



# CEOs (not) speaking out

## Pitfalls and imperatives

When should a CEO speak out on controversial issues, if at all? And what role should the board play in establishing parameters for the CEO as the voice of the company? These questions are front and center in the boardroom as employees, customers, and investors sharpen their scrutiny of a company's public positions—or silence—on high-profile issues, from climate change to diversity, equity, and inclusion.

“Speaking out or staying silent is a decision each company and its leadership need to make in the context of the business and its stakeholders,” KPMG LLP Chairman and CEO Paul Knopp said during the March 24, 2022, KPMG Board Leadership Center (BLC) Quarterly Webcast. “Is the issue relevant to the company and its strategy? Is there alignment with the company's culture and values and purpose? How will it resonate with stakeholders? And what are the implications of staying silent?”

Moderator and BLC Senior Advisor Claudia Allen highlighted that the most compelling reason for CEOs to speak out on social or political issues is alignment with the company's mission and values, according to 39 percent of self-identified corporate directors surveyed for the webcast. An additional 20 percent cited stakeholder expectations, including those of customers, employees, and shareholders, while 18 percent said that CEOs should rarely, if ever, speak out on social or political issues. “There will be inevitable criticism, whether a CEO speaks out or not,” said Allen, noting that these issues ultimately affect a company's reputation, particularly with employees and customers. “Reputation is a bottom-line issue.”

### Great expectations

According to global survey data from the [Edelman Trust Barometer](#), customers, employees, and [investors](#) are all making more values-based decisions. “Consumers are expecting companies to take positions and fulfill the values that they're looking for,” said Lex Suvanto, managing partner and chief executive officer of Edelman Financial Communications. “And it's not just about CEOs and whether they should speak out on issues. This is about global stakeholders trusting business more than they trust government, more than they trust media, even more than they trust non-profit organizations.”

Suvanto said that CEOs need to recognize that if they speak out, they must do so with “integrity” and “organizational readiness.” This means being prepared for criticism, doing rigorous research to make sure that the company “doesn't have any inconsistent statements, actions, or policies at play,” and being able “to revisit the decision and continue to evolve [their] thinking,” said Suvanto.

Corporate director Sara Mathew places CEOs speaking out in the context of stakeholder capitalism. “The simplest way to make the decision [on speech] is to be purpose driven and values led,” said Mathew. “It’s a different kind of corporate leader, I believe, than we had in the past.” Moreover, said Mathew, speaking up is now “table stakes if you want to be a CEO.”

“The CEO is the company spokesperson. If the CEO is not capable of doing this right, then go back to your responsibility [as a board] and get a better CEO,” said Mathew. “I worry that elaborate rules and frameworks [for when the CEO should speak out] essentially muddy the water ... Just keep the lines of communication open.”

### Values and value

Leo Strine, Jr., of counsel at law firm Wachtell, Lipton, Rosen & Katz, said that companies that are mindful of being good corporate citizens “are going to reduce their target zone” for potential criticism. “Before you speak out, make sure that you actually walk the walk. Do we seek to make money without externalizing our cost of business to our workers, our consumers, and to the environment?” And he urged examining whether any lobbying activities or political contributions send a contradictory message.

“There’s a way of thinking about this that is much more aligned to the purpose of a business,” said Strine. Framing CEO speech in terms of “what it means to be a good corporate citizen puts the board and the CEO in a less difficult position” when the company faces a decision of whether to speak out, and what to say, said Strine.

Mathew, noted that expectations regarding CEO oversight of lobbying and political expenditures have changed. “As a CEO, I did not know where every dollar went,” said Mathew, adding that management of these expenditures “was delegated deep in the organization.” “I would encourage [boards] to actually pull that up to get a better idea of the spending ... which is not something that every board sees,” she added.

“Values are sacrosanct, foundational, and cut across the entire employee base,” said Mathew. But being mindful of social and political issues doesn’t mean that the company or the board should lose focus on total shareholder return. “It’s not an either/or. It’s the power of and,” said Mathew. “This requires deeper thinking and you have to do both.”

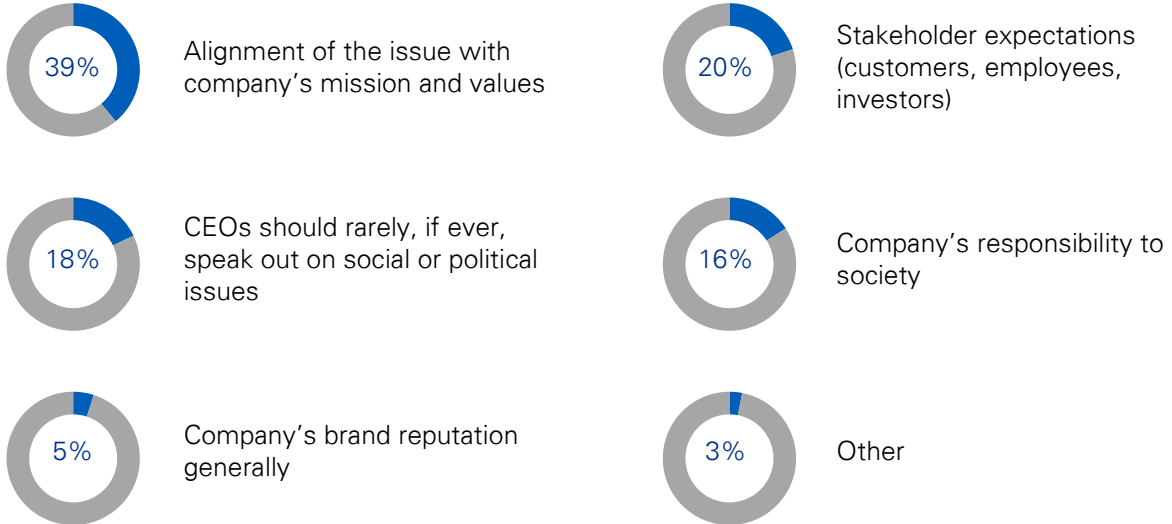
### Impact

Nearly 6 in 10 of the directors surveyed said they think corporate/CEO public statements and positions over the past two years have made a positive impact. But Edelman’s Suvanto warns that companies “aren’t going to have a 100 percent hit rate and say things perfectly every time.”

Mathew closed out the webcast with three thoughts for boards. 1) Don’t start communication that you don’t [plan to] continue. 2) Don’t overlook how much the company can do. 3) Focus on people first, not just the facts, because “the soft stuff is actually the hard stuff.”

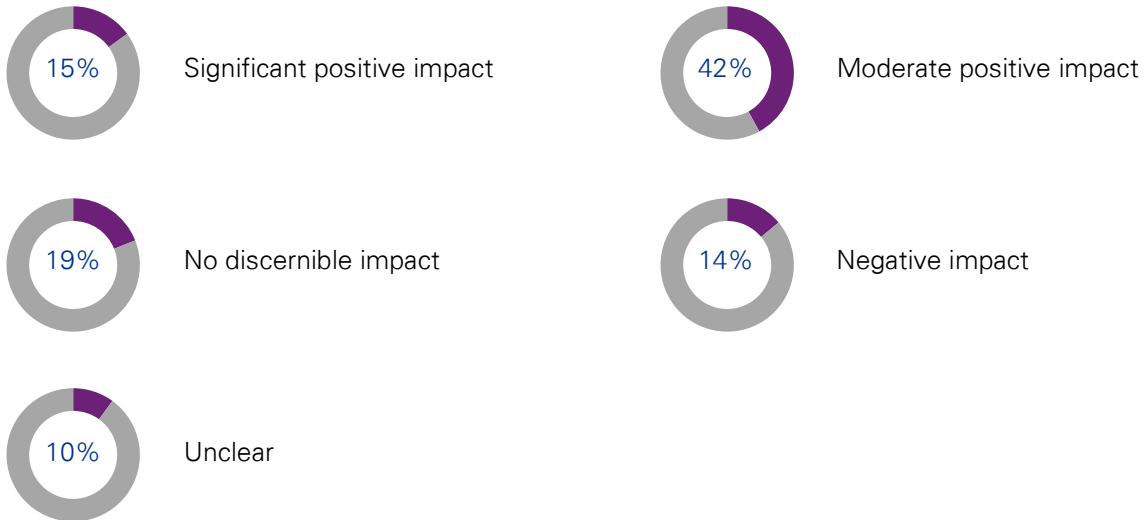
## Webcast survey results

**In your view, what is the most compelling reason—if any—for CEOs to speak out on high-profile social or political issues?**



*Of 353 self-identified corporate directors who registered for the March 24, 2022, KPMG BLC Quarterly Webcast.*

**In your view, what has been the collective impact of the public statements/positions taken by CEOs and companies across corporate America over the past two years?**



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The views and opinions expressed herein are those of the speakers and do not necessarily represent the views and opinions of KPMG LLP.

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