

# 2017 AFLAC CSR SURVEY

*September 2017*

*Storylines and Highlights*

*Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York. WWHQ | 1932 Wynnton Road | Columbus, GA 31999.*

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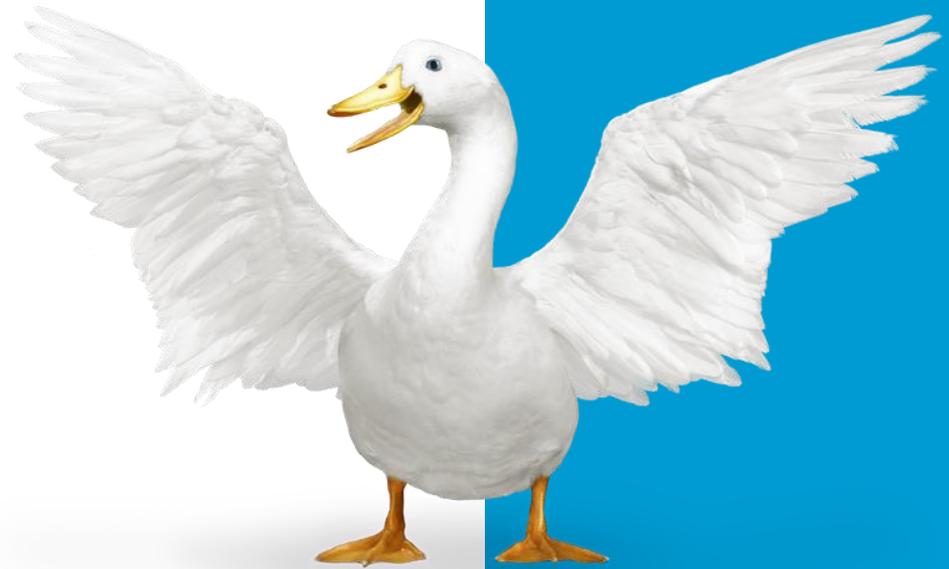
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# Objectives & Methodology

- FleishmanHillard surveyed 1,001 Americans aged 18 years and older between June 2 and June 13, 2017. All respondents were surveyed online. Data were weighted to reflect the demographic composition of the United States adult population.
- An additional 100 investment professionals were surveyed online separately between June 28 and July 5, 2017. All Investment Professionals interviewed for this survey met the following criteria:
  - ✓ Currently live and work in the U.S.
  - ✓ Do not work in media
  - ✓ Professional specialization falls into one of 14 designated investment or finance career categories
  - ✓ Employed full time
  - ✓ Has worked in investment or finance for at least five years
- Because the samples are based on those who initially self-selected for participation, no estimates of sampling error can be calculated. Answers may not sum to 100% due to rounding.
- This survey was designed to meet the following objectives:
  - ✓ Continue to probe consumer attitudes surrounding the meaning of corporate social responsibility and their expectations
  - ✓ Explore whether and how consumers expect companies to speak out or act on controversial political or social issues
  - ✓ Examine perceptions of ethical behaviors
  - ✓ Understand consumer expectations for workplace diversity

# WORKPLACE DIVERSITY

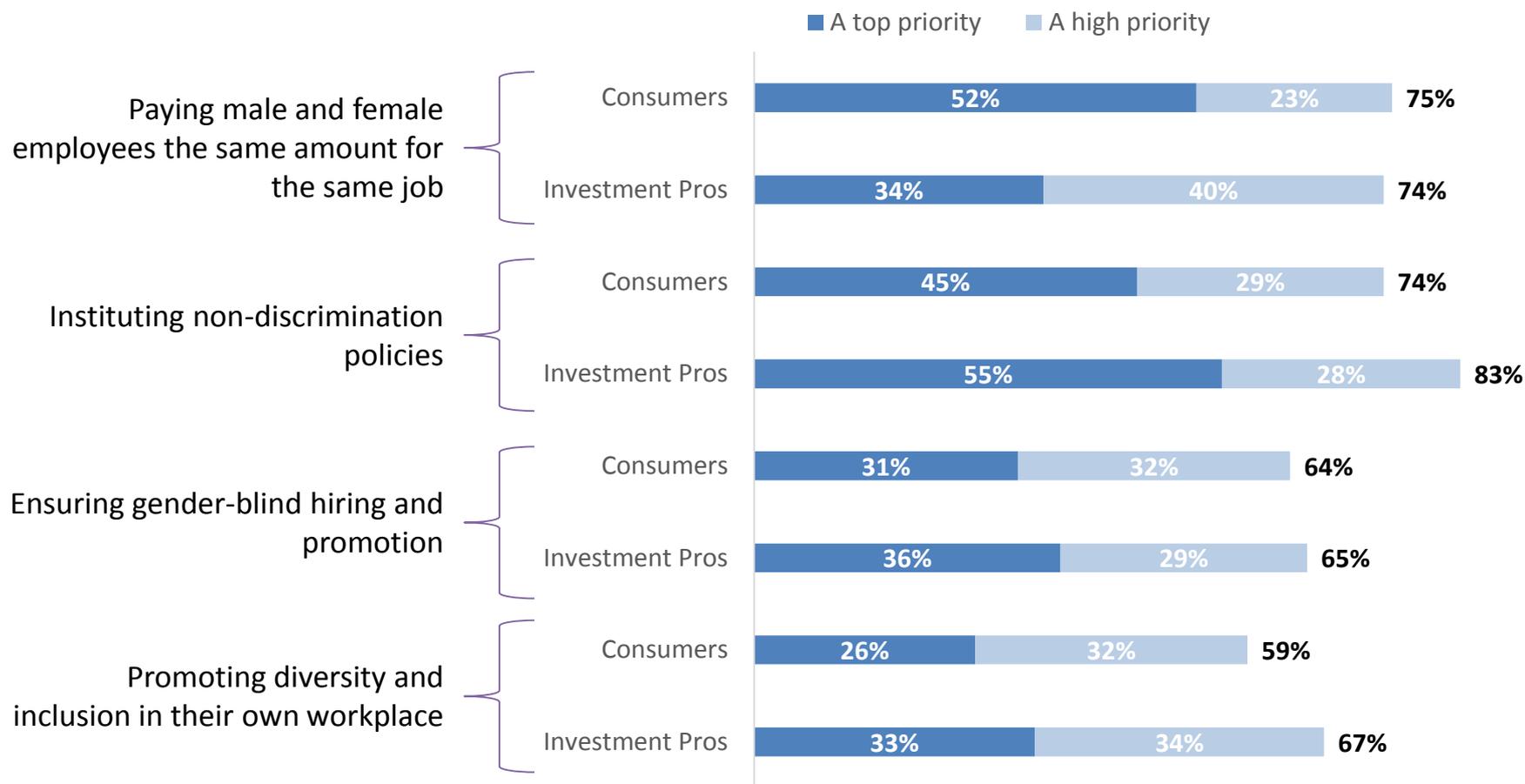


## Gender pay equity rules. But leadership ... not so much.

- 52% of Consumers say equal pay for men and women should be a top priority of responsible companies, compared to 34% of Investment Professionals. 81% of Consumers and 72% of Investment Professionals say a company cannot pay men more than women and still be responsible.
- 74% of Consumers agree that responsible companies report what they pay their employees broken down by sex and race, even though they are not legally obligated to do so.
- And there is far less support for policies ensuring women and minorities are represented in senior leadership.

## Equal pay is seen as the highest priority, and non-specific policies receive high support.

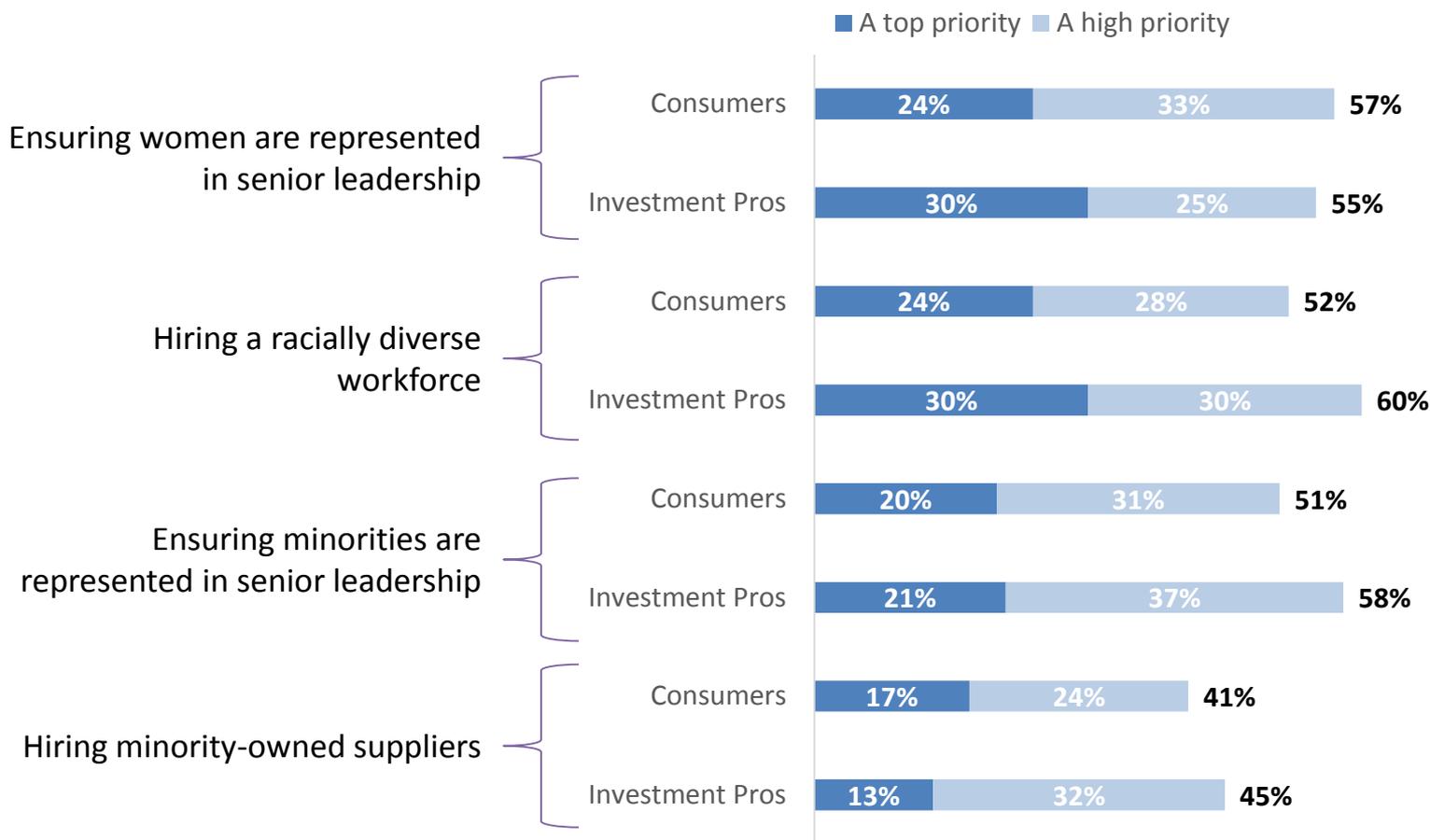
For companies striving to be responsible, how much of a priority should these be?  
 % of Consumers (n=1001), % of Investment Pros (n=100)



C5/IP5. Below is a list of potential areas in which companies may or may not choose to focus their social responsibility efforts. Thinking of companies that are striving to be socially responsible, how much of a priority should companies make each of the following?

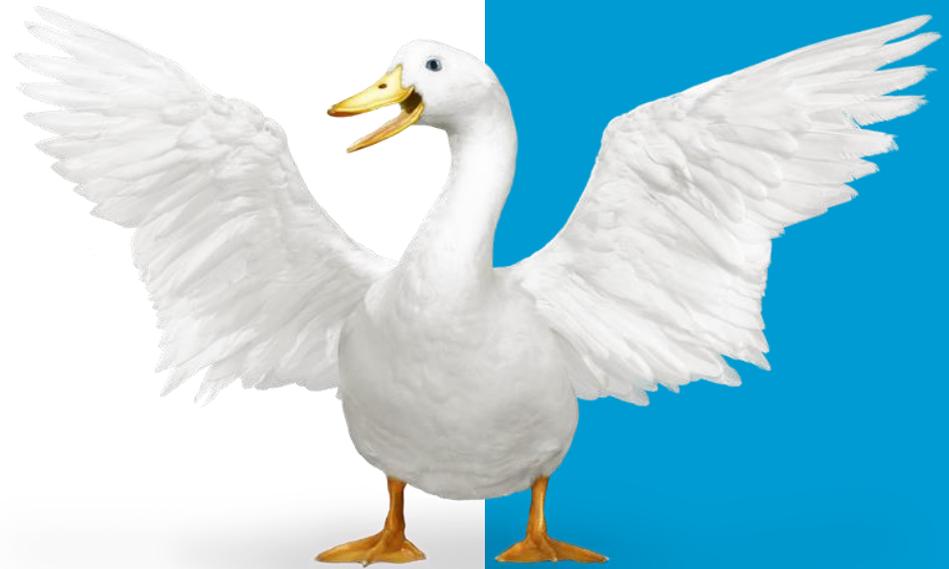
**Race-related diversity policies, while prioritized overall, are seen as less urgent than gender-related policies.**

For companies striving to be responsible, how much of a priority should these be?  
 % of Consumers (n=1001), % of Investment Pros (n=100)



C5/IP5. Below is a list of potential areas in which companies may or may not choose to focus their social responsibility efforts. Thinking of companies that are striving to be socially responsible, how much of a priority should companies make each of the following?

## IMPACTING SPENDING



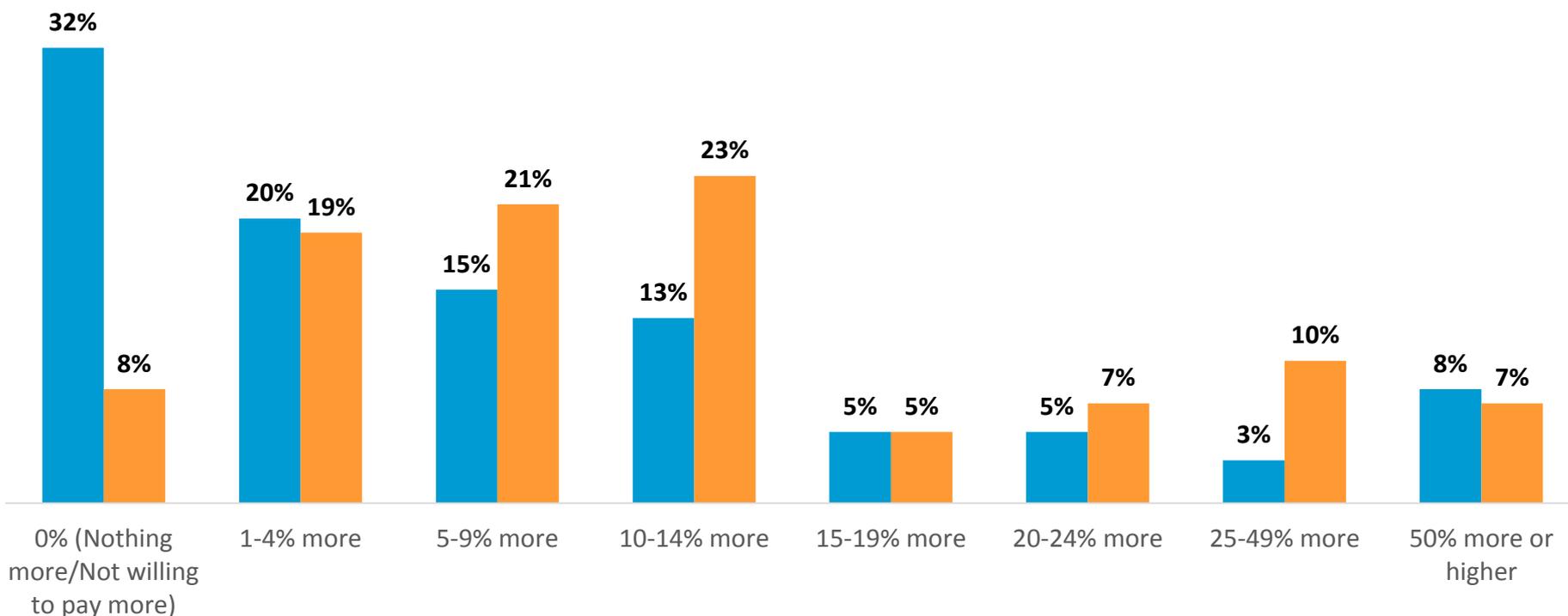
## What's a responsible reputation ROI?

- Most Consumers (50+%) are willing to drive somewhat further (up to 14 miles) and pay slightly more (up to 19%) to shop at a responsible store.
- Many Consumers would rather do long division (20%) or clean the garage under mother-in-law's supervision (19%) than buy a product from a company considered irresponsible.
- 56% of Americans believe companies need to spend something in order to be responsible, on average saying they need to spend 14.5% of profits. (In fact, corporate contributions to charities in the U.S., as measured by percentage of pretax profits, stand at about [1 percent](#).)

A third of respondents are not willing to pay more to shop at a responsible company, and those that are willing are only willing to spend a little more. Investment Pros overestimate Consumers' willingness to pay extra to shop at a responsible company.

Spending more to shop at a responsible store

■ % extra Consumers say they will spend (n=1001)    ■ % extra Investment Pros think Consumers will spend (n=100)



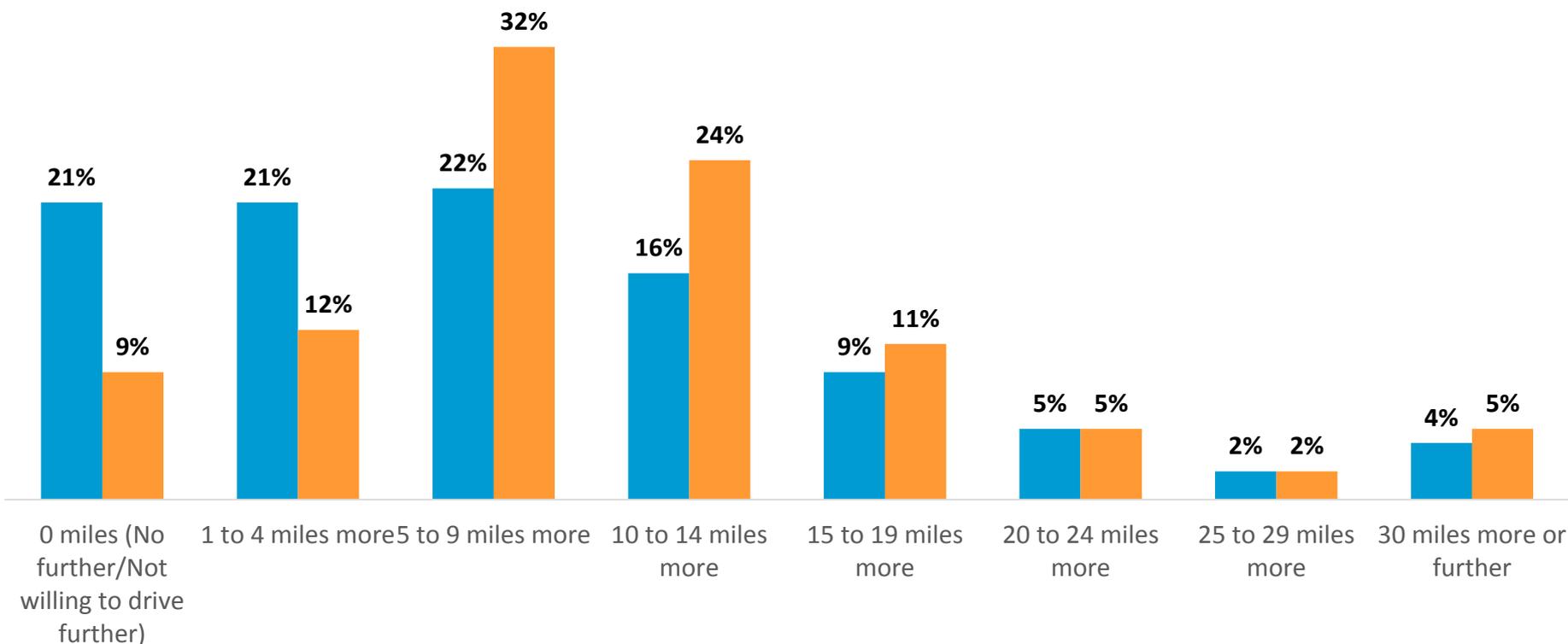
C10. Imagine that there are two stores at which you can shop. They both carry the same products, but you consider one store to be responsible and the other not to be. How much more would you pay to shop at the store you consider responsible?

IP9. Imagine that there are two stores consumers can choose from. They both carry the same products, but one store is widely considered to be responsible and the other not to be. How much more do you think consumers will pay to shop at the store they consider responsible?

Respondents express a greater willingness to drive further to shop at a responsible company, with 36% willing to drive 10 or more miles. As with spending, Investment Pros overestimate how much farther Consumers will drive to shop at a responsible company.

Driving further to shop at a responsible store

■ Extra distance Consumers say they will drive (n=1001) ■ Extra distance Investment Pros think Consumers will drive (n=100)

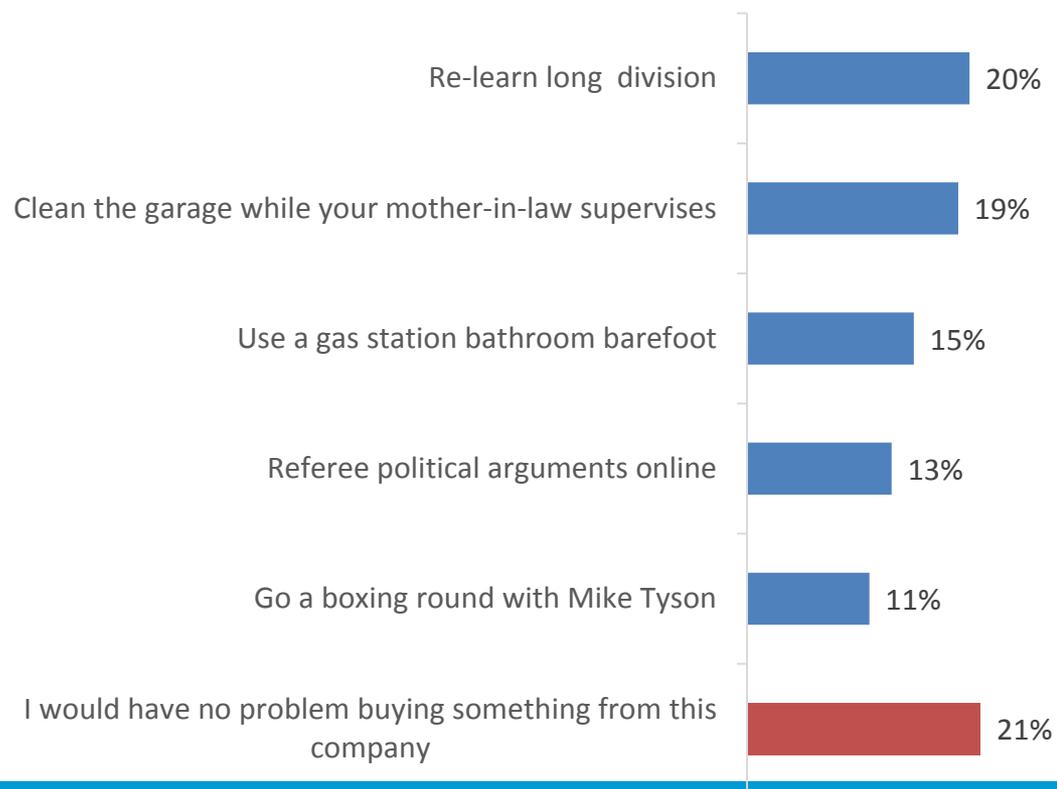


*C11. Now imagine that the two stores have the same prices, but the store you consider to not be responsible is closer to your house and the responsible store is further away. How far would you be willing to drive to shop at the store that you consider to be responsible?*

*IP10. Now imagine that the two stores have the same prices, but the store considered to not be responsible is close by and the responsible store is further away. How much farther do you think consumers would be willing to drive to shop at the store that they consider to be responsible?*

Twenty-one percent (21%) of Consumers have no problem buying from a company they consider irresponsible, but 20% would rather do long division, and 19% would prefer to clean the garage under their mother-in-law's supervision.

Do you agree or disagree with the following statements?  
 % of Consumers (n=1001)  
 % of Consumers saying "Strongly Agree"



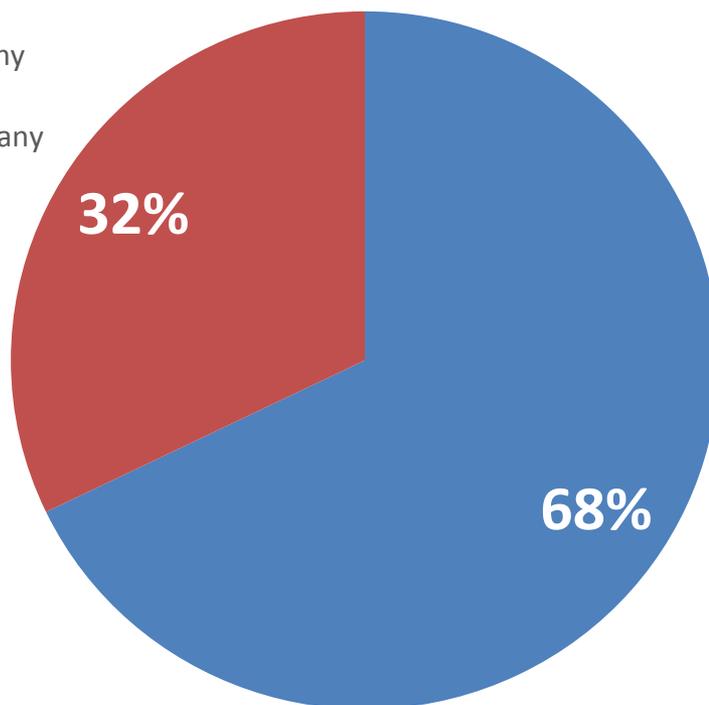
C35. For this next question, think of the most irresponsible company you are aware of. Which of the following would you rather do than buy something from that company?

If they were dividing an investment between two companies – one responsible and one not – with all else equal, Investment Pros would invest 68% in the responsible company.

How would Investment Pros allocate an investment between a responsible and an irresponsible company, all else equal?  
Asked of Investment Pros (n=100)

■ % invested in the responsible company

■ % invested in the irresponsible company



*IP11. Now let's think about this from an investor's point of view. Imagine two companies, working in the same industry, with more or less identical prospects for the future, but one company is considered to be responsible by the public and one company is not. If you were to allocate an investment between the two companies, what percent of your investment would you allocate to each one, all else being equal?*

## What price forgiveness?

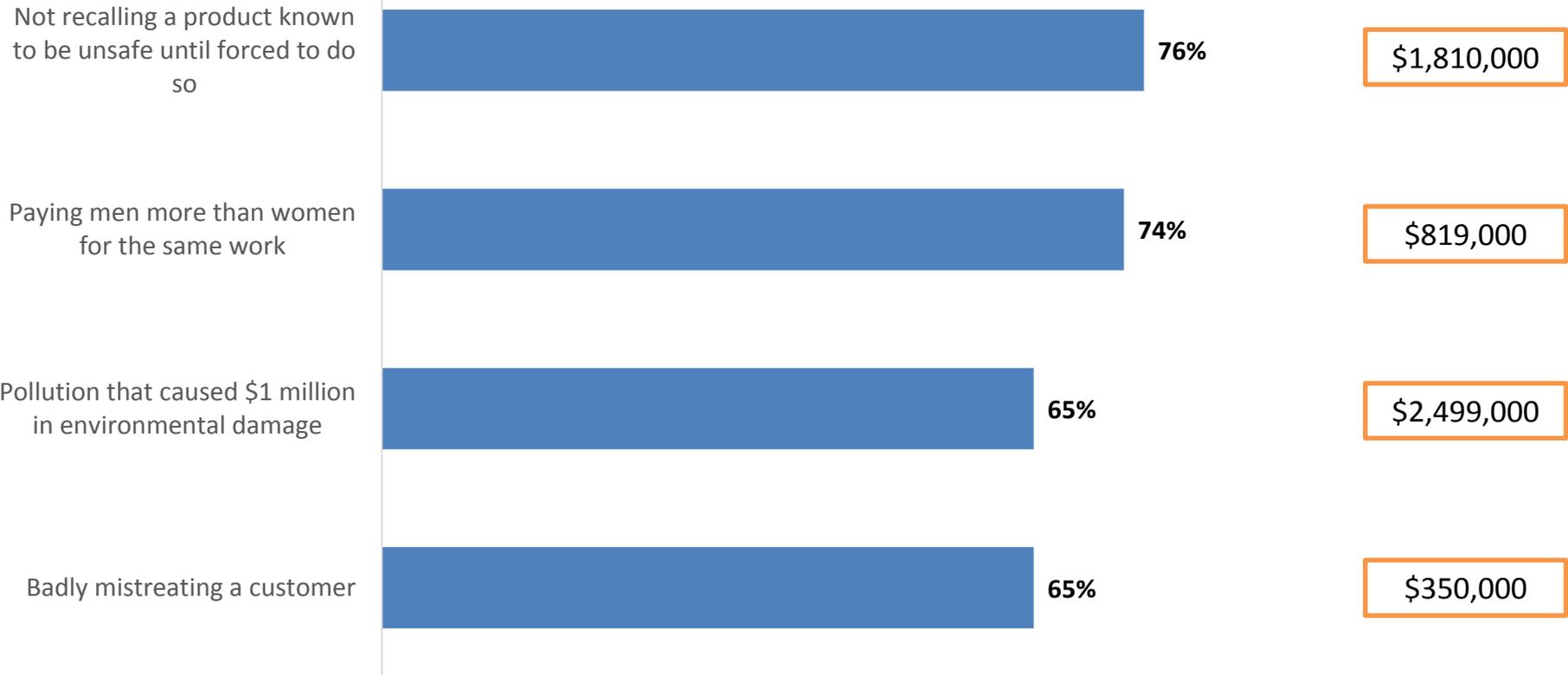
- Asked about irresponsible actions companies could take, wide majorities of Consumers say they would NOT forgive the company at all, ever. EG: 76% say they would not forgive a company for not recalling a product known to be unsafe until forced to do so; 74% say the same for paying men more than women for the same work.
- Of those who would forgive, the price tag, measured in donations to charity, is high. EG: a company that causes \$1M in environmental damage would have to contribute \$2.5M to charity for Consumers to consider “forgiveness.” That’s in addition to the costs of clean-up.

Consumers do not forgive easily, if at all. Given the four scenarios below, most Consumers say charitable contributions could not lead them to forgive the company, and those who say they could forgive do so with high price tags.

How much money would the company need to donate to charity in order for you to forgive them for their irresponsible action?

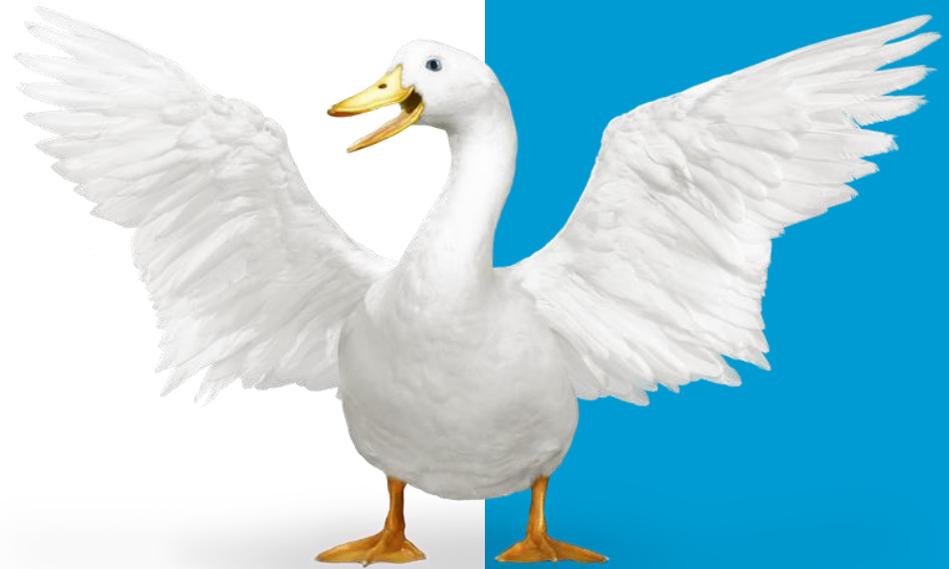
% of Consumers saying *No amount of money could make them forgive* (n=1001)

Average amount



C9. Below are some irresponsible things that companies might do. For each one, please indicate how much money the company would need to donate to charity in order for you to forgive them for their irresponsible action.

## **SPEAKING OUT ON CONTROVERSIAL ISSUES**



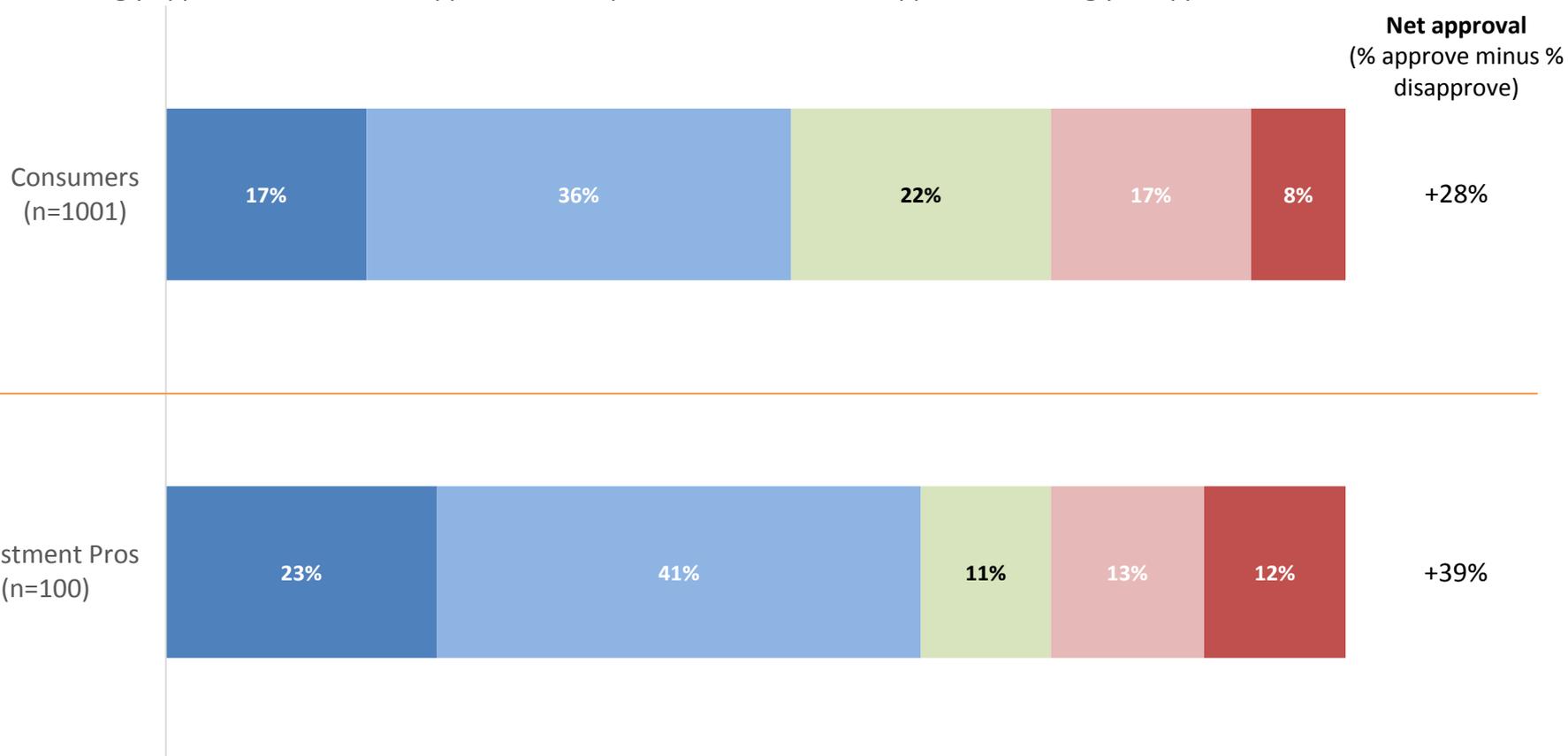
## “Companies should speak out, but only if they agree with me.”

- 77% of Consumers and 83% of Investment Professionals say a company that wants to be known as a leader in responsibility has to be a leader on issues that matter to people.
- 76% of Consumers and 82% of Investment Professionals say a company cannot claim to hold values if it does not defend those values for fear of controversy.
- 52% of Consumers and 61% of Investment Professionals expect responsible companies to speak out on important controversial topics.
- 64% of Investment Professionals and 53% of Consumers approve of companies speaking out or acting on controversial political or social issues
- Yet 58% of Consumers and 69% of Investment Professionals agree with the statement, “Companies should stick to their business and avoid politics.”

Investment Pros are even more likely to approve of companies speaking on controversial issues than Consumers, suggesting they are less risk averse on this topic than many would assume.

Approve or disapprove of companies speaking out or acting on controversial political or social issues?

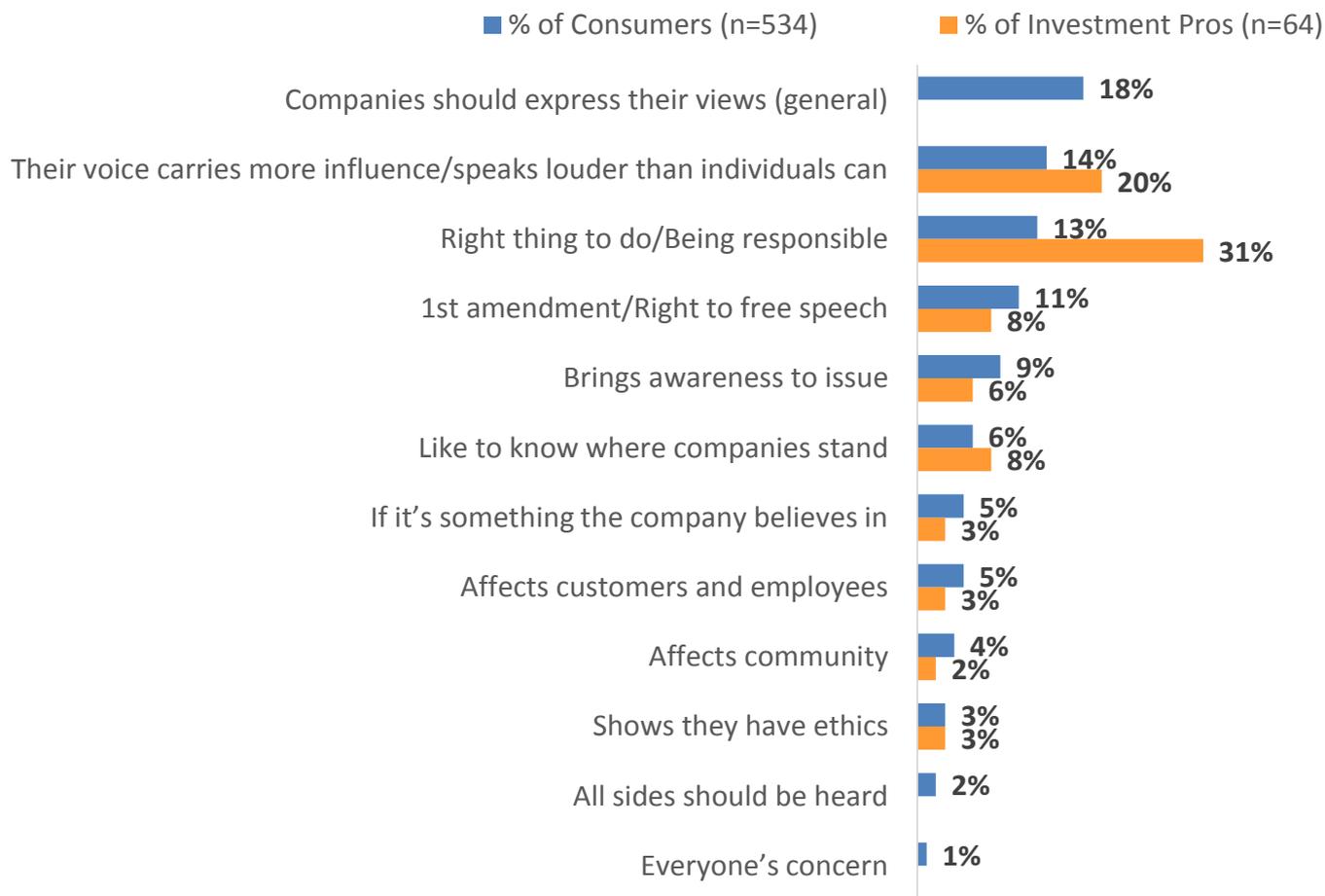
■ Strongly approve ■ Somewhat approve ■ It depends ■ Somewhat disapprove ■ Strongly disapprove



About a third of Investment Pros say they approve of companies speaking out because it's the responsible thing to do, while one in five say they should because companies' voices carry more influence. Slightly fewer than one in five Consumers generally think that companies should express their views.

### Why do you approve of companies speaking out on controversial issues?

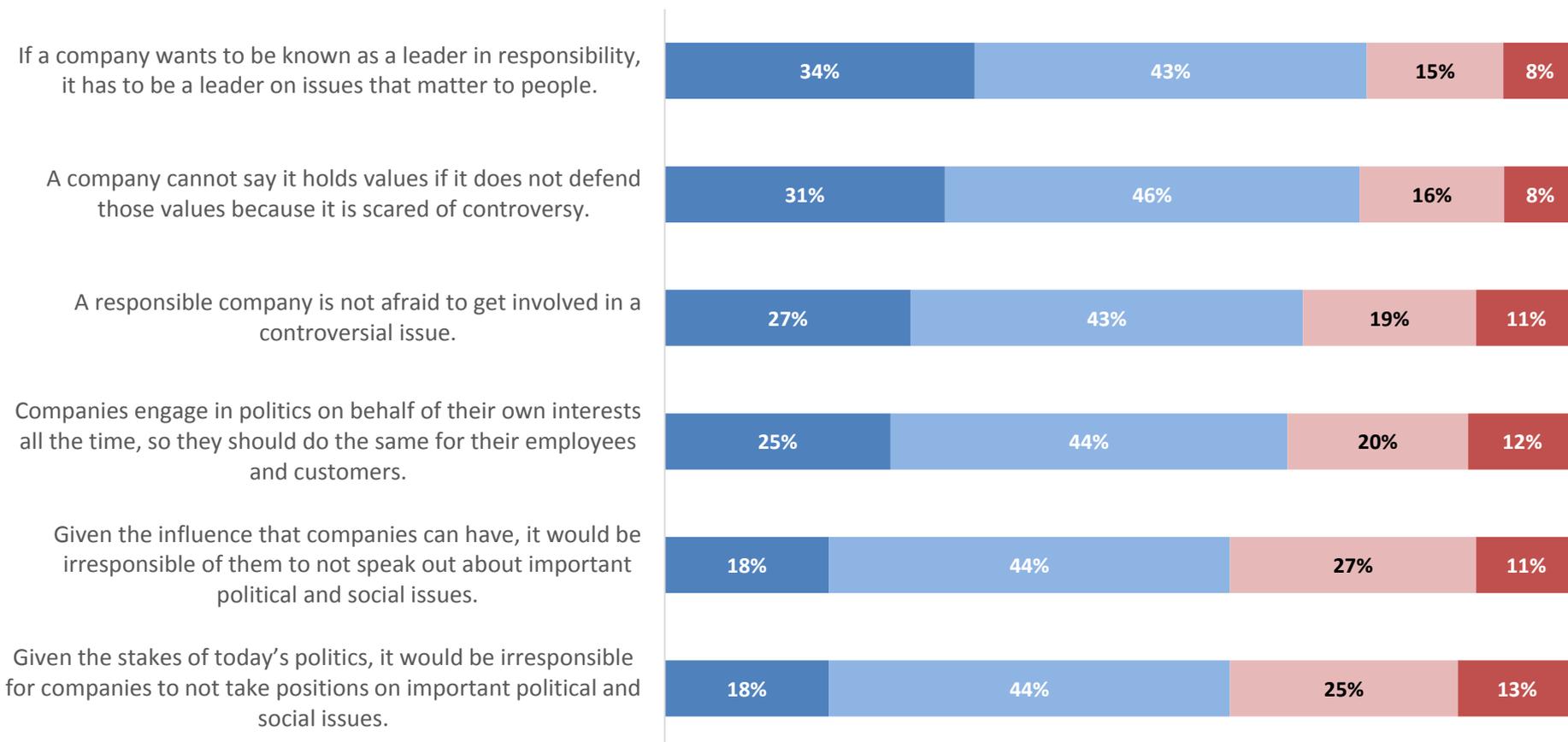
*Coded from verbatims*



# Among Consumers, there is a belief that companies seeking to be known as responsible have to lead on issues that matter and uphold their values.

Do you agree or disagree with reasons to speak out?  
% of Consumers (n=1001)

Strongly agree   Somewhat agree   Somewhat disagree   Strongly disagree

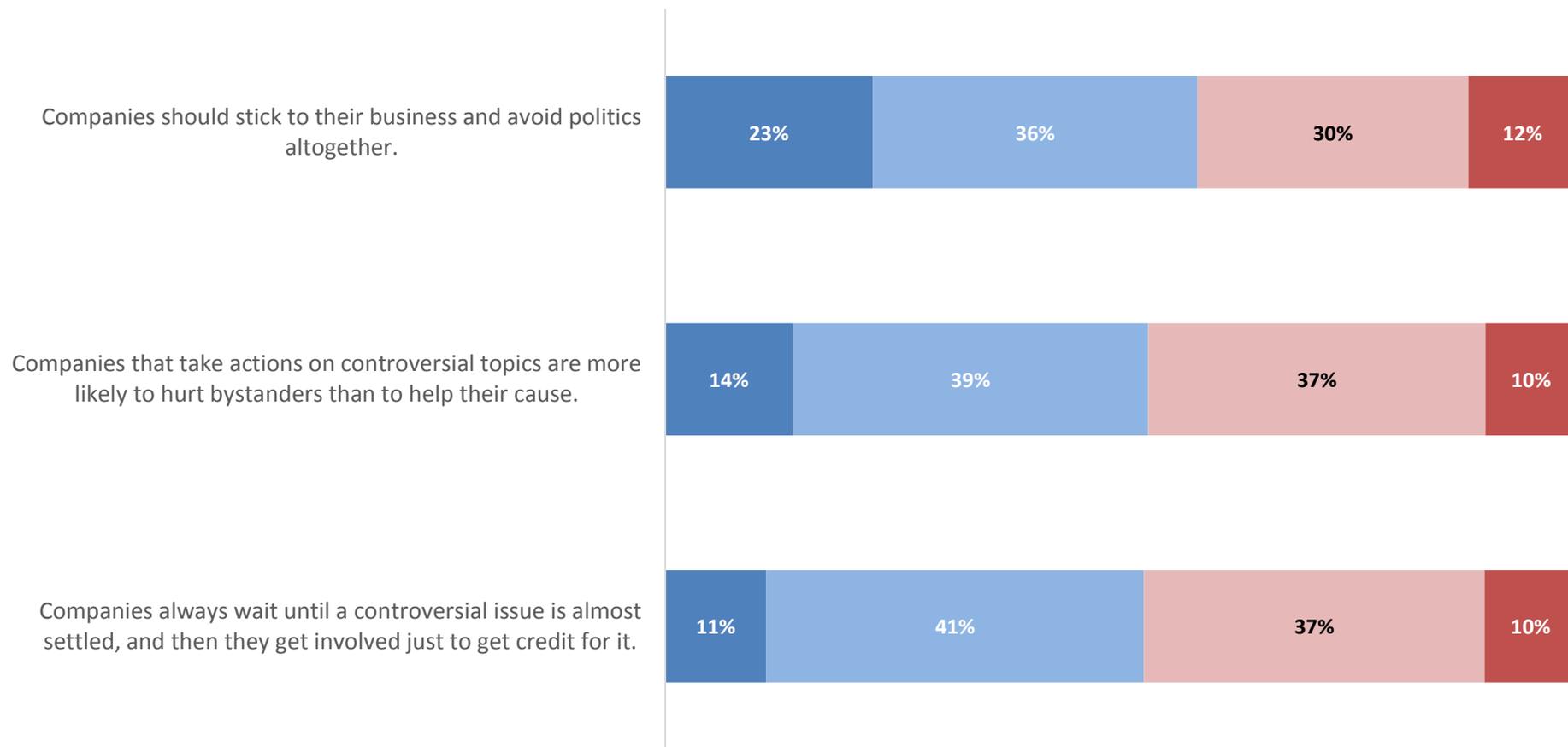


C28. For each of the following statements, please indicate whether you agree or disagree.

There is tension among Consumers, with a slim majority saying companies should stick to business and avoid politics. Combined, these results suggest that companies need to speak up, but do so carefully and judiciously.

Do you agree or disagree with reasons not to speak out?  
% of Consumers (n=1001)

■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree

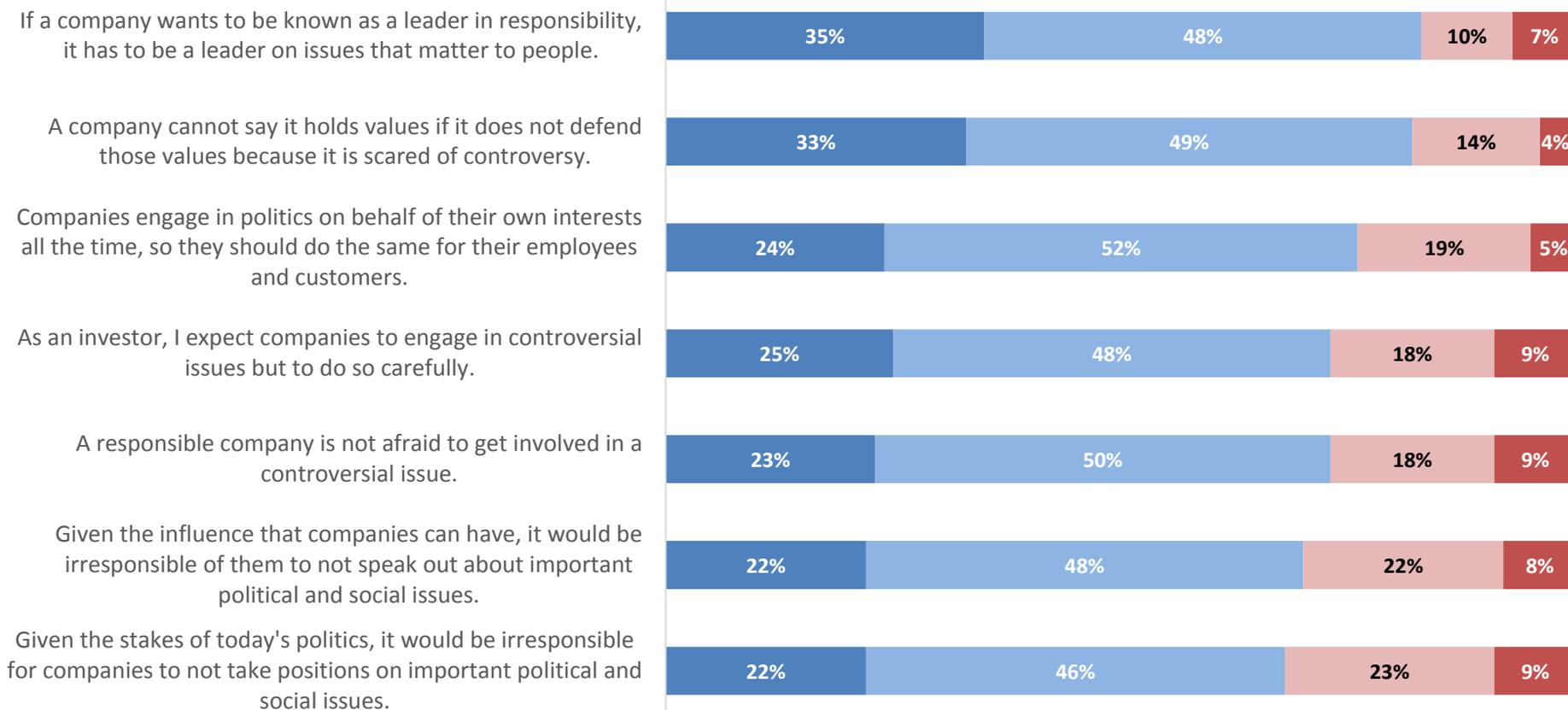


C28. For each of the following statements, please indicate whether you agree or disagree.

While the majority of Investment Pros think that companies should speak up on issues and values that matter, more than three in four agree that companies engage in politics for their own interests all the time and should do the same for employees and customers.

Do you agree or disagree with reasons to speak out?  
% of Investment Pros (n=100)

Strongly agree   Somewhat agree   Somewhat disagree   Strongly disagree

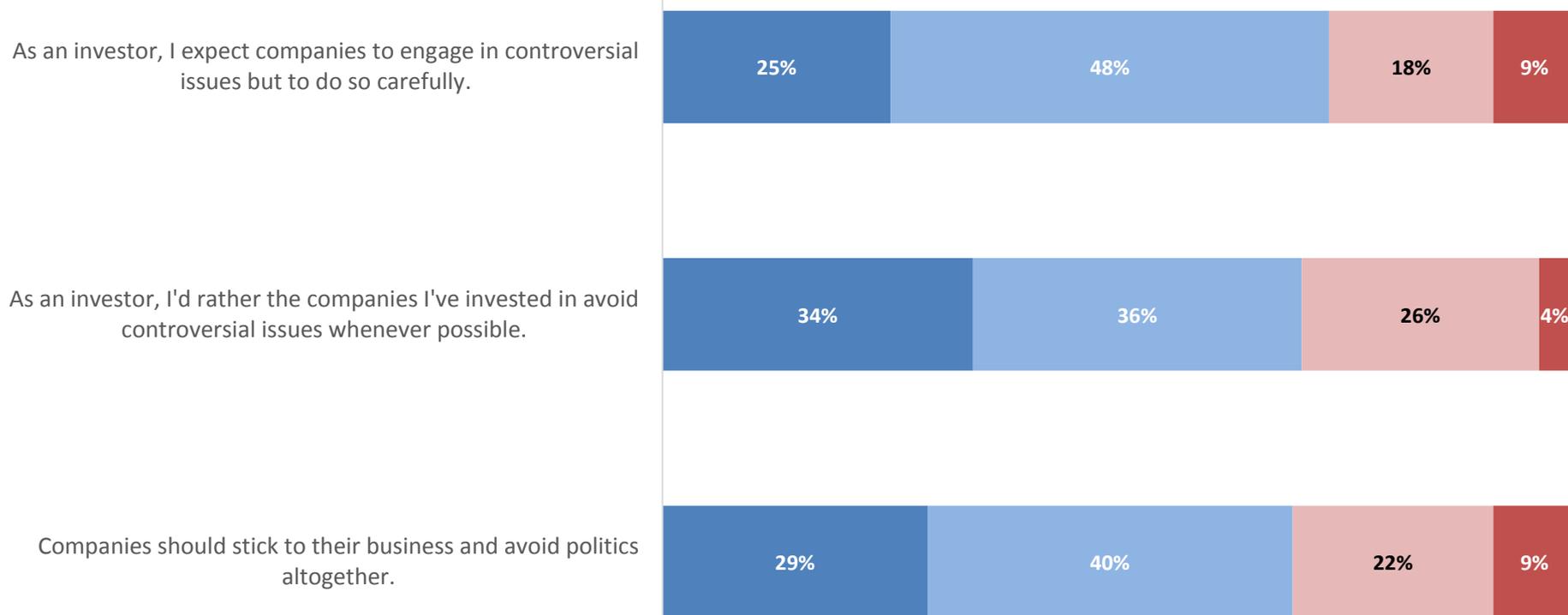


IP25. For each of the following statements, please indicate whether you agree or disagree.

# As with Consumers, there is tension among Investors as well, with majorities believing companies should avoid politics.

Do you agree or disagree with reasons not to speak out?  
% of Investment Pros (n=100)

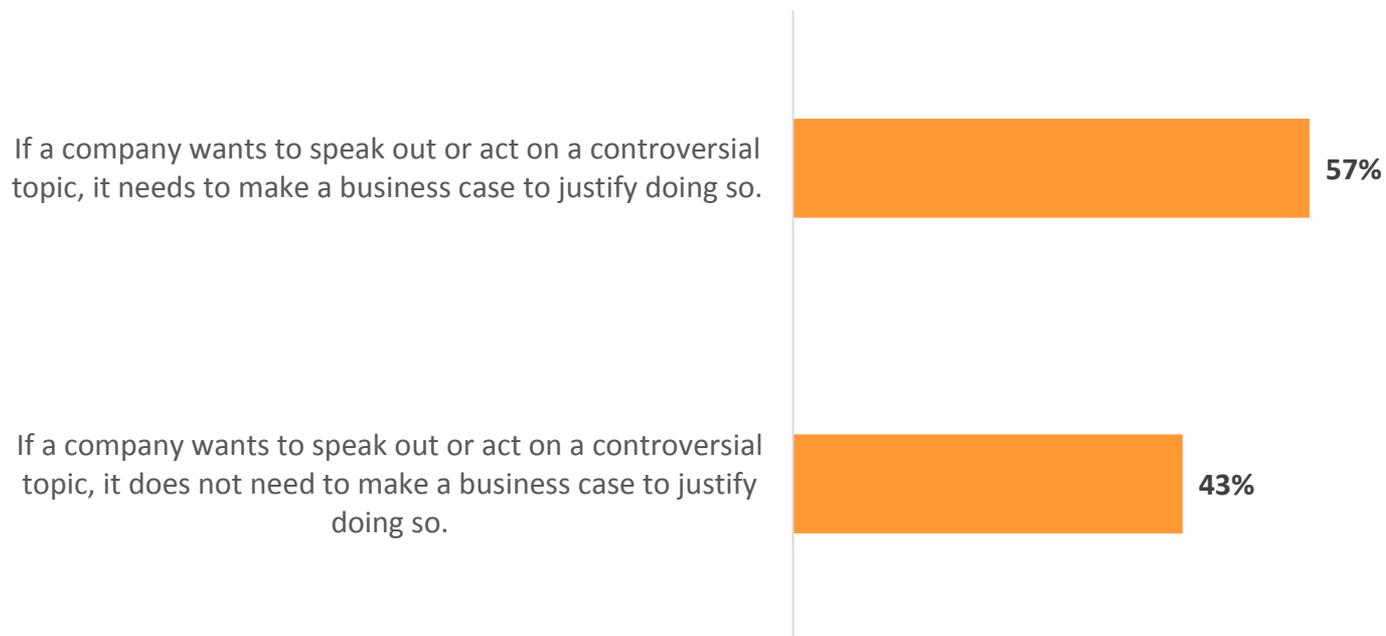
Strongly agree   Somewhat agree   Somewhat disagree   Strongly disagree



IP25. For each of the following statements, please indicate whether you agree or disagree.

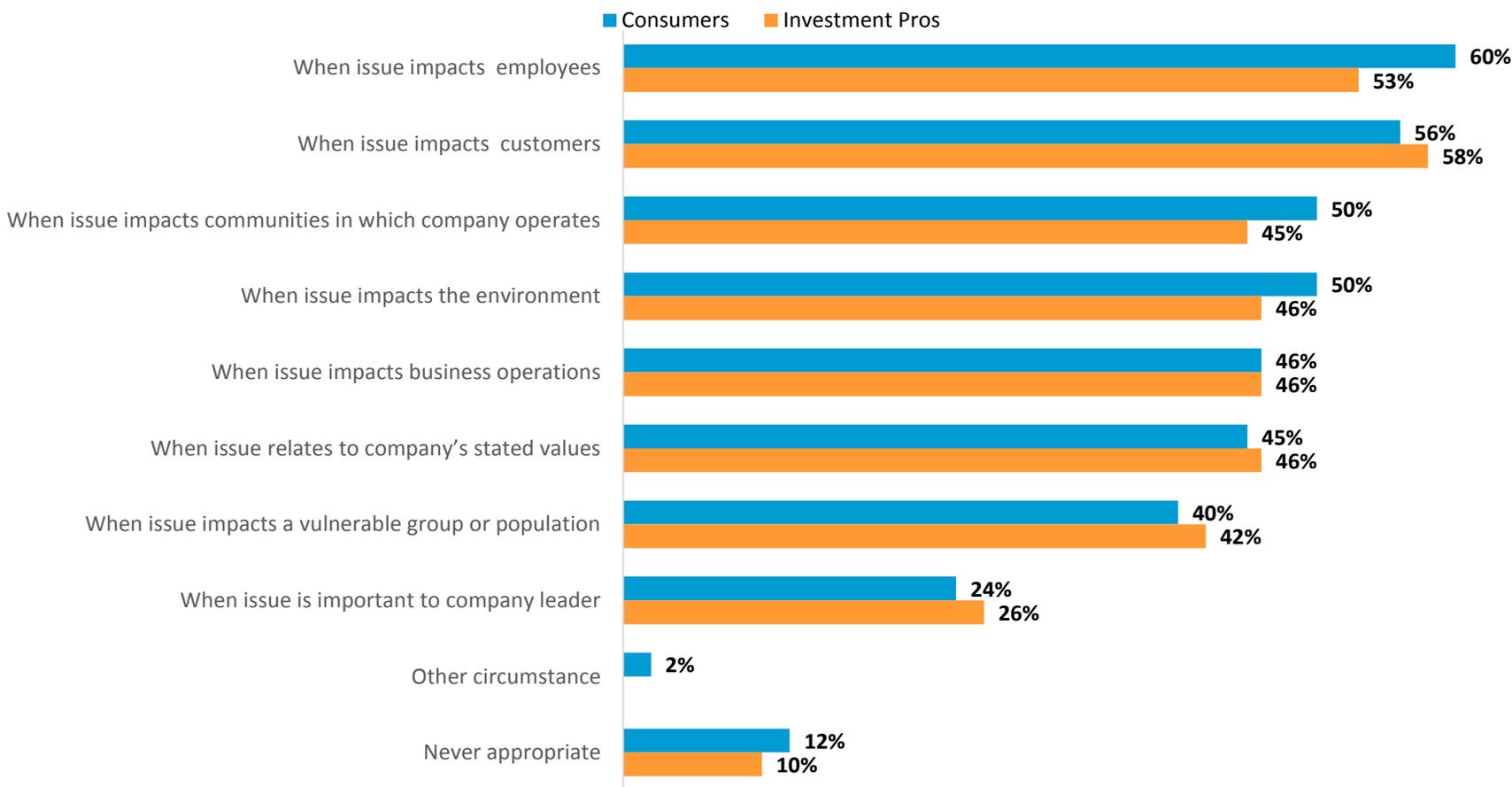
While a majority of Investment Pros expect responsible companies to speak about important controversies, a majority also expect companies to offer a business justification for doing so.

Do companies need to make a business case before engaging on a controversial topic?  
% of Investment Pros (n= 100)



Over half of Consumers and Investment Pros believe that when issues impact employees and customers, then it is appropriate for companies to speak out or take action. By contrast, fewer than half believe it is appropriate when the issue impacts business operations.

When is it appropriate for companies to speak out or take action?  
 % of Consumers (n=1001); % of Investment Pros (n=100)

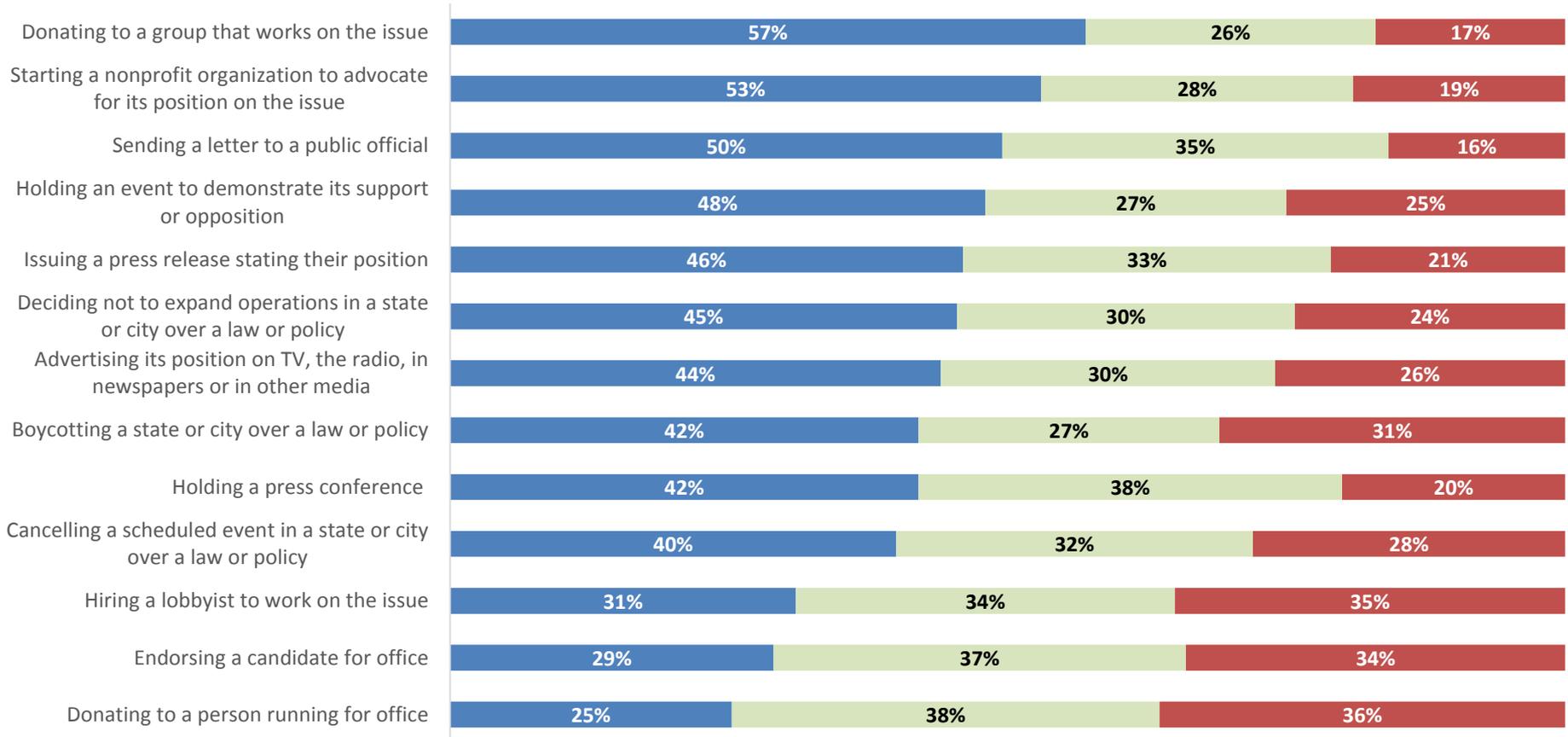


C23/IP20. When is it appropriate for companies to speak out or take action on controversial political or social issues? Please select all that apply.

# Consumers are more wary of money (political contributions) and direct influence (lobbying) than they are of newer, more aggressive methods.

Do these methods make a company more responsible or less responsible?  
 % of Consumers (n=1001)

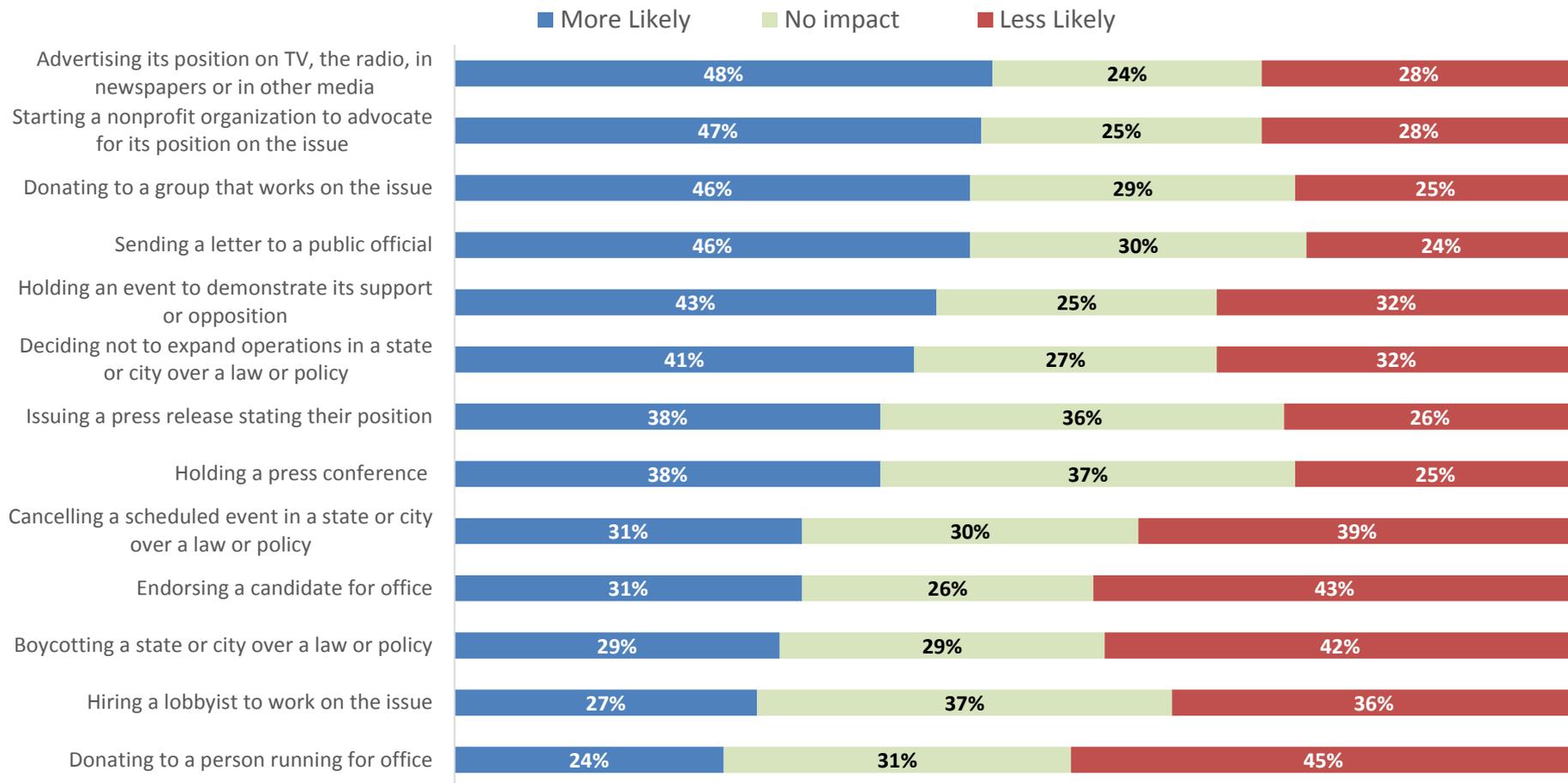
■ More responsible ■ No impact ■ Less responsible



C30. Below are some things that companies can do to speak out or act on controversial political or social topics. For each one, please indicate whether doing so would make the company more responsible, less responsible or have no impact on whether the company is responsible.

## Investment Pros are less likely to think a company is a good investment if they are contributing to elections, but more likely if the company advertises its position or starts a nonprofit.

Do these methods make a company more likely or less likely to be considered a good investment?  
 % of Investment Pros (n=100)

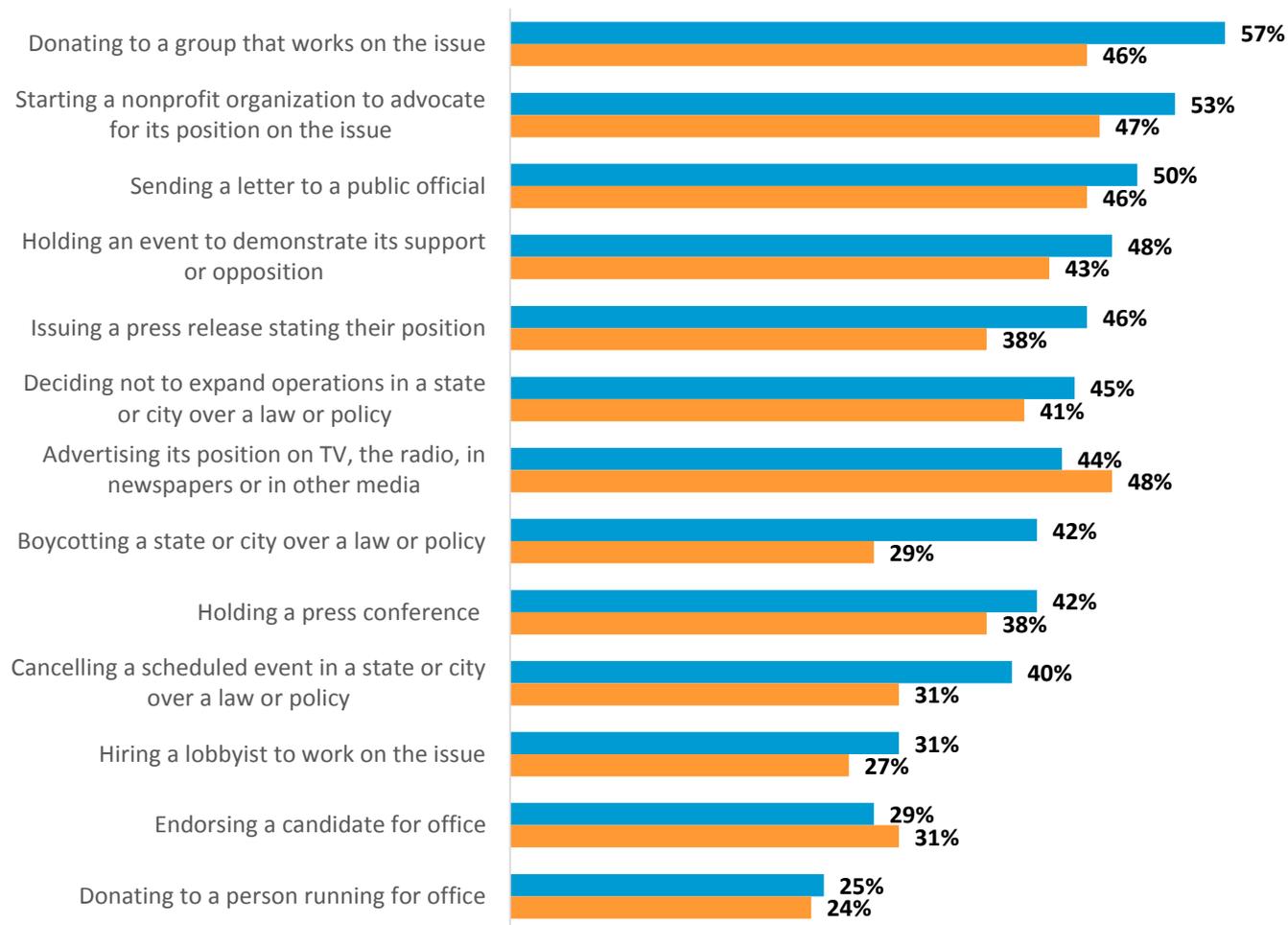


IP28. Below are some things that companies can do to speak out or act on controversial political or social topics. For each one, please indicate whether doing so would make you more likely or less likely to consider them a good investment, or would it have no impact.

## There is a strong correlation between actions Consumers say make companies more responsible and those Investment Pros say make a company a better investment.

Do these methods make a company more responsible/more likely to invest?

■ % of Consumers saying "More responsible" (n=1001) ■ % of Investment Pros saying "More likely to think it's a good investment" (n=100)



C30. Below are some things that companies can do to speak out or act on controversial political or social topics. For each one, please indicate whether doing so would make the company more responsible, less responsible or have no impact on whether the company is responsible.

IP28. Below are some things that companies can do to speak out or act on controversial political or social topics. For each one, please indicate whether doing so would make you more likely or less likely to consider them a good investment, or would it have no impact.

## Investment Pros are more likely to approve of a company speaking out or acting on a controversial political or social issue, knowing that a high percentage of Consumers are likely to agree with it.

Do the following statements make you approve or disapprove of companies speaking out or acting on controversial political or social issues?

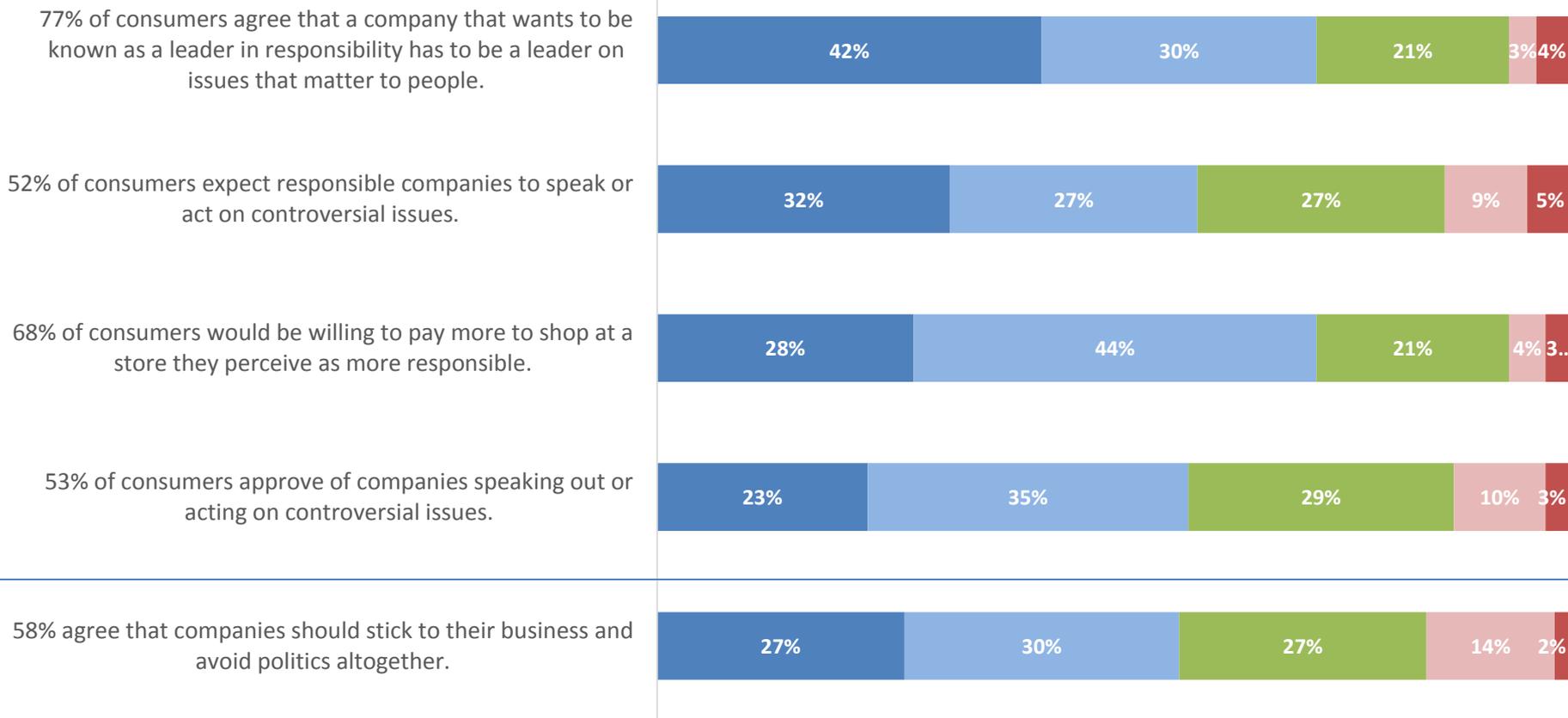
% of Investment Pros (n = 100)

■ Approve much more   ■ Approve somewhat more

■ No impact

■ Disapprove somewhat more

■ Disapprove much more

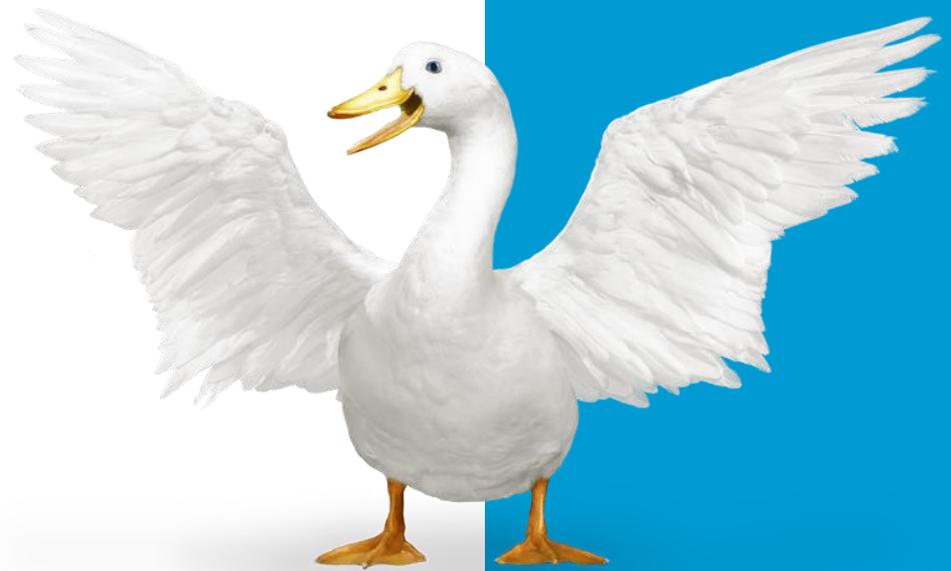


IP33. We asked 1,000 consumers many of the same questions you just answered. Below are some of the findings from that survey. For each one, please indicate whether this makes you approve more of companies speaking out or acting on controversial topics, disapprove more, or whether it has no impact.

# What does it mean for businesses trying to navigate today's hyper-partisan, outrage-fueled environment?

- **Understand that business is a more comprehensive concept than it once was.**
  - If it impacts stakeholders, however tangentially to the operations of the company, then it impacts the company. If the impact on stakeholders is sufficiently large, it threatens the company, but it also creates an opportunity for the company. Taken as a whole, this is the business case for engaging on controversial issues.
- **Companies need to be prepared to defend their customers, employees and other groups if they want to be seen as more than just a business.**
  - Being more than just a business – being concerned with more than just profit – is one of the core features of corporate responsibility. For this reason, Consumers and Investment Professionals expect responsible companies to engage in controversial issues.
- **There is no such thing as a local issue anymore.**
  - In modern media, seemingly local issues can take on outsized significance to your customers everywhere.
- **Companies should be prepared to engage on controversial issues, taking a proactive stance so as not to be caught off guard.**
  - In the same way that companies plan for potential crises, they should set guidelines and policies for when and how to engage on controversial issues.
  - Know in advance what matters to your stakeholders, making an effort to understand their concerns and the threats they perceive.

# ETHICS



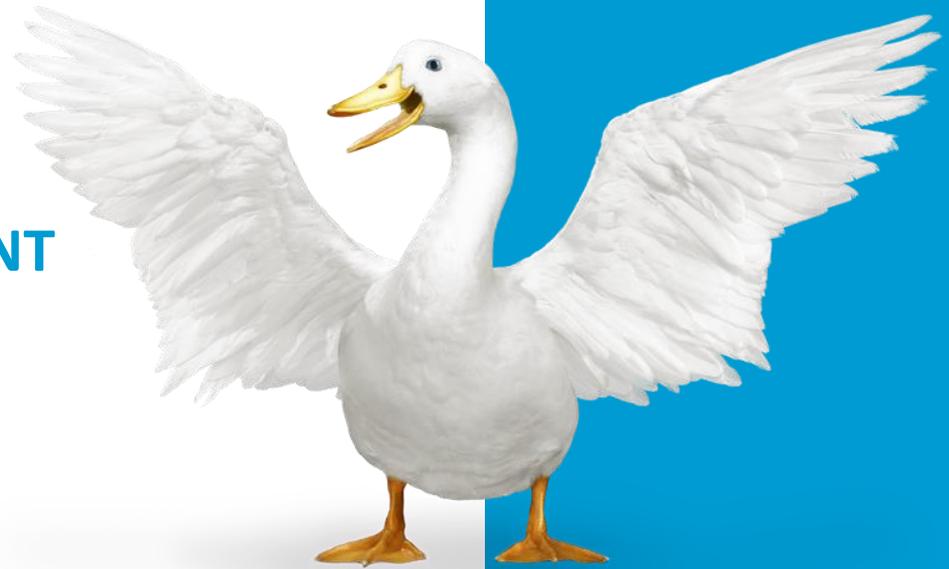
# Millennials feel more pressure to act unethically at work

- In their own experience, 19% of Consumers have done something at work they consider unethical, an experience more common among the most highly educated Consumers.
  - In total, 25% of all Consumers were asked to do something unethical by their employer and, of these, 36% of them complied.
  - Millennial Consumers were the most likely of any generation to comply when asked to do something they considered unethical at work, with 47% complying with such requests.
  - Millennials have been the largest generational group in the workforce for about two years now, but they're also feeling some of the biggest pressures of employment.
- Majorities of Consumers and Investment Pros believe companies can rarely or never act unethically and still be responsible, and these practices are, in general, rarely or never acceptable to strong majorities of both audiences.

## We have seen irresponsible companies, and they are us.

- Majorities of Consumers believe unethical behavior is common across all sizes of businesses – though more (79%) consider big companies unethical than small businesses (52%).
- Both Investors and Consumers believe unethical behaviors are common among American companies, ranging from religious discrimination (55% of Consumers and 57% of Investors say it is common) to awarding bonuses to undeserving executives (78% of both audiences).

# RESPONDING TO GOVERNMENT POLICY

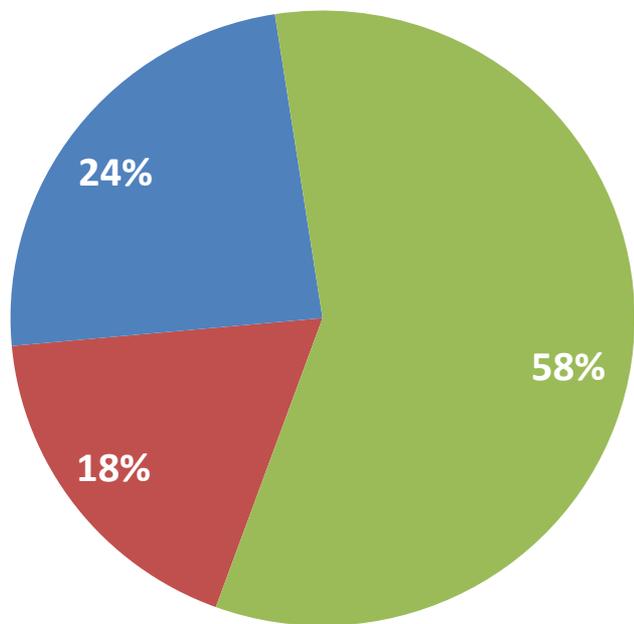


More than half of Consumers think that depending on the program, responsible companies should be donating more to programs that lose government funding. Support for companies making up funding is much higher on specific issues.

Do you expect responsible companies to donate to programs that lose government funding?

% of Consumers (n=1001)

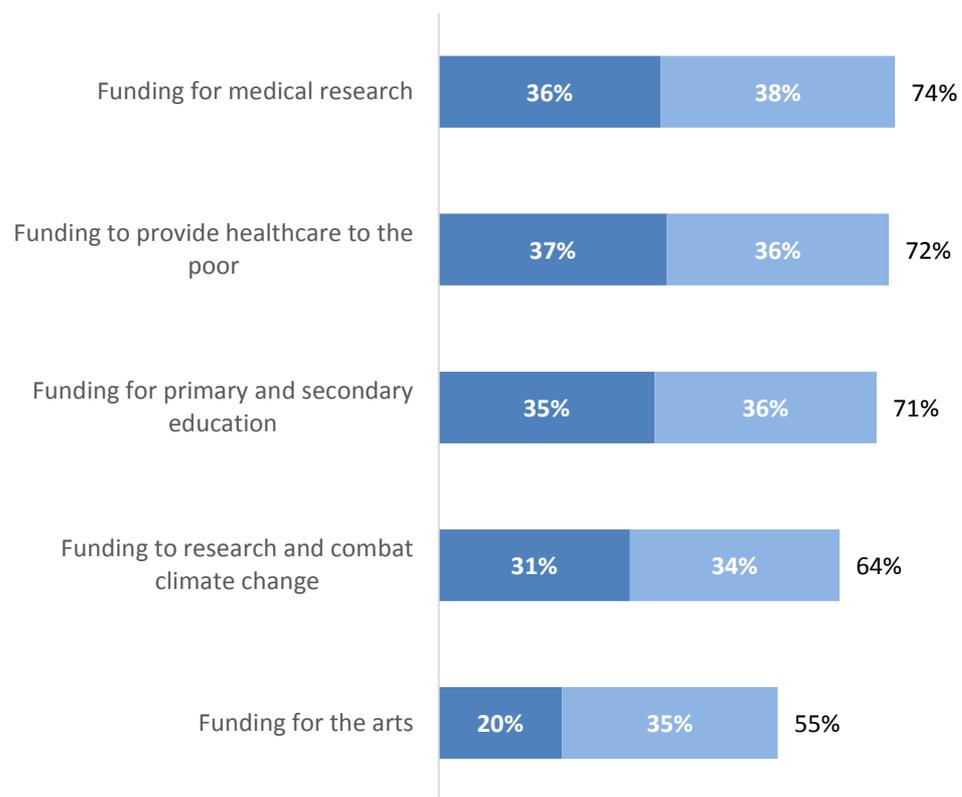
Yes No Depends on program



If the government were to cut funds for these *specific* programs, would you expect responsible companies to help make up the difference?

% of Consumers (n=1001)

Yes, definitely Yes, probably



C32. In general, do you expect responsible companies to donate more to certain programs when government funding for them drops?

C33. How about for the following specific programs? If the government were to cut funding for these programs, would you expect responsible companies to donate more to help make up the difference?

Both the majority of Consumers and Investment Pros agree that responsible companies should offer health insurance, report workplace accidents, pay overtime to non-managerial employees, and offer paid maternity leave.

Do you agree or disagree with the following statements?

% of Consumers (n=1001); % of Investment Pros (n=100)

■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree

