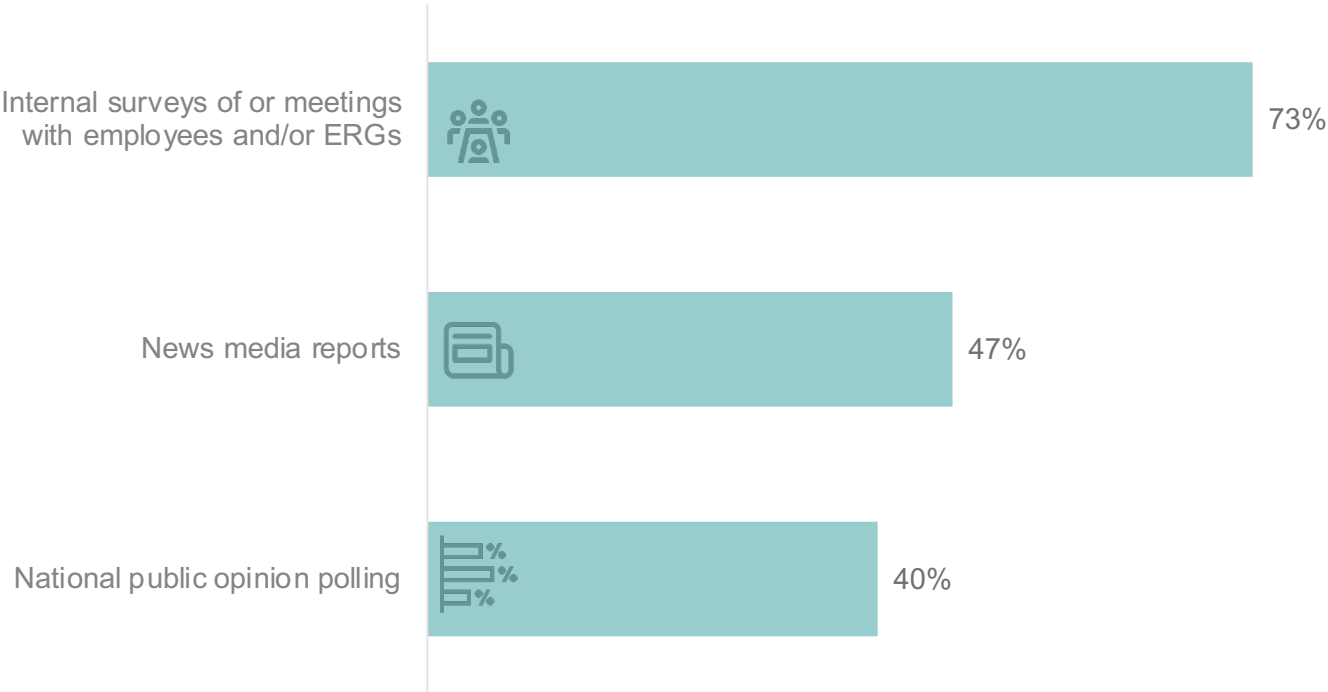
Of note, Less Prepared companies **use a greater variety of inputs**, such as **consumer brand research and analyses of shareholder proposals**. This, again, may reflect the greater complexity Less Prepared companies face as large, consumer-facing brands and publicly-traded companies.

Q: How does your company evaluate your key stakeholders' input in formulating your response to the affirmative action decision?

Stakeholder Inputs Evaluated in Formulating Affirmative Action Response

FREQUENCY OF RESPONSE (MULTIPLE CHOICES PERMITTED)

AFFIRMATIVE ACTION PULSE SURVEY



NOTE: Other inputs relied upon less frequently include: advocacy organization surveys, internal focus groups, and academic research.

Finding #4: Internal communications are the most likely short-term action following the decision

Insiders are most likely to make an **internal statement on affirmative action**, donate to nonprofit organizations, and **join a coalition/sign an open letter in support of DEI efforts**.

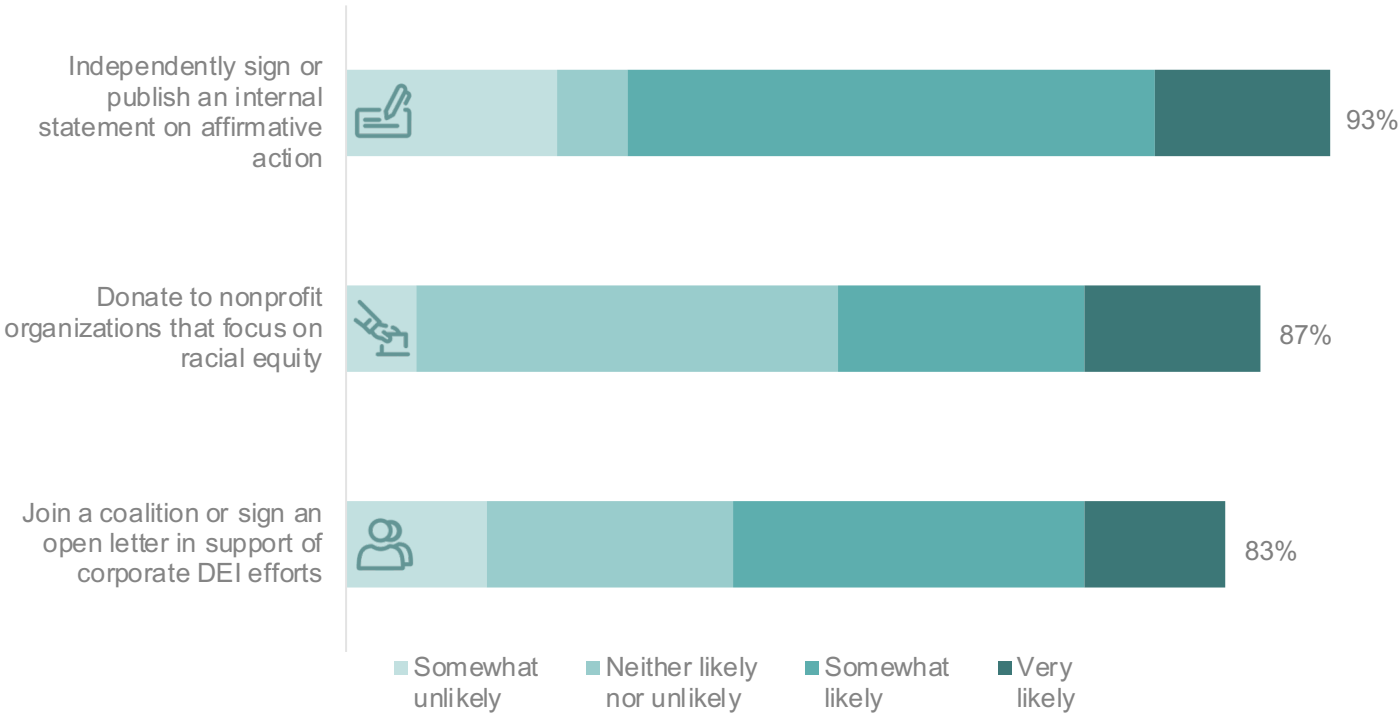
External statements are the least popular option, though 20% of Insiders are still somewhat/very likely to release them.

Q: In the immediate aftermath of the Supreme Court releasing its decision, how likely would your company be to...

Shorter-Term Actions Following Affirmative Action Decision

FREQUENCY OF RESPONSE*

AFFIRMATIVE ACTION PULSE SURVEY



*Excluding "Not at all concerned" responses.

NOTE: Other inputs relied upon less frequently include: post on social media a statement on affirmative action

Finding #5: Insiders are largely uncertain about long-term actions following the decision

The top three long-term actions are to **communicate racial equity efforts back to staff, partner with other organizations on corporate DEI efforts, and coordinate racial equity pledges with universities**. However, no long term response stands out.

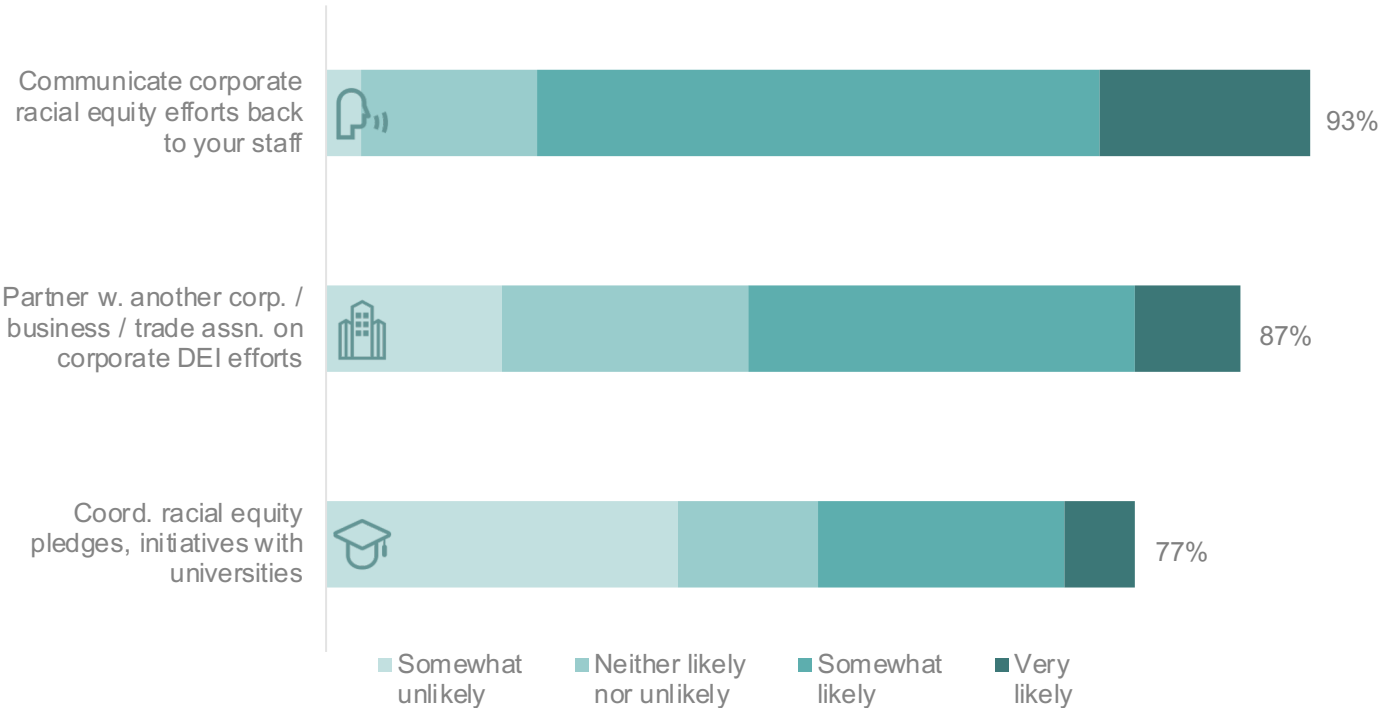
Other actions such as **signing or filing an amicus brief** and **revisiting partnerships with diversity-based recruitment firms** fell below 75% of total responses.

Q: In the two to three months following the potential overturn of affirmative action, how likely would your company be to...

Longer-Term Actions Following Affirmative Action Decision

FREQUENCY OF RESPONSE*

AFFIRMATIVE ACTION PULSE SURVEY



*Excluding "Not at all concerned" responses.

NOTE: Other inputs relied upon less frequently include: alter your company's DEI hiring practices, sign or file an amicus brief on affirmative action, engage legislators, regulators, and other policymakers on "corporate wokeism" concerns, revisit partnerships with diversity-based recruitment firms, coordinate racial equity pledges, initiatives with multiple corps., revise diversity targets in corp. board membership, hiring, compensation, and mgmt. practices

Appendix: Stakeholders pose varied risks to corporate DEI efforts if SCOTUS overturns affirmative action

Prior Gravity Research analysis finds that different stakeholder sets present varied risk to corporations, depending on their perspective on affirmative action and DEI programming and the tools available to them.

AFFIRMATIVE ACTION PULSE SURVEY

Stakeholders	Risks
Employees	<ul style="list-style-type: none"> Internal pressure for corporations to speak publicly or strengthen commitments to DEI
Consumers	<ul style="list-style-type: none"> Boycott companies who roll back DEI or whose business practices run counter to DEI goals Boycott “woke” companies that speak out or double down on DEI efforts
Corporate Peers	<ul style="list-style-type: none"> Peer engagement creates pressure for company to affirm support for affirmative action or shore up DEI efforts
Policymakers	<ul style="list-style-type: none"> Policymakers introduce legislation challenging corporate diversity programs CEOs or Diversity Officers testify about DEI efforts in Congress/state legislature Pressure corporations to change or roll back DEI efforts through public criticism
Activists	<ul style="list-style-type: none"> File lawsuits against corporations for their DEI efforts Pressure corporations to condemn the SCOTUS ruling Pressure corporations to create new DEI efforts
Shareholders	<ul style="list-style-type: none"> Introduce further pro-DEI and DEI transparency proposals Introduce further proposals to roll back DEI and focus on shareholder value

SOURCE Gravity Research, SCOTUS Affirmative Action Case: An Exploration of Corporate Implications, March 21, 2023.

A note from the Chair of our Corporate Insiders Group:

I would like to extend our sincerest gratitude for your participation in the pre-decision Affirmative Action Pulse Poll Survey as a Corporate Insider. Your insights and feedback have been invaluable and hopefully, this data will be equally as useful for you as your company weighs potential actions in response to the upcoming Supreme Court decision.

We will be conducting a follow-up poll after the decision has been made to provide further insights to companies, especially as you think about longer-term responses. We invite you to participate once again and share your thoughts with us. As always, we will send summary insights like this with all Insiders that participate in that survey.

In the meantime, I'd like to take this opportunity to highlight one of the benefits of becoming a Corporate Insider Client. The next three slides showcase what our Corporate Insider Clients receive following each survey. This includes a more expansive dataset and custom benchmarking insights based on your industry, giving you access to more detailed data points to assist in making informed decisions related to the most pressing societal issues.

If you're interested in learning more about our Corporate Insider Program, I'd be happy to set-up a quick call to discuss.

Thank you once again for your continued engagement and participation as a Corporate Insider. We look forward to continuing to build out the program, with the aim of providing as much value as possible to partners like you.

Thank you,



Jackie Breuer

Executive Director and Chair of the Corporate Insider Group

jbreuer@gravityresearch.com

Finding #5: Insiders are largely uncertain about long-term actions following the decision

Most choose to **communicate racial equity efforts back to their staff** and many expect to **partner with other organizations on corporate DEI efforts**. However, no long term response stands out.

Analysis

- More Prepared companies expect to reinforce internal communications while Less Prepared companies are **more inclined to explore more fundamental changes to internal DEI practices**.
- Past Gravity Research analysis notes the complexity of different stakeholder reactions and how they might shift depending on the scope of the SCOTUS decision and if future cases extend to private business. Companies may be waiting to see how the legal case evolves and which stakeholders engage.

Custom Client Insight

- Your direct competitors are **much more likely to coordinate racial equity pledges with other corporations and with universities** compared to all Insiders (at rates 25-40% higher than Insiders overall).
- Meanwhile, your industry peers are **more inclined to explore changes to diversity-based recruiting, DEI hiring and other internal diversity practices** compared to all Insiders (at rates 15-25% higher than Insiders overall).



SOCIETAL ISSUE RESPONSES

In the **two to three months after** the decision, most companies expect to reinforce their commitment to DEI with internal stakeholders.

Nearly three-quarters of Insiders are somewhat/very likely to **communicate corporate racial equity efforts back to their staff**.

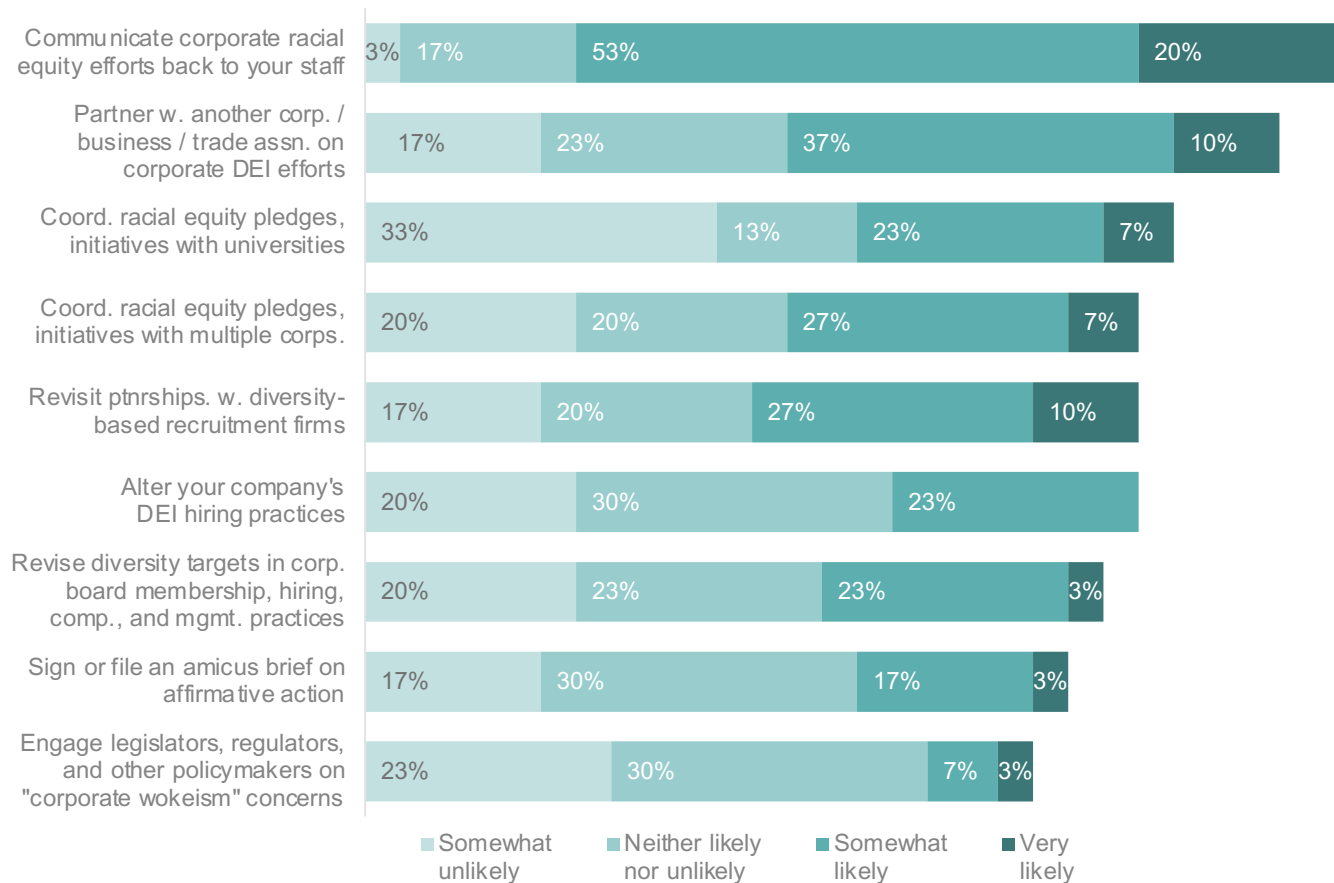
Nearly one-half of Insiders expect their companies to **partner with another company, business or trade association on corporate DEI efforts** (47% somewhat/very likely).

AFFIRMATIVE ACTION PULSE SURVEY

Q: In the two to three months following the potential overturn of affirmative action, how likely would your company be to...

Longer-Term Actions Following Affirmative Action Decision

FREQUENCY OF RESPONSE*



*Excluding "Not at all concerned" responses.

EXPANDED INSIDER
CLIENT DATA

PREPAREDNESS



SOCIETAL ISSUE RESPONSES

More Prepared companies **prioritize internal communications**: 28% are very likely to communicate corporate racial equity efforts back to their staff, compared to 8% of Less Prepared organizations.

Less Prepared companies appear more willing to consider a **wider number of actions**.

One-quarter of companies across preparedness levels expect to **revise diversity targets** or **DEI hiring practices**.

Less Prepared companies are twice as likely to **revisit partnerships with diversity-based recruitment firms** compared to their More Prepared counterparts.

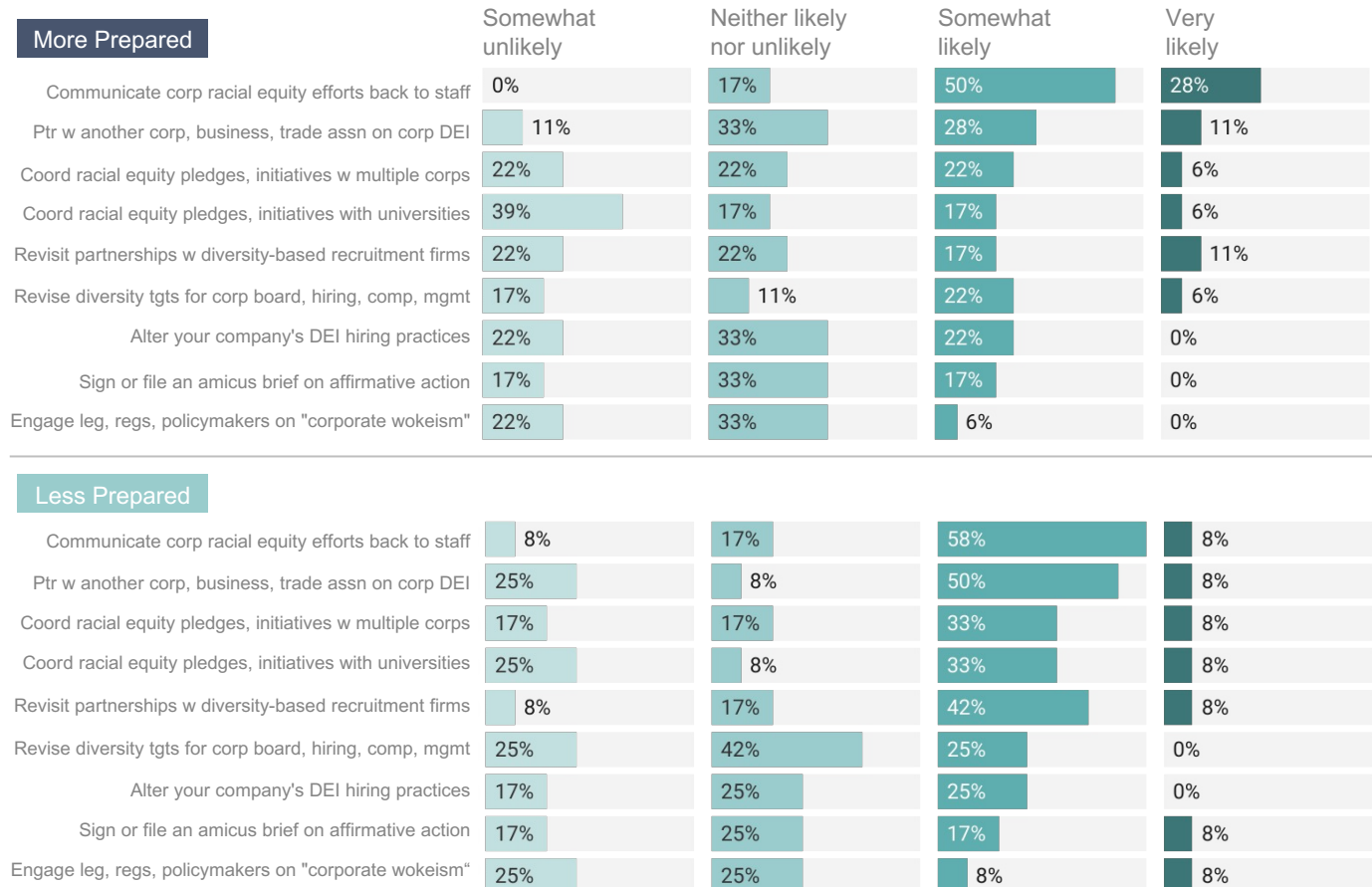
AFFIRMATIVE ACTION PULSE SURVEY

Q: In the two to three months following the potential overturn of affirmative action, how likely would your company be to...

EXPANDED INSIDER CLIENT DATA

Longer-Term Actions Following Affirmative Action Decision | Preparedness

FREQUENCY OF RESPONSE*



*Excluding "Not at all concerned" responses.

Confidentiality and Intellectual Property

These materials have been prepared by Gravity Research for the exclusive and individual use of our member organizations. As always, members are welcome to an unlimited number of copies of the materials contained within this handout for use within their organization. However, these materials contain valuable confidential and proprietary information belonging to Gravity Research and they may not be shared with any third party (including independent contractors and consultants) without the prior approval of Gravity Research. Gravity Research retains any and all intellectual property rights in these materials and requires retention of the copyright mark on all pages reproduced.

Legal Caveat

Gravity Research has worked to ensure the accuracy of the information it provides to its members. This report relies upon data obtained from many sources, and Gravity Research is not able to guarantee the accuracy of the information or analysis contained in these materials. Furthermore, Gravity Research is not engaged in rendering legal, accounting, or any other professional services. Gravity Research specifically disclaims liability for any damages, claims or losses that may arise from a) any errors or omissions in these materials, whether caused by Gravity Research or its sources, or b) reliance upon any recommendation made by Gravity Research.

PLEASE CONTACT US WITH ANY QUESTIONS

Jackie Breuer

Executive Director of Strategic Partnerships
jbreuer@gravityresearch.com

GRAVITY
RESEARCH