RED SKY THINKING

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FROM PLEDGES TO PROGRESS

PROVING BRAND PURPOSE TODAY

RED havas

Introduction

Even before the global pandemic erupted in tandem with social justice protests, consumers were applying more pressure on brands to demonstrate their purpose and take a stance. Beyond influencing how people shopped, purpose had also begun to have bearing on where they worked. A study by **Deloitte** found that two out of three millennials—the generation that will comprise 75% of the global workforce by 2025—primarily choose an employer because of its purpose.

In 2020, the onus to drive change shifted away from consumers who were locked in the pressure cooker of a pandemic and onto corporate leaders for whom it was the year to show what they were made of and what their company stood for.

This year, Havas' **Meaningful Brands** research found that consumers' high expectations aren't budging. Nearly three-quarters of consumers think brands must act NOW for the good of society and planet. Yet, they see only 47% of brands as trustworthy.

"See" is the operative word. People are watching companies closely—and are largely unimpressed. Only 36% of consumers are satisfied with the concrete action companies are taking to make the world a better place. And 34% think companies are transparent about their commitments and promises.

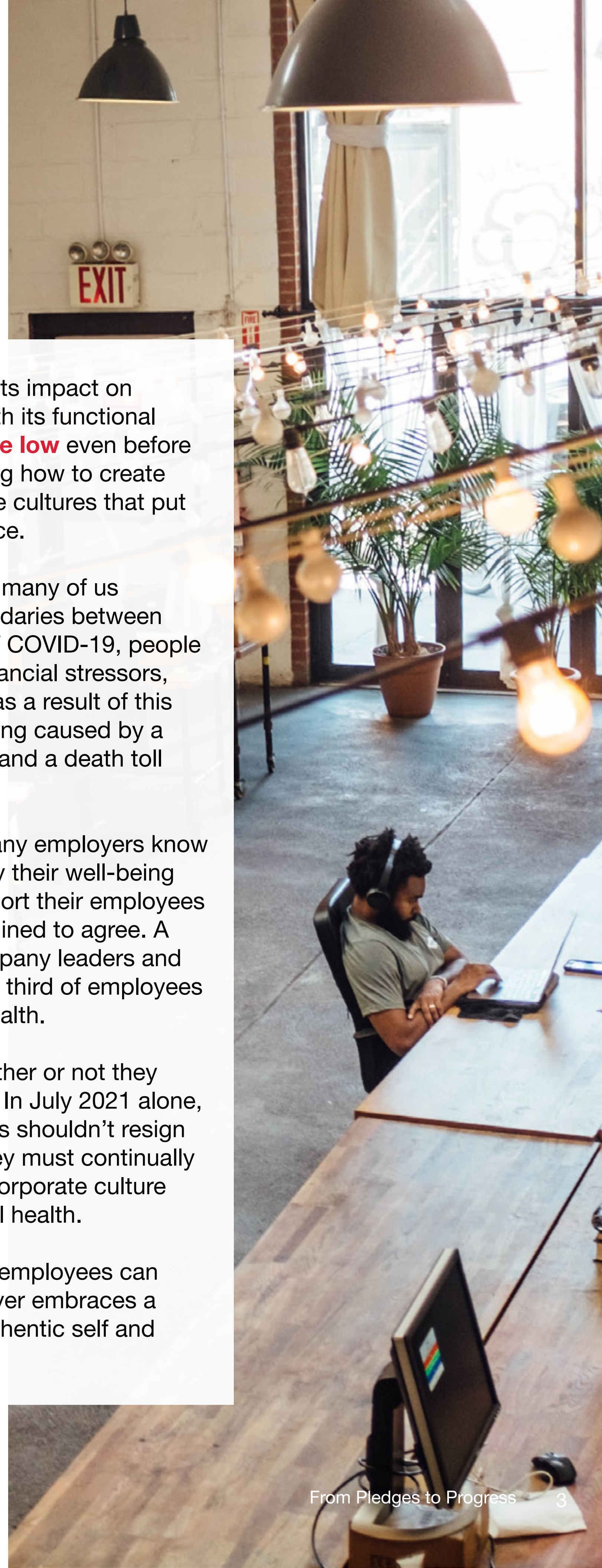
As we explore within, the purpose landscape has changed indelibly over the past year and a half. Since issuing the first version of this white paper in April 2021, another 100 million cases of COVID-19 have broken out globally. Naturally, this has initiated continued shifts in the substance, style and tonality of brand communications, both internally and externally. And it's not just how brands are talking nowadays but about what.

Across industries, companies have been especially invested in talking about employee well-being; diversity, equity and inclusion; and the climate. What do those things have to do with the pandemic? Everything and nothing. The common thread is that companies that take responsibility for their actions—whether with their employees, customers or Mother Nature—are best prepared to survive these hardships and those to come.

Enough with all the corporate pledges; it's time for progress.

As a global micro-network specializing in Meaningful Merged Media (earned, social and experiential storytelling with purpose-driven content and data at the heart), we present on the following pages Red Havas' view on where the future of communications is heading.

The Great Reprioritization: Well-Being Now Comes First



At Red Havas we define a meaningful brand by its impact on our personal and collective well-being, along with its functional benefits. With employee well-being at an **all-time low** even before the pandemic, more companies were considering how to create workplace environments with healthy, supportive cultures that put more emphasis on wellness and work-life balance.

We all know how that worked out. Only now are many of us beginning to once more stand up tentative boundaries between work and home life. Through nearly two years of COVID-19, people everywhere have faced childcare challenges, financial stressors, distraction, loneliness, burnout and exhaustion as a result of this mass trauma. That’s to say nothing of the suffering caused by a reported **235.9 million** global cases of the virus and a death toll above 4.8 million.

When it came to offering relief to employees, many employers know they missed the mark. More than **two-thirds** say their well-being and caregiving benefits did not adequately support their employees through the pandemic. Employees would be inclined to agree. A new survey of more than 1,700 employees, company leaders and human resources leaders in the U.S. finds that a third of employees today might change jobs to save their mental health.

As it turns out, many people did reevaluate whether or not they wanted to stay in their job during the pandemic. In July 2021 alone, **4 million** Americans quit their job. But employers shouldn’t resign themselves to the Great Resignation. Rather, they must continually remind employees to prioritize wellness with a corporate culture that supports their physical, mental and financial health.

Rather than saying “Take this job and shove it,” employees can take their job and love it, so long as their employer embraces a Great Reprioritization that supports their full, authentic self and seeks to meet their needs.

Normalizing mental health, caretaking and financial challenges

In our 2021 **Red Sky Predictions** report, we anticipated a scale-up of interest and investment in mental health across the board. This has been reflected by companies putting in the work to revolutionize their wellness strategies and programs: In **2021**, U.S. employers are investing most in mental health (88%), telemedicine (87%), stress management/resilience (81%), mindfulness and meditation (69%), and COVID-19 risk intake/wellness passport (63%) programs. In turn, they're decreasing their investment in health fairs, free healthy food/stocked kitchens, on-site fitness classes, and gym membership reimbursement—signaling a shifting from focus on employees' physical health (primarily weight loss) to mental health.

In addition to highlighting the universality of mental health challenges, COVID-19 has forced companies to not just focus their attention on long-term employee well-being and burnout prevention, but to also perform triage when necessary—addressing their employees' more immediate challenges. Employers might not have been able to help their workers thrive in the wake of a devastating pandemic, but they could do plenty to help them survive.

It was a challenge, especially, for companies to know how to best care for their employees who are caregivers. With empathy? Programs? Childcare resources?

As HR expert Larry Nisenson **recently wrote**, "Employer benefits must continue to evolve to support the growing number of employee caregivers who wish to remain in the workforce, but must balance family and work obligations to do so effectively. Rather than think of this support as temporary, the most goal-oriented companies will make these caregiver enhancements permanent to attract and retain top talent."

Another pandemic-era trend that we can expect to stick around: a focus on employees' financial wellness. While the virus was raging, accounting firm **PwC** issued performance-based raises (a pay bump of up to 5% of employees' salaries), doled out annual bonuses, and awarded promotions on schedule. "Even amidst the pandemic, the competition for talent remains significant and strong," says Michael Fenlon, chief people officer at PwC. "This pandemic is not forever, so we're making short- and long-term investments in our workforce."

> **"I know there are jobs to be done, but if you can have your employees mentally fit, then you're going to have so much more productivity in the long run. You're really looking after the entire person, not just their pay packet. ...If you're working on their mental fitness, you're being the best possible employer you can be. I want people to live it, walk it, volunteer, and work, work, work on it—action not words."**
>
> **—Gus Worland, founder of Gotcha4Life charity that focuses on mental fitness**

Putting health and well-being measures into practice

One positive outcome from the pandemic would be for employers to, at long last, put worker **health and equity first**. Some of the **big players**—e.g., UPS, IBM and many international airlines—pledged and followed through with their purpose-driven leadership, not only for employees but for their customers and the broader community.

Starbucks was inspired by the National Council for Behavioral Health's Mental Health First Aid program to roll out its own Starbucks Mental Health Fundamentals training for employees. It includes four 30-minute modules on effective listening, offering encouragement and reassurance, providing resources and information, and the importance of self-care.

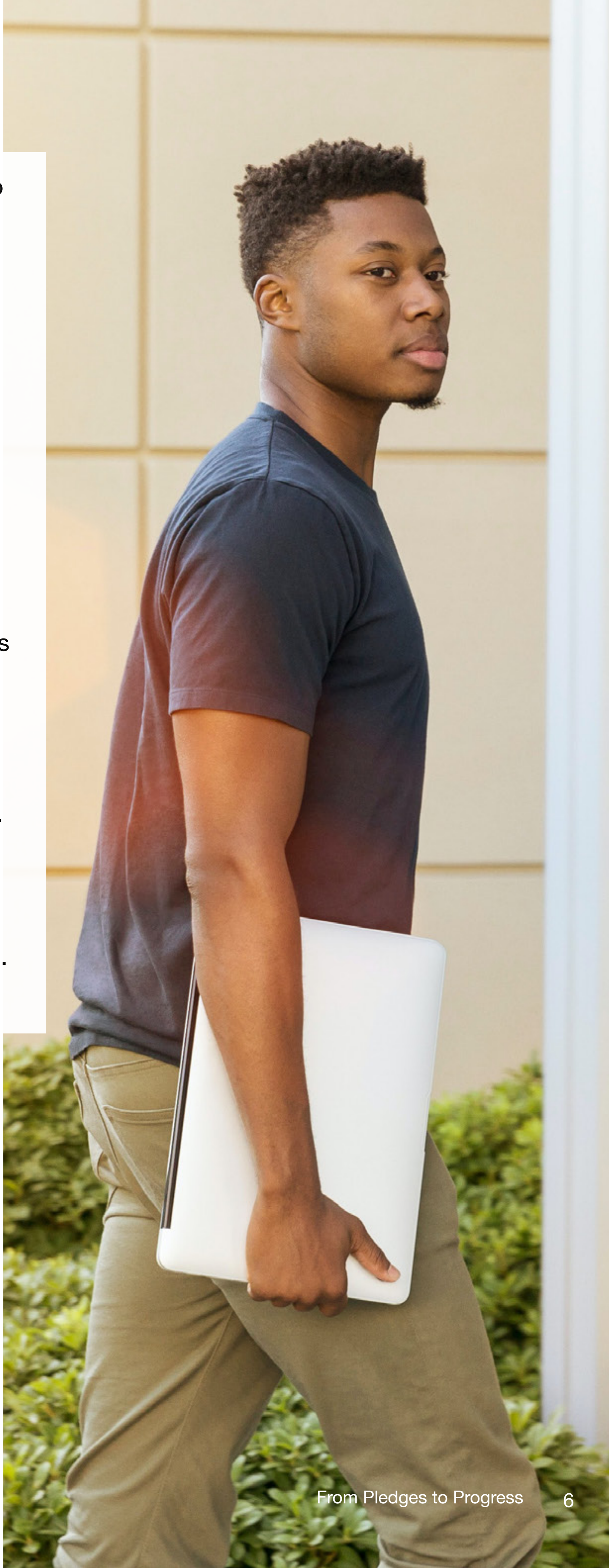
Meanwhile, **Salesforce** introduced its B-Well Together program, by which it brought in speakers and experts to provide tips, resources and insights during 30-minute well-being breaks. Originally created for its employees, the company has since opened these sessions up to the public to learn alongside its employees.

Another company embracing these half-hour time-out sessions for employees is 3M. Through its **3M Inspire** virtual event, nearly 1,300 employees from around the world tuned in to engage in weekly mindfulness sessions.

Leaders who want to be at the forefront need to consider the must-haves for employees' mental health. And they aren't as simple as work-life balance, return-to-office protocols or continued remote working—they include everything that comes with being a human in the workforce: childcare benefits, competitive wages, job security and, above all else, empathy.

In the previous 18 months, companies like Cisco that are guided in part by **social justice principles** also acknowledged the impact of racial injustice on employees' mental health. Following the murders of Breonna Taylor, Ahmaud Aubrey and George Floyd, Cisco CEO Chuck Robbins called an all-company meeting, inviting employees into "a conversation that was raw and real and painful and ugly," **says Shari Slate**, Cisco's chief inclusion and collaboration officer. Robbins then postponed "Cisco Live," Cisco's largest company meeting with its employees, customers and suppliers, to make space for healing, understanding and reflection.

Getting close to employees' challenges and putting conscious measures into practice to address them can be the difference between being part of the problem or part of the solution.



Looking Away Is No Longer An Option: Doubling Down On Diversity, Equity And Inclusion

Many of us will never forget the year 2020 despite how much we may want to. An eventful 12 months—compounded by the pandemic, #BlackLivesMatter protests and global economies in double-digit decline—shone a floodlight on the strides yet to be made in diversity, equity and inclusion (DE&I). We also saw more clearly how companies treat employees, and we tracked a shift in the employee mindset, with many now realizing the power of their voice at work. The employee experience has moved beyond the four walls of the office. With a greater number of workers representing and speaking to their personal beliefs publicly, they are now looking to their employers to also take action on societal issues and ensure consistency between a company's words and its actions.

Putting company money where its megaphone is

According to **research** by Grant Thornton LLP, more than half of CFO respondents planned to increase investment in DE&I in 2021. Listening and acting is becoming the M.O. for many companies. Take Goldman Sachs as an example. It held forums for leaders to learn more about barriers and challenges people in the company face and created action plans. When the employer heard that managers wanted to learn about allyship, it created an **Active Ally Action Plan** that included a printable list of actionable steps.

Other examples of DE&I in action included PayPal's announcement of a **$535 million** fund to support Black and minority businesses, as well as funds for strengthening the company's internal diversity and inclusion programs. It has largely delivered on its promises, as well as announcing additional programs and initiatives, including investing $50 million in the Local Initiatives Support Corporation (LISC) **Black Economic Development Fund** and committing an additional $5 million to a grant program for Black-owned businesses as the pandemic continues to impact communities.

Then there's Slack. Not only is it focused on hiring diverse talent, but it is also ensuring that once people join the company, they are treated with respect and given support. Slack seeks to embrace diversity and create conditions that provide everyone with an equal opportunity to thrive. One of its flagship DE&I programs that fosters company values is **Rising Tides**, a six-month sponsorship program for a talented and diverse group of high performers and emerging leaders who have historically lacked access to this support. Program participants receive career development training, executive coaching and one-on-one sponsorship with a Slack executive team member, with a focus on building a supportive community of peers.

Power to the employee (and customer)

Companies are increasingly giving power to their employees, establishing the workplace as a safe space for people to champion DE&I in their teams and social circles. On our "**Red Sky Fuel for Thought" podcast**, IBM's Manager of Digital and Advocacy Communications, **Brandi Boatner**, spoke about how the company empowered employees who had a vision of using technology to be part of the solution in combating systemic racism.

As a result, IBM's **Call for Code program** emerged and is dedicated to breaking down some of the systems that have been in place and perpetuating oppression. The company also abandoned racial profiling and facial recognition technology for mass surveillance, violations of basic human rights and freedom.

Similarly, boards and executives are being held to account on their DE&I progress and investment. Companies like **Verizon**, **Mastercard**, **Nike** and **Starbucks** are even tying executive compensation to DE&I impact.

DE&I initiatives can no longer be considered "nice to haves," and economic instability can't mean that organizations regress. Moreover, when discussing the benefits of DE&I in the workplace, leaders shouldn't talk about the positive impact it has on profit margins and marketable branding but rather how better business practices can drive social change, reaching beyond the workplace and into the human spirit.

Counteracting Climate Change: The Challenge Worth Every Brand's Energy

As of October 2021, there have been **18** weather/climate disaster events with losses exceeding $1 billion each to affect the United States. If one lesson is to be learned from such a year, it's that change isn't a choice; it's a necessity. It's more important now than ever before for brands to prove their climate purpose.

Separating fluff from fact

After the adoption of the Paris Agreement in 2015 by nearly every nation, businesses and brands around the globe have proposed green goals and populated their websites with sustainability promises and efforts. While at first glance it all looks good in terms of rhetoric, are brands' pledges and progress aligning? In many cases, the commitments and work supporting them are genuine; in others, they lack merit or tangibility. Brands looking to do their part in slashing emissions by 2050 should keep the following in mind.

Understand the urgency

Answering the call to mitigate climate change and ramp up sustainability efforts is both an immediate need and an expectation. The pandemic has caused consumers to rethink their priorities when considering brands, and environmental consciousness has been heightened even further. Research by **Forrester** found that 2020 marked a turning point for consumers: 68% of "highly empowered consumers" plan to step up their efforts to identify brands that reduce environmental impact, 61% look for energy-efficient labels when making purchases, and 47% regularly buy organic products.

Executive orders signed by President Biden have also put the environment back into the center of U.S. policy, strengthening the link between environmental sustainability and economic prosperity.

As more companies join the climate pledge, CEOs and board members recognize that the window of time to avert the worst impacts of climate change is quickly closing, and now is the time to move from pledges to progress. Devising a plan of immediate action to reach both near-term and long-term goals will prove to be essential to profitability, and employee and customer retention.

Offsets are just the start

With no regulatory standards in place, climate pledges for companies vary due to a range of factors from size to industry and everything in between. One of the most common pledges is setting "net-zero targets" (or going carbon/climate neutral)—which typically refers to a company's plans to address the issue of planet-heating emissions by offsetting its own.

Companies like **Microsoft** have not only made pledges to be carbon negative, but they are also backing it up with funding for innovations. Microsoft started a $1 billion **Climate Innovation Fund** to accelerate the growth of carbon removal. Elon Musk pledged $100 million to the winner of the **XPRIZE** for carbon capture, which **he said** would go to those able to "build real systems that can make a measurable impact and scale to a gigaton level."

"It's vital that companies decarbonize their own operations and their supply chain. But even more importantly, we need to decarbonize how society works."

—**Bill Weihl**, executive director, **ClimateVoice**

Though there's nothing wrong with joining **offset boom**—companies like Amazon, JetBlue and others have done it, too—it's not an end-all, be-all approach. Steps to reduce emissions also need to be taken. According to **Bill Weihl**, executive director of ClimateVoice, offsetting "is not automatically a bad thing. But…we're not going to offset our way out of this problem. We actually have to reduce emissions." Net-net, while technology and nature-based solutions can be positive tactics that support larger goals, they're not a substitute—they're simply the start.

In many cases, turning these corporate pledges into real progress isn't proving to be easy. The market for carbon removal is still in the early stages, leading **Microsoft** to call for a commonly accepted definition of "net zero" and better ways to remove carbon.

Climate commitments can't be conservative

Granted, initiating sustainability efforts isn't always a simple task for businesses. First, they have to determine their own direct emissions and measure how much greenhouse gas they are responsible for. For companies aiming to reduce **Scope 2** (indirect emissions from electricity purchased and used by the organization) and the much trickier **Scope 3** emissions (emissions that are the result of activities not owned or controlled by the organization), research must be conducted to understand their indirect emissions from electricity, supply chain and consumers themselves. And finding cleaner or alternative energy sources without hurting operations comes with its own set of challenges.

But experts urge businesses not to be conservative when it comes to climate commitments. "To realize the necessary emission reductions, more ambitious targets urgently need to be set," says **Viola Lutz**, deputy head of ISS ESG Climate Solutions, an arm of Institutional Shareholder Services. And it's not just the experts: Havas Prosumer study **ReACT** found that 75% of Prosumers and almost as many mainstream consumers believe radical action is required to solve our environmental issues.

Product innovations will also be imperative to address climate change. In his book “How to Avoid a Climate Crisis,” Bill Gates lays out where breakthrough technologies are needed and who is working on these essential innovations to overcome what he calls the **green premium**, the difference in cost between a product that involves emitting carbon and one that does not. Automotive is just one industry leading the charge, and 2021 will be a **pivotal year** for electric vehicles—reflecting the change in consumer demands and corporate commitments for making real changes in supply chains, operations and products.

“Most people—including 3 in 4 Prosumers—believe solving the big issues we face will require radical action. A third of the study’s youngest respondents (aged 18–34) think solving the climate crisis will require a complete reorganization of government and society.”

—Havas Group, ReACT: Moving Beyond Awareness to Action

Transparency leads to trust

With stakeholders wanting to see corporations' pledges on everything from climate change to diversity and inclusion produce demonstrable results, purpose took on even more significance over the past 18 months.

A business's role in social causes is no longer a question but an expectation. From small, local businesses to large, global corporations, consumers believe brands have the power and ability to take action—and many do. Even so, there's a lack of trust. Around six in 10 global respondents don't trust brands' sustainability commitments, saying companies are only trying to "polish their image," according to **ReACT**. And it's not without warrant. The concepts of "collusion" and "greenwashing" have caused a justified trust deficit.

Sustainability efforts are now a critical point of connectivity and a platform for communication between businesses, brands and consumers. To curb climate misinformation, brands must have a concrete understanding of the issues, set clear goals, and be transparent regarding their ongoing progress: releasing reports, partnering with nonprofits and collaborating with credible climate groups. In a world that thrives on tech, the demand for immediacy, access to information and action has migrated from the digital confines of search engines and social media platforms to every facet of life.

With increased scrutiny over what organizations say versus what they do, it will also be important for companies to measure and track employee well-being to grow support systems and initiatives into the future.

The good news is that many platforms and initiatives already exist to guide accurate measurement and reporting of how a company's purpose ties to tangible impact. (See a full list of resources at the end of this report.) In the Environmental, Social and Governance (ESG) space, for example, the World Economic Forum, with more than 50 corporate partners including Deloitte, EY, KPMG and PwC, drew upon existing frameworks and identified a set of universal disclosures: the **Stakeholder Capitalism Metrics**.

For many consumers and employees, the past year clarified what truly matters (people, purpose, action) and what doesn't (best intentions). And faced with the dire consequences of their impotent policies, more employers have learned that the time to act is now. Not just because everyone is watching—especially their employees—but because tethering a brand to a purpose is the surest way to protect the things that matter most, whether we're persisting through the longest year or the most prosperous.

The best way for companies to demonstrate that their pledges aren't just words and that progress is indeed being made: Be an open book. Transparency not only holds businesses accountable, but it helps uncover inequities and misalignments that leaders may not be aware of.

Resources

The Blueprint awards a "diversity mark" that helps organizations attract, retain and nurture diverse talent.

Business in the Community convenes a unique network of purposeful leaders to share insight and expertise, and create innovative programs that deliver impact.

Business Roundtable is an association of CEOs of leading companies working to promote a thriving economy and expanded opportunity for all Americans through sound public policy.

BSR is an organization of sustainable business experts that works with its global network of the world's leading companies to build a just and sustainable world.

CEO Action for Diversity & Inclusion is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace.

Chief Executives for Corporate Purpose empowers corporations to be a force for good in society by providing data-driven resources.

Deloitte provides a "Climate Change 101 for business leaders" guide.

Diversity Action Alliance is a coalition of public relations and communications leaders joining forces to accelerate progress in the achievement of meaningful results in diversity, equity and inclusion across the profession.

Ethical Investment Research and Information Service (EIRS) is a global provider of environmental, social and governance solutions serving the investor and issuer communities.

European Business Network for Corporate Sustainability and Responsibility supports businesses in their sustainability journey with best practices, collaborative platforms and policy dialogue.

Forum for Sustainable and Responsible Investment is the leading voice advancing sustainable investing across all asset classes.

GreenBiz advances the opportunities at the intersection of business, technology and sustainability through its website, events, peer-to-peer network and research.

Sustainable Brands aims to inspire, engage and equip business leaders and practitioners who see social and environmental challenges as an essential driver of brand innovation, value creation and positive impact.

World Business Council for Sustainable Development is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

World Economic Forum's Stakeholder Capitalism Metrics represent the conclusions of a six-month open consultation process to define common metrics for sustainable value creation.

UNDENIABLE PASSION. FEARLESS AMBITION. INCREDIBLE IDEAS.

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