

Kith

Empowering People and
Organizations with
Reputation Resilience

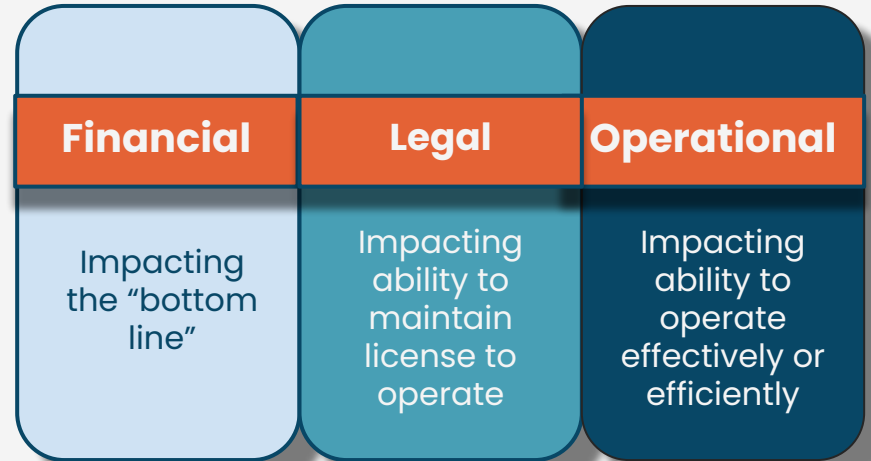
November 19th, 2020



What is **Social Risk?**

Traditional Risk

- We all know the traditional risks to business operations
- Risks are usually:
 - Financial
 - Legal
 - Operational
- Managed with a traditional playbook



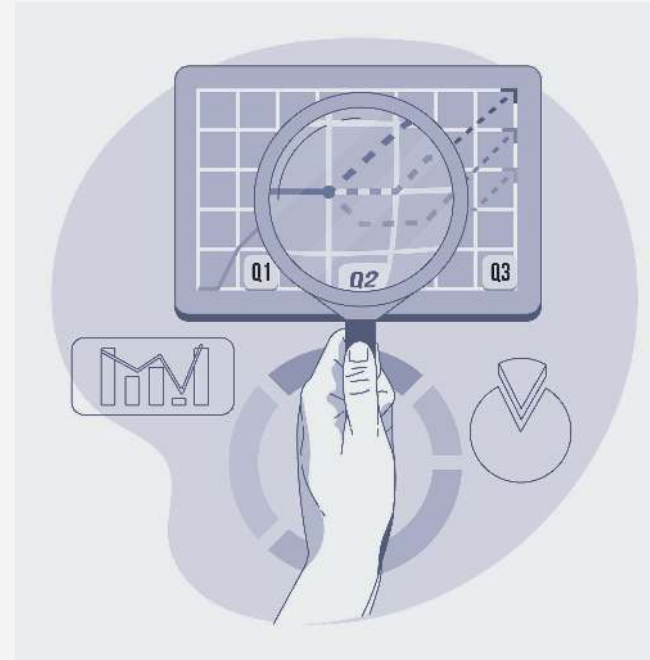
What is **Social Risk**?



- New category of risk
- “Population-based” activities and negative public perception
- Driven by influences inside all of us
- Key traits include:
 - Conversation is negative in tone
 - Strong political undertones
 - Divide between “Haves” and “Have Nots”

Rooted in **Real Data**

- ENODO measured public sentiment and conducted topic modeling from global online discussions between 2018 and 2020
- Analyzed over **4 million data points** including
 - 1208532 Facebook posts
 - 213978 Instagram posts
 - 690788 YouTube comments
 - 602304 LinkedIn posts
 - 316211 News sites
 - 503970 Tweets
 - 412978 RSS feeds
 - 184816 Blogs



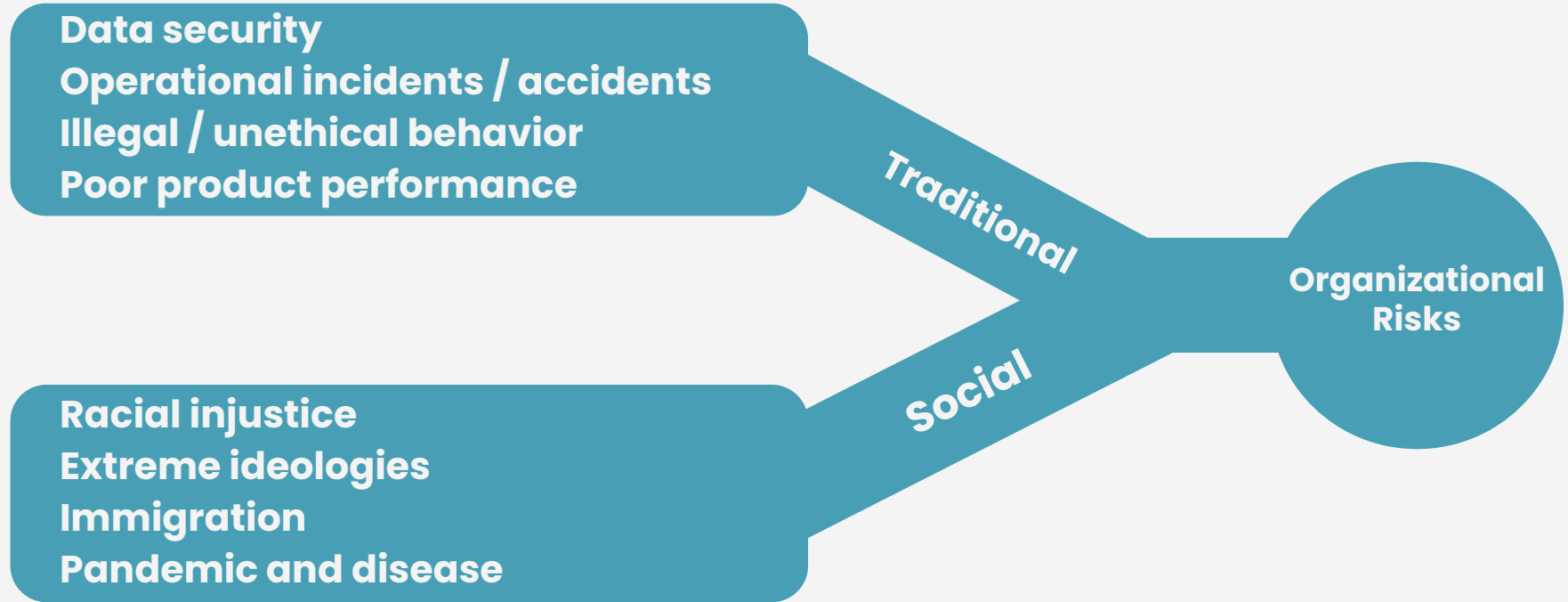


What Makes Social Risk **Different**?



- Social risk is **created external of an organization** but it directly involves or requires action from the organization
- Population has **increased expectation** of action from organization
- Far **greater risks** to reputation and license to operate

What Makes Social Risk **Different**?



The image features a central graphic of a lightbulb with a gear inside it, all in a light blue color. The lightbulb is surrounded by several smaller, semi-transparent light blue circles of varying sizes, creating a sense of motion or floating particles. The background is a solid, dark blue color. The text "Defining Social Risk" is centered over the lightbulb graphic.

Defining **Social Risk**

Defining Social Risk

We have isolated
Five
Characteristics
of Social Risk

Human

Distinctive

Scalable

Dynamic

Dispersed

Defining Social Risk

We have isolated **Eight Categories** of Social Risk

**Socio-
Economic**

**Human
Rights and
Equality**

**Expression
of Views**

**Workforce
Empowerment**

**Climate
Change**

Pandemic

**Physical
and Mental
Health**

Misinformation

Connecting the Dots



- Social Risk is tied to business performance:

Human concerns of health, injustice, and lack of opportunity

Impact

Business concerns of profitability, shareholder value, and strategy execution

- “Throwing money at the problem” only creates more risk
- The public is demanding that their **voices to be heard**, a transparent, two-way dialogue to occur, and **solutions be found**

Case Studies



Case Studies

- May 30, 2020 – Lawrence Bacow, President of Harvard University, releases a statement regarding ongoing protests and unrest around racism and the murder of George Floyd
- Statement shared from Office of the President to social and traditional media



HARVARD
UNIVERSITY

What I believe

May 30, 2020

Dear Members of the Harvard Community,

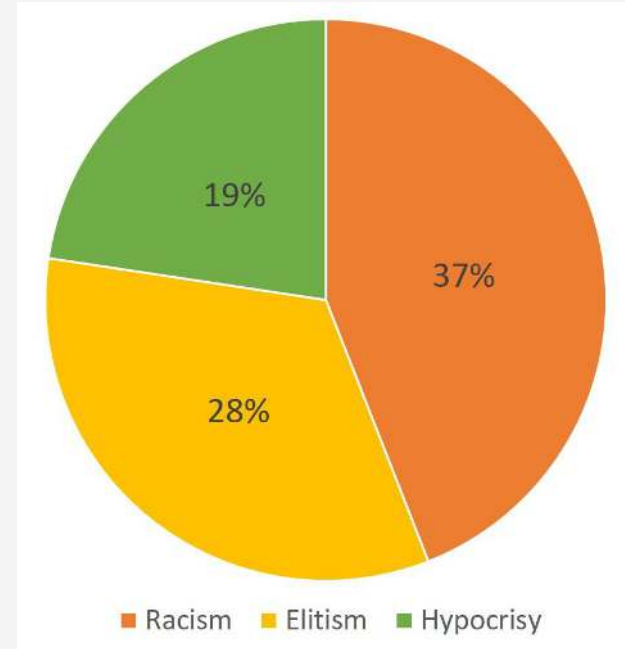
The last several months have been disorienting for all of us. COVID-19 has profoundly disrupted the lives of people worldwide. It has caused more than 365,000 deaths around the globe and more than 100,000 in the United States alone. Forty million Americans have lost their jobs, and countless others live in fear of both the virus and its economic consequences.

In the midst of this incomprehensible loss, our nation has once again been shocked by the senseless killing of yet another black person—George Floyd—at the hands of those charged with protecting us. Cities are erupting. Our nation is deeply divided. Leaders who should be bringing us together seem incapable of doing so.

Case Studies

47,000 data points from the online conversation and news coverage found that Bacow's letter fell into 3 primary topics - all negative in nature:

1. Racism - 37% of the conversation
2. Elitism - 28% of the conversation
3. Hypocrisy - 19% of the conversation



Case Studies

A better approach would have mitigated Social Risk by:

- Engaging audiences in an authentic dialogue
- Soliciting a variety of opinions in drafting the letter
- Using the platform of the President of Harvard University to give a voice to those who are seldom heard

Case Studies

BUSINESS

Lyft and Uber's Public-Relations Battle Over the Immigration Ban

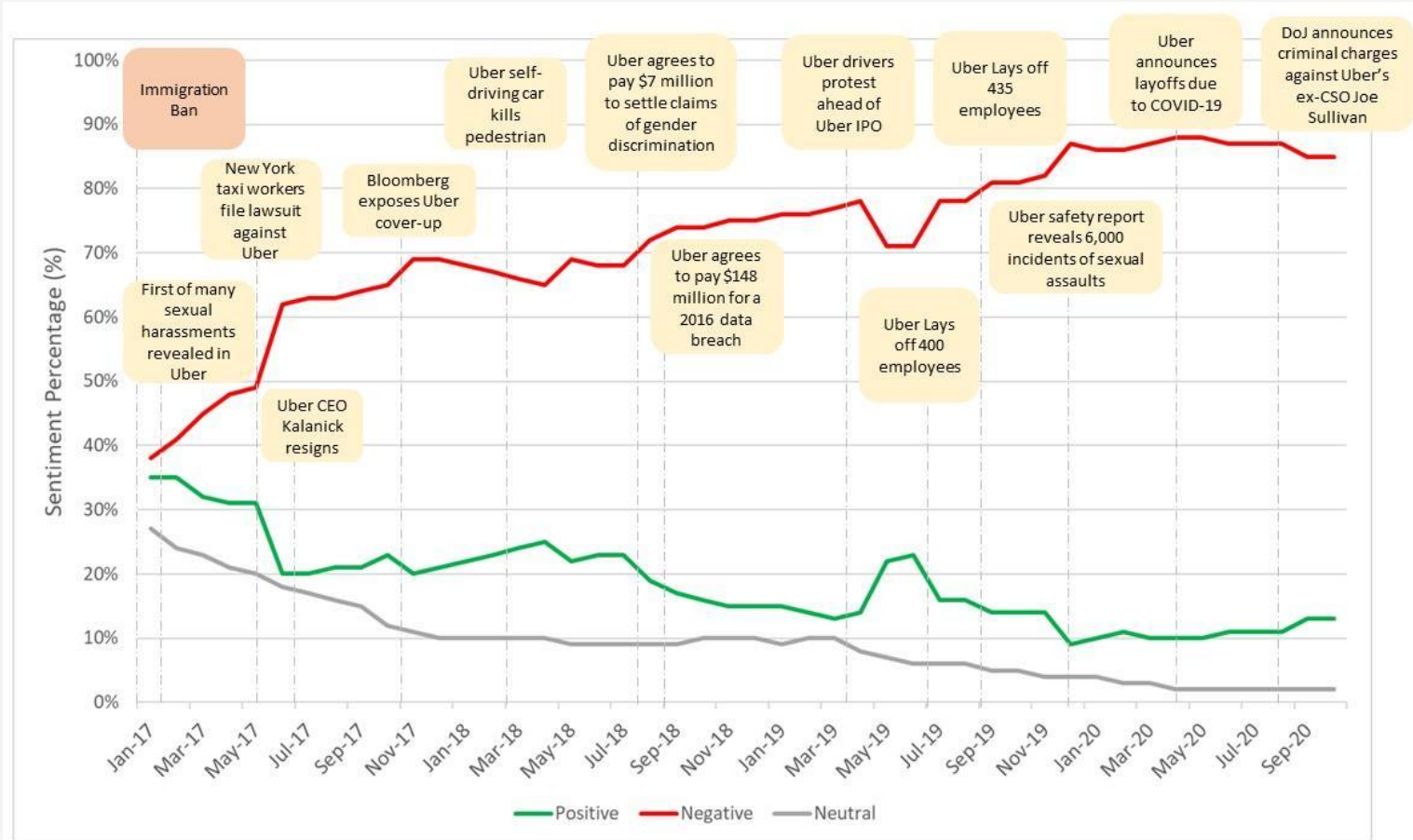
The two ride-hailing services were seen as taking opposing positions in the controversy over President Trump's recent executive order.

ADAM CHANDLER JANUARY 29, 2017



- Jan. 2017- Uber essentially undercuts taxi drivers that are striking over Immigration Ban policy
- Compounding issues and poor response drives overall negative sentiment of the brand leading to more issues

Case Studies



Case Studies

Uber could mitigate its Social Risk by:

- Showing humanity
- Working with expert partners
- Appreciating that its Social Risk is scaling into Enterprise Risk

What's Next

The image features three stylized, upward-pointing arrows in a light blue color against a dark blue background. The arrows are positioned behind the text 'What's Next'. The central arrow is the tallest and points straight up. The arrow on the left is shorter and points up and to the left. The arrow on the right is shorter than the central one and points up and to the right.

Recommendations



Know Who You Are and What You Stand For



Create an Ecosystem of Diverse Partners



Always Be Communicating

Gather Diverse Opinions and Stay Connected Internally



Ask. Don't Tell.



Show Humanity



Discussion Points

How is identifying and managing Social Risk different from Traditional Risk?

How can you best look over the horizon to identify Social Risk?

How can organizations turn Social Risk into opportunity?

Turning Risk to **Opportunity**



Kith