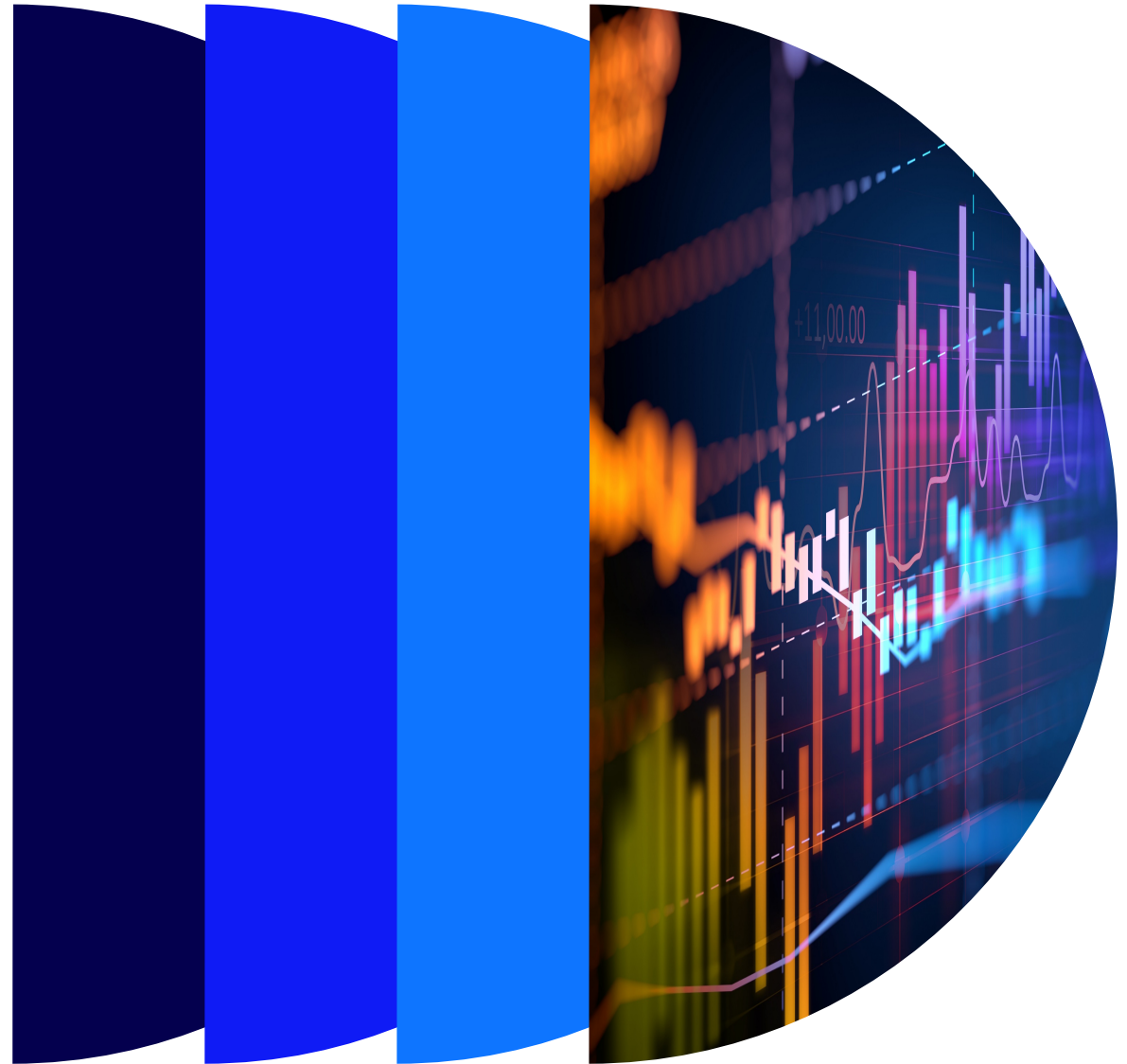


Employee Trust and the Board of Directors

IPR-Edelman Smithfield Webinar

November 1, 2023





Our Agenda

**How we'll spend our
time together today...**

1 Introducing our Panel

2 Trust in the Workplace Snapshot

3 Group Discussion

4 Recommended Actions & Key Takeaways

Introductions

Meet the Experts



Today's Facilitator



Deidre Campbell

Managing Director,
Edelman Smithfield

Meet the Experts



Lex Suvanto

Managing Partner & CEO,
Edelman Smithfield



Jamie Fish

Executive Vice President,
Employee Experience

Key Take-Away #1

Board Aperture Widens to Include Employee Audiences



A Conventional Board Agenda

Sample Board Agenda Incorporating Strategy

How forward-looking boards should spend their time

		Jan - Feb	Mar - April	May - June	July - Aug	Sept - Oct	Nov - Dec
Corporate control, fiduciary	Review of last meeting's protocol						
	Performance reports						
	Annual general meeting						
	Annual accounts						
	Auditor's review						
	Legal, regulatory, compliance, and risk						
Shaping	Strategy						
	Market and competitive-landscape review						
	Investment proposals						
	Talent-quality review						
	Risk management						
	Reinvent board						
	Decisions						
	Board education/team building						



Traditional
board agenda



Additional, forward-
looking activities



Directors Say Culture is Top Board Blindspot

From the 2023 NACD Summit

What do you believe is the top blind spot in your company/organization? (217 responses)





What's Driving the Increased Focus?

 CNBC

2022 was the 'real year of the Great Resignation,' says economist

A record 50.5 million people quit their jobs in 2022, breaking the previous high set in 2021 as ample job prospects and high pay lured them...


Feb 1, 2023

 The Washington Post

UAW strike is costing General Motors \$200 a week

The United Auto Workers union expanded its strike to a giant General Motors SUV factory in Arlington, Tex., just after the company told...

2 days ago

 San Diego Union-Tribune

Unsealed lawsuit by investor Carl Icahn accuses board, ex-CEO of causing 'Illumina to break the law'

The lawsuit follows Illumina's \$7 billion acquisition of cancer-detection company Grail. The deal has been tangled in regulatory challenges...

3 days ago

 ABC News

Health care workers report increase in burnout, harassment since the COVID pandemic: CDC

A new CDC report published Tuesday found health care workers are experiencing worse mental health since the COVID pandemic and it's reaching...

2 days ago

 Fortune

CHROs are rising stars of the C-suite. So why aren't they on more boards?

CEOs are fond of saying that people are their company's most important asset. But most corporate boards of public companies—while rich with...

7 hours ago

 Los Angeles Times

Hiltzik: Where was Southwest's board?

Southwest executives have issued public apologies and its front-line workers have taken the brunt of customer fury, but the board of...

Jan 3, 2023

Key Take-Away #2

**Employer Continues to Trend Up as
Most Trusted Source of Information**

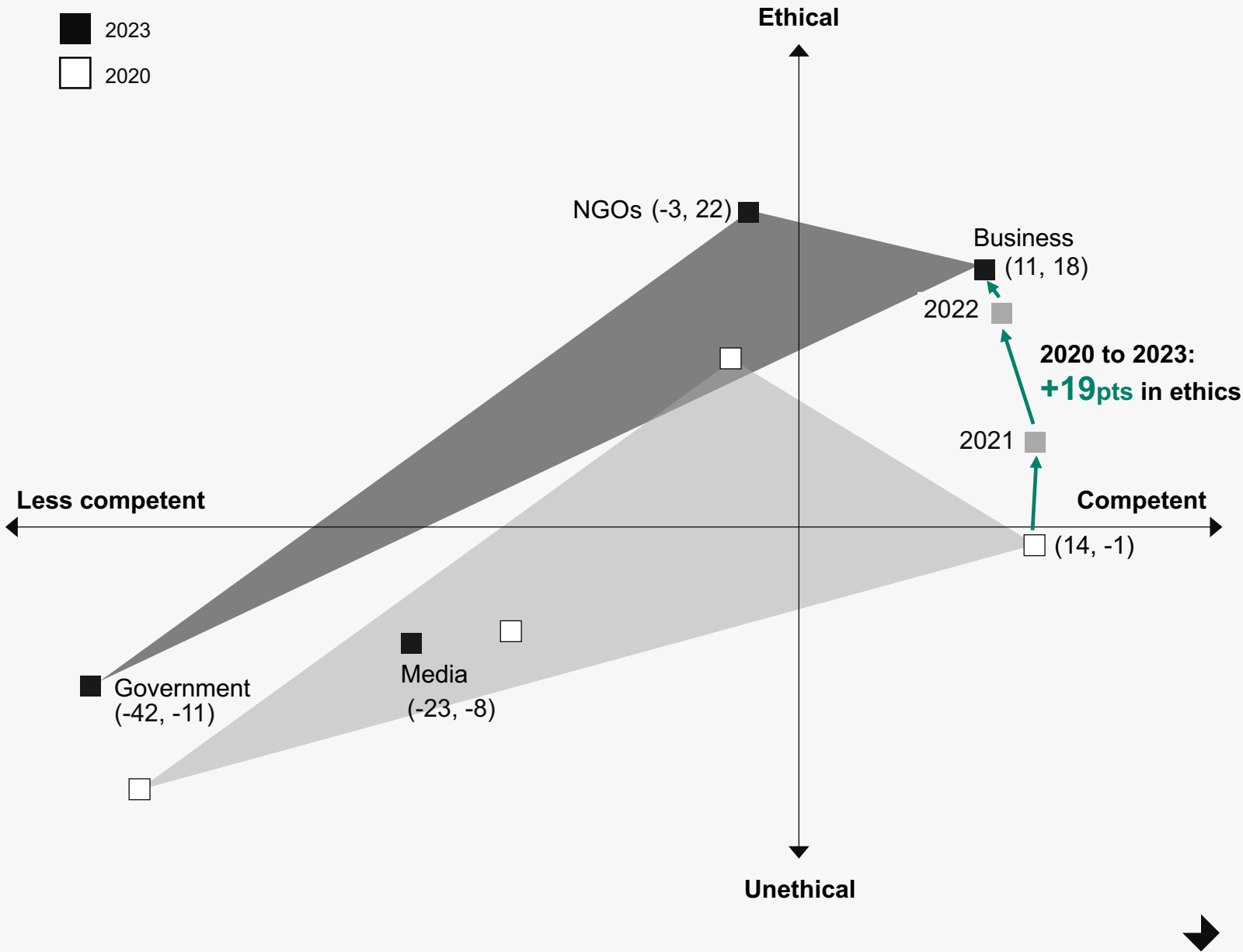
Only Business is Competent and Ethical; Sustains Rise in Ethics for Third Year

(Competence score, net ethical score)

GLOBAL 23 Excludes China and Thailand

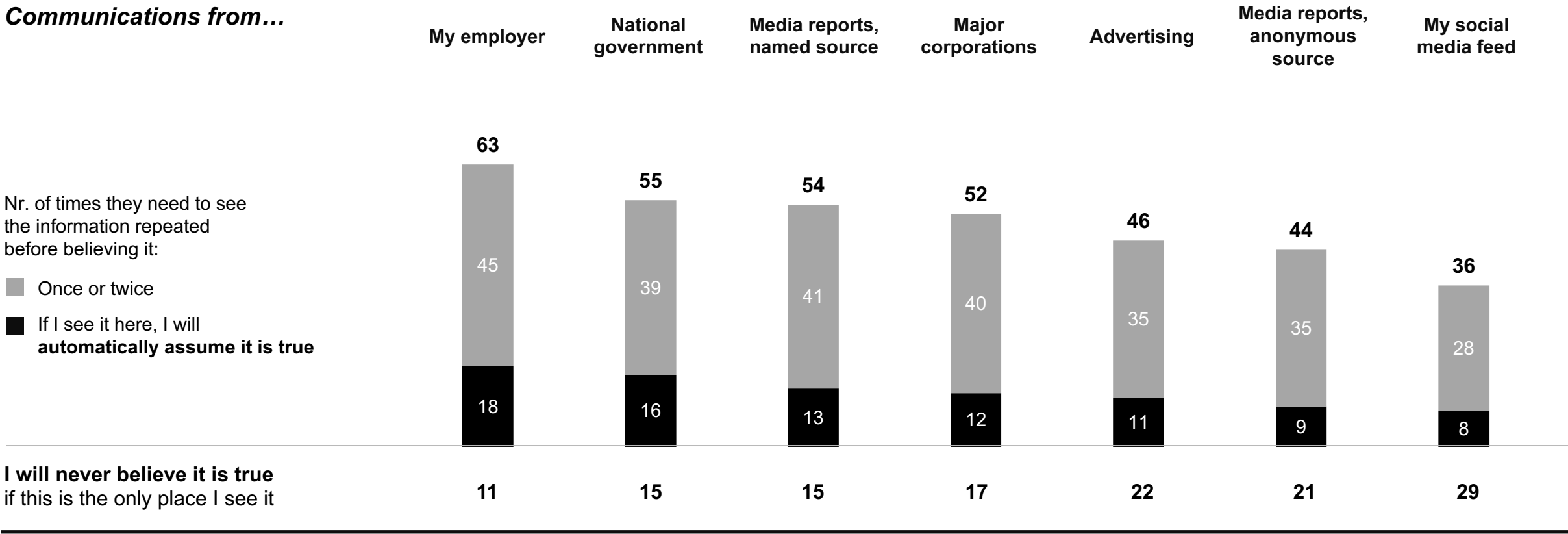
2023 Edelman Trust Barometer. The ethical scores are averages of nets based on [INS]_PER_DIM/1-4. Government and Media were only asked of half of the sample. The competence score is a net based on TRU_3D_[INS]/1. Government and Media were only asked of half of the sample. General population, 23-mkt avg. Data not collected in China and Thailand. For full details regarding how this data was calculated and plotted, please see the Technical Appendix.

Due to a translation inconsistency, the France data was removed from this slide. For more details contact the Trust Barometer research team.



Employer Media Most Believable

Percent of employees who believe information from each source automatically, or after seeing it twice or less

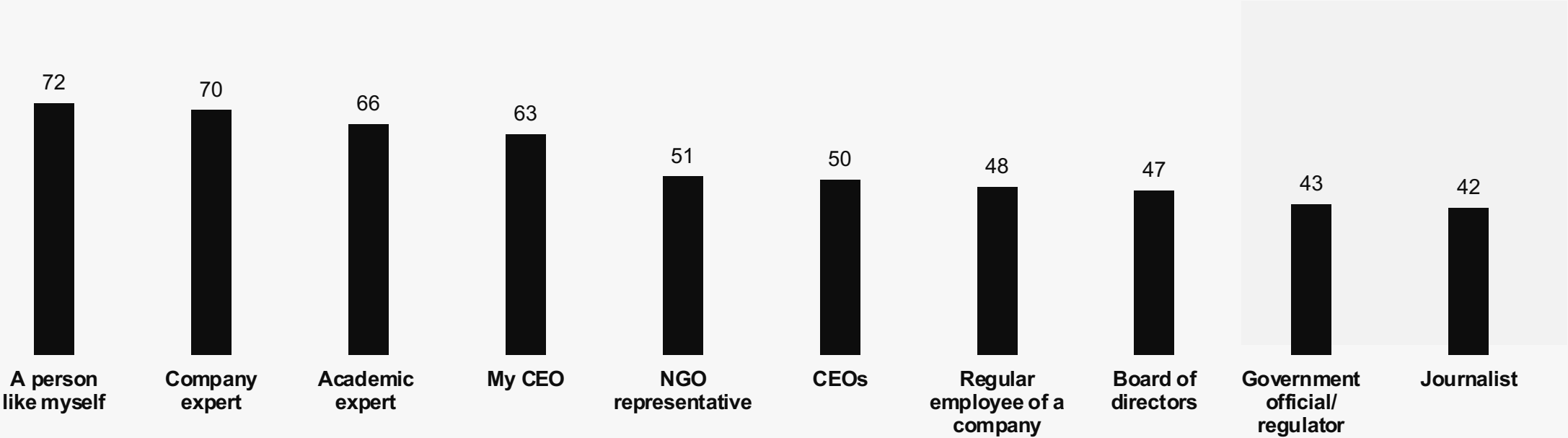


• 2022 Edelman Trust Barometer Special Report: Trust in the Workplace. HEAR_TIME1. When you see a new piece of information or a news story in each of the following information sources, how many times do you need to see it or hear it repeated in that same type of information source before you believe it is really true? Question asked of half of the sample. "Once or twice" is a sum of codes 2 and 3. 7-mkt avg. All data is filtered to be among employees who work for an organization or corporation (Q43/1).



Most Credible Voices are Those Who Can Identify and Align its Vision with Respondents; Followed by those with Company Expertise

Percent who rate each as very/extremely credible as a source of information about a financial service company, in the U.S.



• 2023 Edelman Financial Services Custom Poll: Financial Services. CRE_PPL_FIN. Below is a list of people. In general, when forming an opinion of a financial services company, if you heard information about a company from each person, how credible would the information be? 4-point scale, top 2 box, credible. General population, U.S. *My CEO is asked among those who are an employee (Q43/1).



Key Take-Away #3

**Stakes are High on Employee Expectations
around Social Issues and Culture**

Consumers and Employees Pressure Business to Stand Up for Them

Percent who say

2022 Edelman Trust Barometer Special Report:
The New Cascade of Influence

I buy or advocate for brands based on my beliefs and values

GLOBAL 14

63%

2022 Edelman Trust Barometer Special Report:
Trust In the Workplace

Having societal impact is a strong expectation or deal breaker when considering a job (avg)

GLOBAL 7

Among employees

69%

- Business reflects my values
- Has a greater purpose
- Meaningful work that shapes society
- Opportunities to address social problems
- Stops specific business practices if employees object
- CEO addresses controversial issues I care about

2022 Edelman Trust Barometer Special Report: The New Cascade of Influence. Belief-driven consumers. General population, 14-mkt avg. Please see the Technical Appendix for full explanation of how belief-driven consumers were measured.
2022 Edelman Trust Barometer Special Report: Trust in the Workplace. EMP_IMP. When considering an organization as a potential place of employment, how important is each of the following to you in deciding whether or not you would accept a job offer there? 3-point scale; top 2 box, important. 7-mkt avg. All data is filtered to be among employees who work for an organization or corporation (Q43/1). "Societal impact" is an average of attributes 12-17.

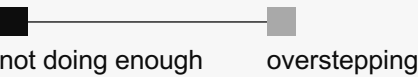


Want More Societal Engagement from Business, Not Less

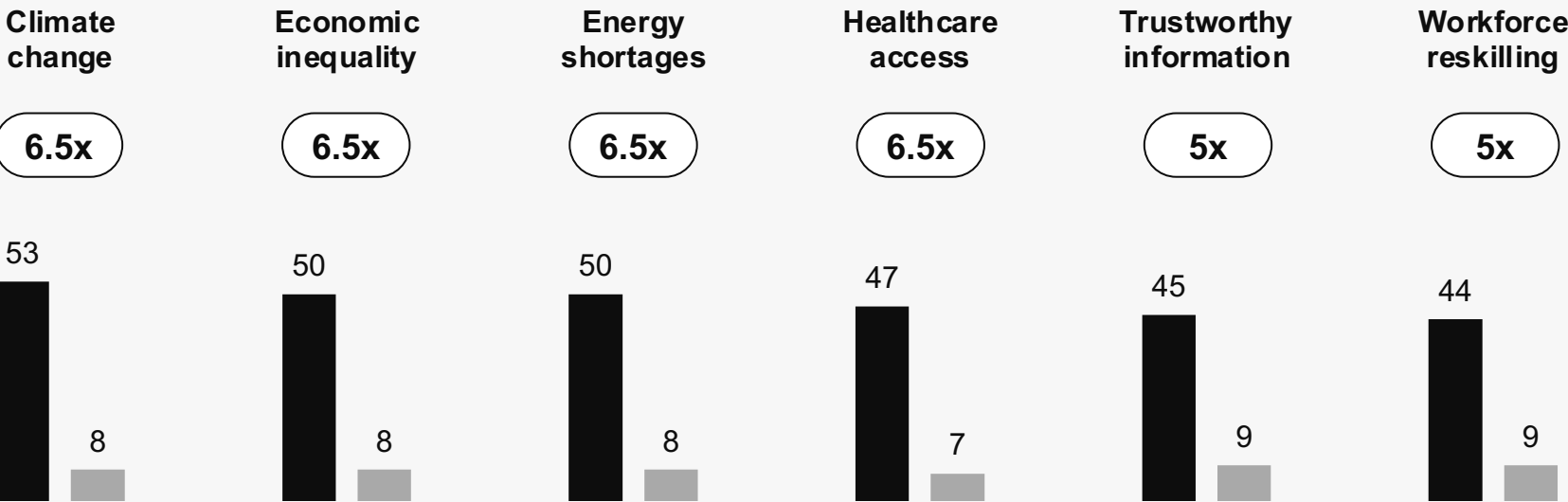
Percent who say

GLOBAL 27

On addressing each **societal issue**, business is



Multiplier
not doing enough vs overstepping

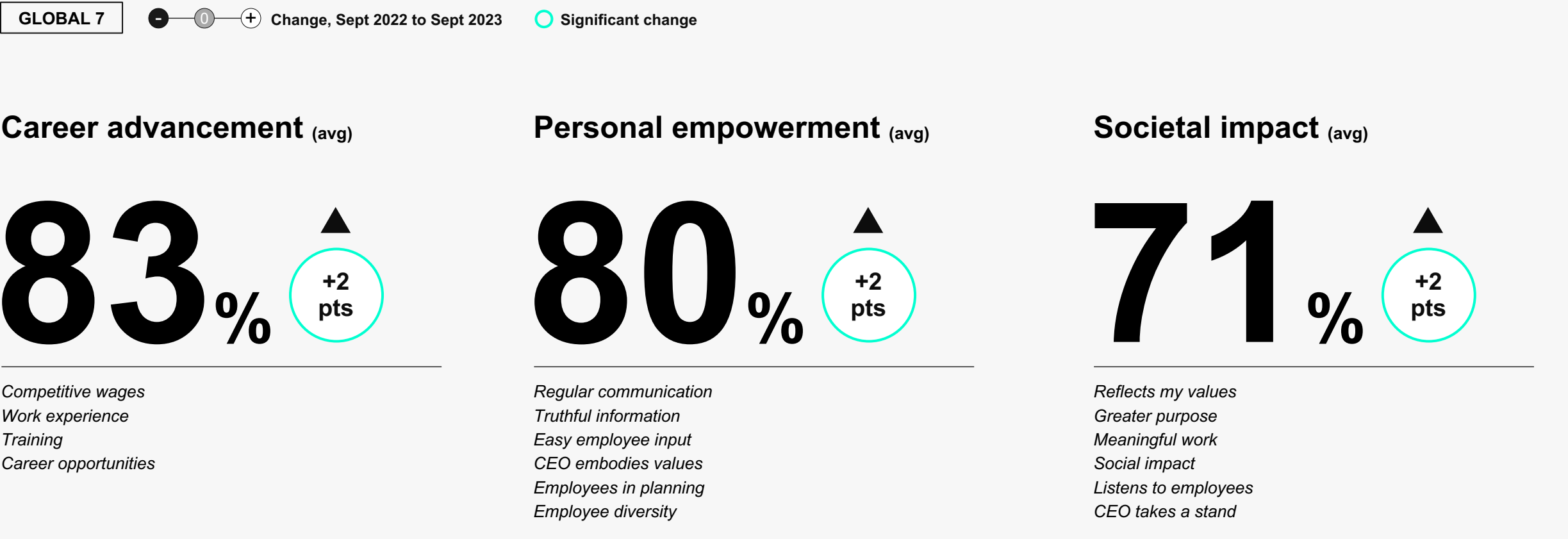


2023 Edelman Trust Barometer. BUS_BND. Think about business as an institution, and its current level of engagement in addressing societal needs and issues. When it comes to each of the following areas, please indicate if you think business is going too far and overstepping what it should be doing, is doing just the right amount in regard to this activity, or is not going far enough in its actions and should be doing more. 3-point scale; code 3, “not doing enough”; code 1, “overstepping”. General population, 27-mkt avg. The multipliers are rounded to the nearest .5.



Expectations for Advancement, Empowerment, Societal Impact All Grow

Average percent of employees who say each is a **strong expectation or deal breaker** when considering a job



2023 Edelman Trust Barometer Special Report: Trust at Work. EMP_IMP. When considering an organization as a potential place of employment, how important is each of the following to you in deciding whether or not you would accept a job offer there? 3-point scale; top 2 box, important. 7-mkt avg. All data is filtered to be among employees who work for an organization or corporation (Q43/1). "Career advancement" is an average of attributes 1-4; "Personal empowerment" is an average of attributes 5-6, 8-11; "Societal impact" is an average of attributes 12-17. Year-over-year changes were tested for significance using a t-test set at the 99%+ confidence level. Attribute text has been shortened for readability; please see the full text in the Technical Appendix.



Belief that Employee Pressure Can Change Almost Anything About Their Organization Grows

GLOBAL 7 - 0 + Change, Sept 2022 to Sept 2023 Significant change

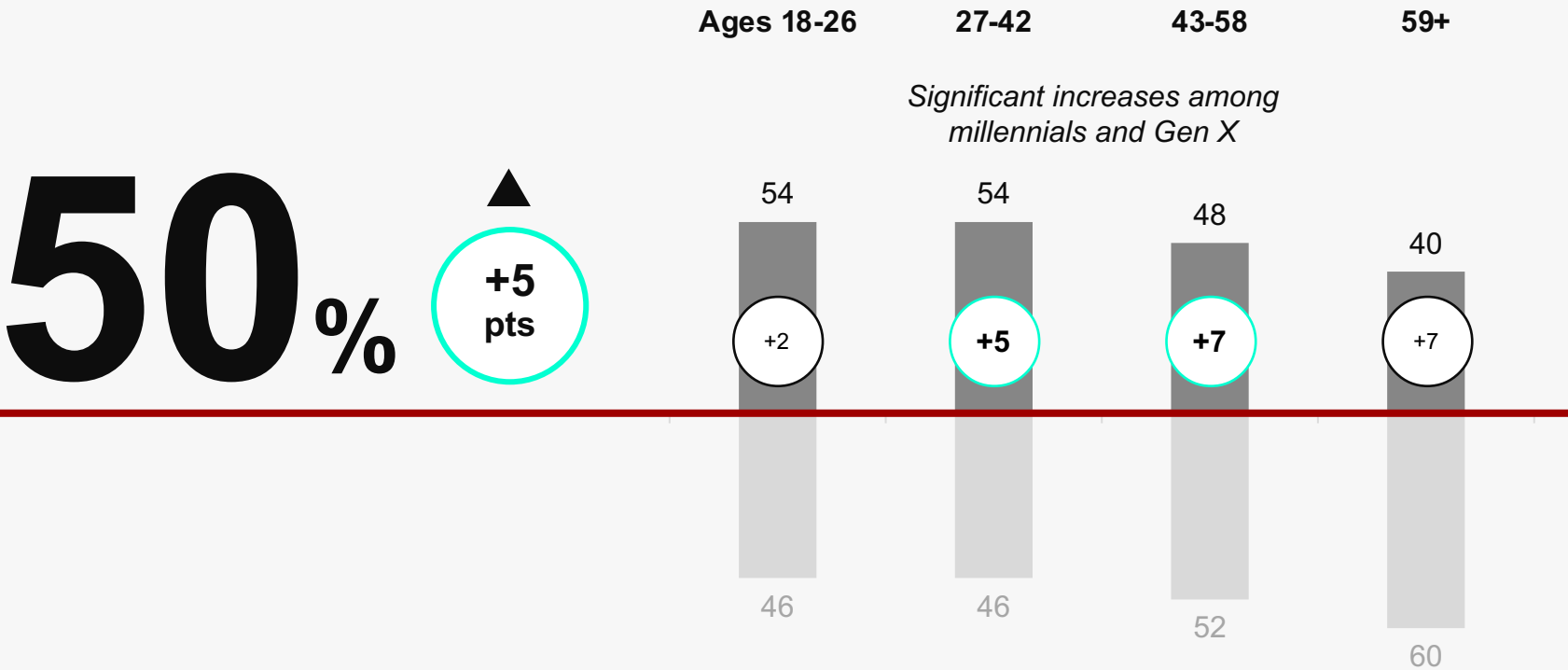
Which best describes your view?

A large group of employees...

...exerting strong pressure **can get our organization to change almost anything about itself**

--- or ---

...cannot force our organization to change anything that the organization itself does not want to change




2023 Edelman Trust Barometer Special Report: Trust at Work. EMP_CHOICE3. You are about to see a series of two choices. We want you to choose the one that best describes your perceptions of the workplace. Question asked of half the sample. 7-mkt avg., and by generation. All data is filtered to be among employees who work for an organization or corporation (Q43/1). Year-over-year changes were tested for significance using a t-test set at the 99%+ confidence level.



Young Coworkers Influence Our Willingness to Pressure Employers

Percent of employees who say

GLOBAL 7  Significant change

Coworkers in their twenties
have influenced...

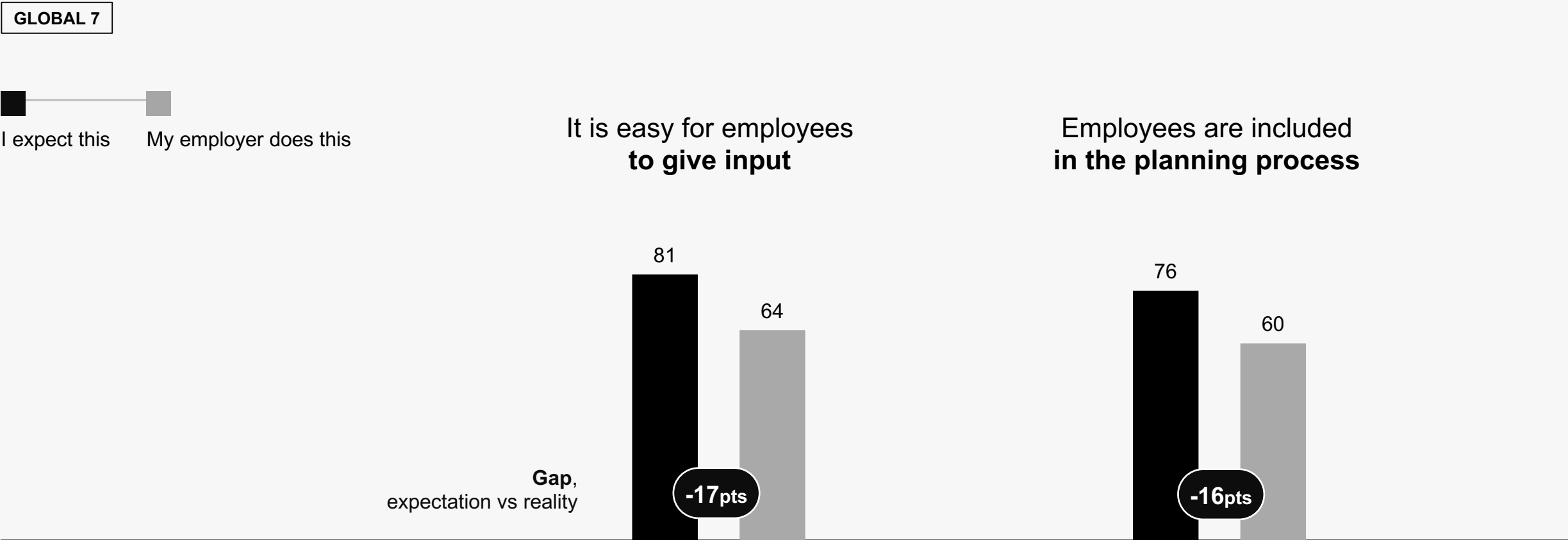
...my willingness to pressure
my employer to change things
I do not approve of

...my openness to unions
or labor organizations



Pathways for Employee Influence: Expectations Fall Short of Reality

Percent of employees who say each is a **strong expectation** or a **deal breaker** when considering a job, and percent who agree their employer is **doing** each



2023 Edelman Trust Barometer Special Report: Trust at Work. EMP_IMP. When considering an organization as a potential place of employment, how important is each of the following to you in deciding whether or not you would accept a job offer there? 3-point scale; top 2 box, important. EMP_VAL. Thinking about your current employer, to what extent do you agree with the following statements? 9-point scale; top 4 box, agree. 7-mkt avg. All data is filtered to be among employees who work for an organization or corporation (Q43/1).

Key Take-Away #4

**The Role Communications Leaders Play
For the Board is More Important than Ever**



Regulators are also a Catalyst



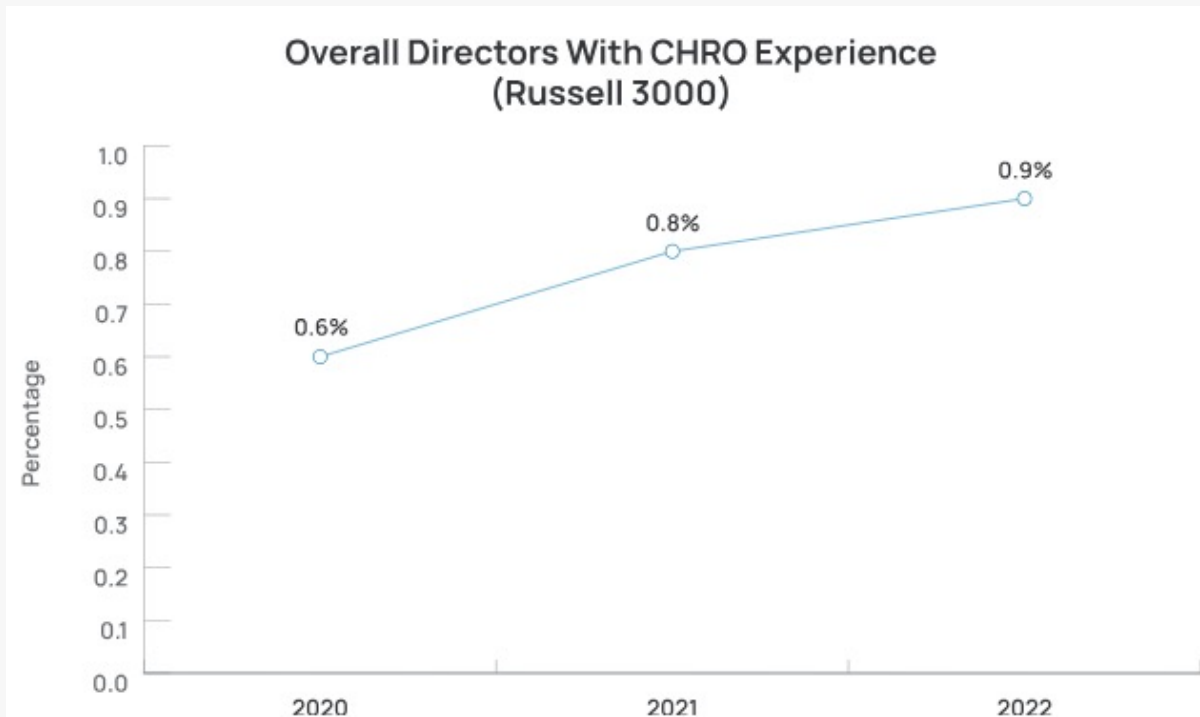
Gary Gensler ✓
@GaryGensler



Investors want to better understand one of the most critical assets of a company: its people.

I've asked staff to propose recommendations for the Commission's consideration on human capital disclosure.

How Boards are Addressing Culture in the Boardroom



- Aligning executive compensation metrics to culture objectives.
- Evaluating how the C-Suite is modeling desired behaviors.
- Evaluating how culture is communicated.
- Measurement of culture.
- Considering culture as part of succession planning.
- Challenging the board's culture.



Engage Your Board of Directors

- **Ensure clear articulation of Culture** and how it aligns with purpose/strategy.
- **Map Culture to business KPIs** to drive understanding of the connection between corporate culture and business results.
- Formalize how culture is **communicated**.
- **Devise clear measurement** and provide updates / progress reports.
- **Advocate for Culture to be a topic on the board's agenda** at least once a year.
- Understand that the culture in the C-Suite and Board can be a challenge and **be a culture champion within the leadership team**.
- **Provide helpful education (e.g., peer benchmarking)** to illustrate how other companies are doing this.



Key Takeaways: Employee Trust and the Board of Directors

1

**Board Aperture
Widens to
Include Employee
Audiences**

2

**Employer Continues
to Trend Up as
Most Trusted Source
of Information and
Expectations Are High**

3

**Boards are Quickly
Ramping up Focus and
Capabilities on
Workforce & Culture**

4

**The Role
Communications
Leaders Play For the
Board is More
Important than Ever**





Thank you