Confluence of crises makes this a critical moment for corporate Inclusion, Equity & Diversity

Global social and political movements have intensified pressures upon businesses to act as agents of change...

~80% Of women globally have experienced some form of sexual harassment

~50% Of reported US hate crimes were motivated by anti-Black bias in 2020

~340% Rise in Asian hate crime in the US in 2021 vs. 2020

...exacerbated further by COVID-19 – disproportionately impacting minorities and unearthing structural challenges

~1.5x Higher rate of leaving jobs for caregivers during COVID globally

9.5% UK’s BAME unemployment in Q4 2020 (up from 5.8% in Q4’19) - vs white: 4.5% (up from 3.4%)

Only 35% Of US working moms plan to return to work vs pre-pandemic – US woman labor participation is at 33-year low

~340% Rise in Asian hate crime in the US in 2021 vs. 2020

17% Women unemployment in India during second wave, up 4pp vs prior wave. In comparison, 7% unemployment for men (up 1pp)

59% Of US & UK employees state their companies did something in response to recent calls for equity

...yet

Only 25% Of employees believe their company has made a lot of progress on its DEI commitments

1. Of those who left during the pandemic; 2. Versus non-caregivers; 3. Black, Asian and minority ethnic (UK demographic group)

Source: International Labor Organization; Our World in Data; NY Times; Forbes; The Guardian; Business Insider; Bank of America; Bloomberg; BCG research

Copyright © 2022 by Boston Consulting Group. All rights reserved. BCG Executive Perspectives updated 3 March 2022 Version 2.0
A strong ESG performance is becoming a priority for investor decision making

- **Personal repercussion** for managers from investors
- **Sustainable investing** is now mainstream
- **Green bond market** growing significantly
- **ESG metrics** expected to play major role in investment decision-making
- **Voting actions** taken by BlackRock in 2020 against companies lacking sustainability standards
- Every third dollar is invested in **sustainable assets globally**, leading to a total of $35T¹ in ’20 (only $~23T in ’16)
- Year-on-year growth of global **green bond market** (’20 to ’H1 2021), resulting in a total green bond & green loan issuance of $496B
- 95% of investment decisions are expected to incorporate ESG metrics in 2035

---

1. Total of assets covered in GSI Review report
   Sources: S&P Global Market Intelligence; GSI Review 2020; Climate Bonds “Green Bond Market Summary H1 2021”; CSR Europe 2021; BCG analysis
Evolving perspective on DEI across talent, business and societal role

**Talent: Unprecedented urgency**

- **Top 3**
  - 'Bias' and 'lack of fair treatment at work' are 2 of top 3 factors most correlated with retention risk during the Great Resignation (2021)

- **76%**
  - Of the global workforce believe diversity at work is a critical factor when considering employment

**Business: Recognition of potential**

- **76%**
  - Of companies have no diversity or inclusion goals as part of their business strategy

**Society: Growing expectations**

- **1.3x**
  - Higher procurement ROI for companies with a strong supplier diversity focus vs. average comparable business

- **90%**
  - Of Gen-Zers believe companies should take action on social issues

- **$50bn+**
  - In pledges to address racial equity by top 50 US companies in the 3 months after Summer 2021 protests

---

2. Employee expectations rise as brands address DEI initiatives, Agility PR Solutions, 2020.
3. HR Dive; Josh Bersin survey of HR professionals.
5. Brighthouse analysis.
6. Washington Post; Other sources: BCG analysis, web search, HBR.
Broader, multidimensional approach to DEI critical to drive step-change

Unlock DEI as a business driver
- Recognize DEI a powerful lens for surfacing opportunities for growth & competitive advantage
- Anchor in authentic levers for your company
- Develop new products, sales channels & business models to reach underserved customers
- Spearhead efforts to incorporate DEI practices as across your ecosystem – e.g., procurement

Deploying resources for social and systemic change
- Revisit DEI KPIs – expand to both leading\(^1\) and lagging\(^2\) indicators, and broader measures capturing people, business and societal impact
- Make visible commitment to bold action and drive transparency of outcomes
- Extend reach and impact with policy and advocacy agenda with peers

Re-invent DEI in talent and culture
- Expand the field of view – refocusing efforts on the broad workforce
- Recognize the complexity of needs, and how these evolve throughout E2E employee journey
- Reinvent how to develop (nuanced) solutions – address functional & emotional needs that drive happiness, motivation, and retention