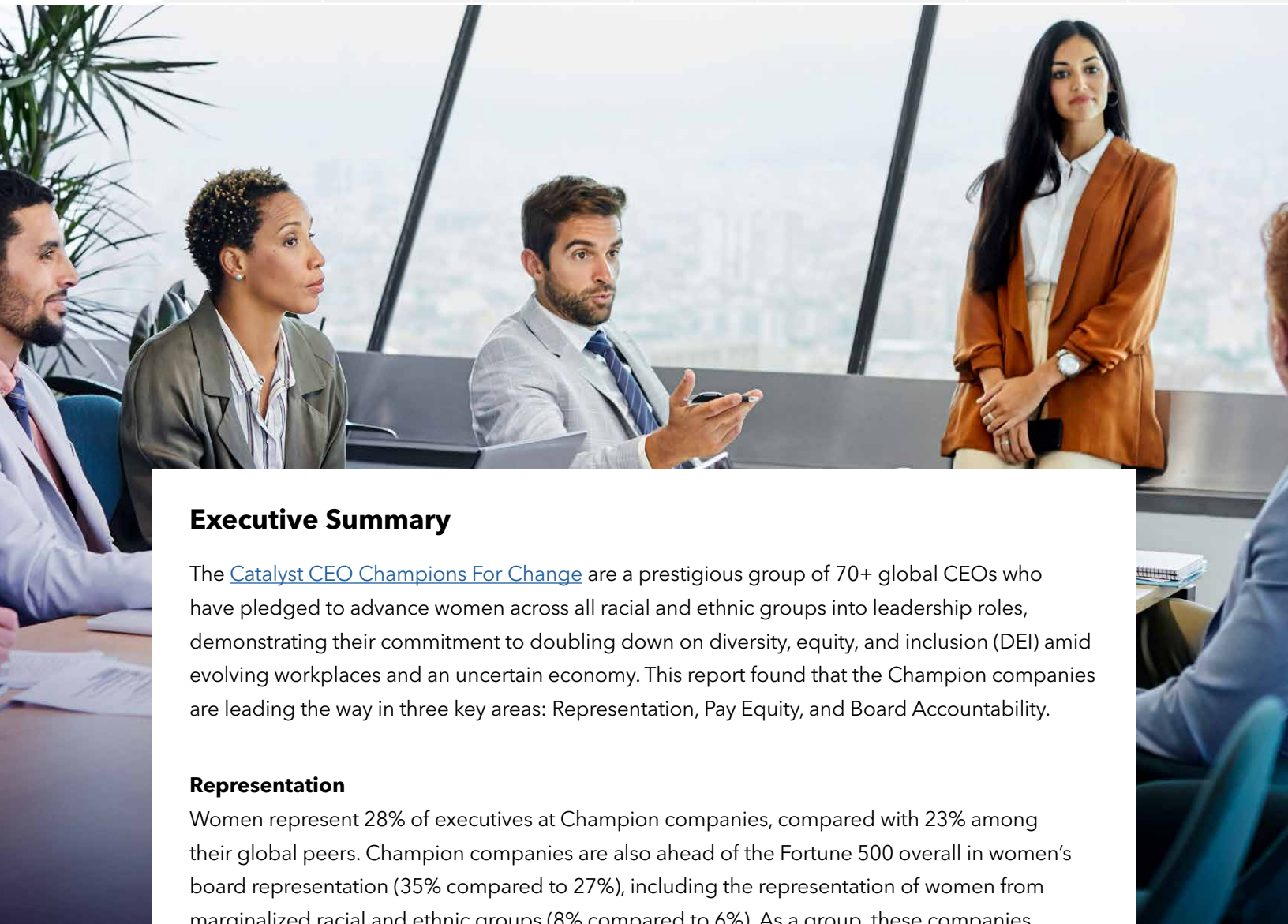




Aligning Actions to Values

The Catalyst CEO Champions For Change





Executive Summary

The [Catalyst CEO Champions For Change](#) are a prestigious group of 70+ global CEOs who have pledged to advance women across all racial and ethnic groups into leadership roles, demonstrating their commitment to doubling down on diversity, equity, and inclusion (DEI) amid evolving workplaces and an uncertain economy. This report found that the Champion companies are leading the way in three key areas: Representation, Pay Equity, and Board Accountability.

Representation

Women represent 28% of executives at Champion companies, compared with 23% among their global peers. Champion companies are also ahead of the Fortune 500 overall in women's board representation (35% compared to 27%), including the representation of women from marginalized racial and ethnic groups (8% compared to 6%). As a group, these companies exceed the 30% threshold known as critical mass, which decades of social science research has found shifts group dynamics and leads to improvements in corporate governance performance.

Pay Equity

The vast majority of Champion companies (82%) conducted at least one pay equity review within the last three years—a higher proportion than found in other studies—indicating that they are models for other organizations to follow on the journey to achieving equal pay for equal work.

Board Accountability

Over two-thirds (69%) of Champion company boards of directors assess pay equity progress and/or findings, and many influence and oversee DEI work more broadly across their organizations, demonstrating accountability and a commitment to fair and equitable business practices at the highest levels

Introduction

The global pandemic and demands for racial equity have created unprecedented churn in the workforce. First, the “she-cession”¹ forced millions of people—especially women—out of their jobs. In the “Great Resignation,”² burned-out employees walked out of unrewarding, unsupportive jobs into better-paying positions that align with their values and lives. And now with “quiet quitting,”³ employees are saying “no” to excessive work demands on their time and energy.

The arc of these trends tells us that employers have work to do in terms of making their workplaces more desirable to employees who are looking for engagement, inspiration, and balance. Employees want to know they are valued, and they want their organizations to show that they care about the well-being of every member of their staff.⁴ That means addressing gender and racial disparities, making work more flexible in terms of location and time, and distributing opportunities and benefits fairly.

Diversity, equity, and inclusion (DEI) are at the heart of the work necessary to align employee and employer needs. For organizations, DEI initiatives can help attract, retain, and advance the talent they need to weather the volatility of the 2020s and beyond. For individuals, DEI initiatives provide the workplace nourishment employees need to thrive.

While some corporate leaders are struggling to keep up with the new realities of work and the heightened focus on DEI, the *Catalyst CEO Champions For Change* are excelling and showing the world what is possible.

“Now, more than ever, companies must go beyond value statements to create genuine policies and practices that advance women and people from marginalized racial and ethnic groups. I’m proud that the Catalyst CEO Champions For Change is a group committed to taking action. Their collective progress on representation, pay equity, and board engagement shines a light on more accountable diversity, equity, and inclusion initiatives.”

— Lorraine Hariton, President & CEO, Catalyst



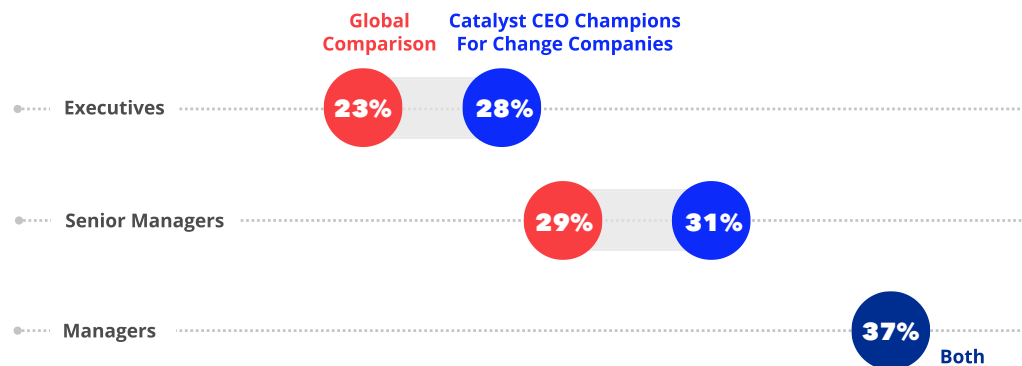
Pushing Ahead: The Catalyst CEO Champions For Change

The *Catalyst CEO Champions For Change* are a prestigious group of business leaders—more than 70 high-profile CEOs whose companies represent more than 11 million employees and over \$3 trillion in revenue globally⁵—who have pledged to advance women across all racial and ethnic groups into leadership roles. Despite—or perhaps because of—the challenges they have faced over the past few years, they have pushed their DEI initiatives to increase transparency, effectiveness, and progress.

For six years, this group has consistently outpaced its peers in the representation of women in the senior leadership pipeline and on boards of directors. Our latest findings are no different.

In 2021, Champion companies outpaced their peers in women's representation at the executive and senior manager levels. While the numbers are equal at the management level, progress at the highest levels underscores the commitment of these companies and their CEOs to advancing women into the most senior ranks of their organizations.

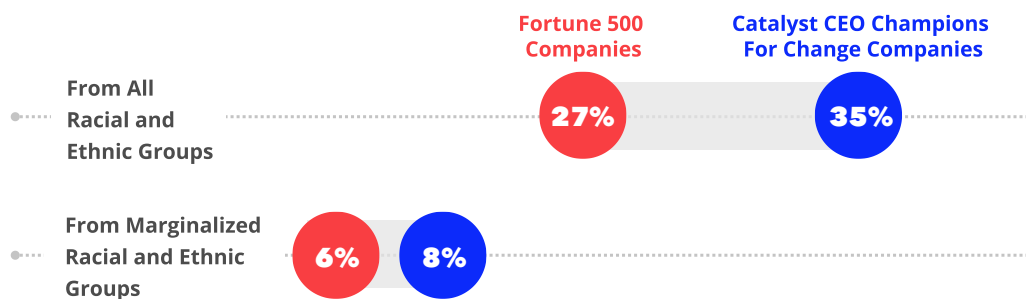
Women's Representation



This commitment extends up to the board level, too. Champion companies are ahead of the Fortune 500 in women's board representation (35% compared to 27%), including the representation of women from marginalized racial and ethnic groups (8% compared to 6%).

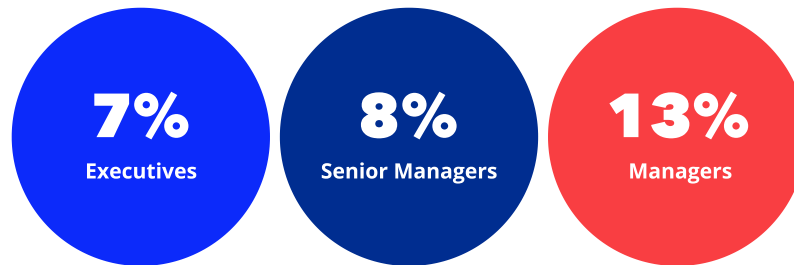
As a group, these companies exceed the 30% threshold known as critical mass, which decades of social science research has found shifts group dynamics and leads to improvements in corporate governance performance.⁶

Women on Boards of Directors



Champion companies are also building a strong pipeline of women from marginalized racial and ethnic groups who will be able to move into senior leadership positions with the right development opportunities and an empowering workplace.⁷ The data from the subset of Champion companies that submitted metrics on race and ethnicity across six countries paint a picture of the representation of women from marginalized racial and ethnic groups, with the strongest representation at the manager level. As these talented and ambitious women advance, it's important to remember that they are not a monolith, and that care must be taken to recognize and account for their intersectional experiences.

Women From Marginalized Racial and Ethnic Groups



From selected countries: Australia, Brazil, Canada, South Africa, United Kingdom, and United States.

Align Actions to Values

Boost your measurement efforts by launching a [self-identification](#) initiative and learn how other organizations [track their progress](#).

Making Pay Equity Reviews the Norm

This year, we looked beyond representation to understand how Champion companies are living their commitment to fair and equitable business practices. Specifically, we focused on pay equity, which is still elusive at many organizations.⁸

Across OECD countries, for example, the gender pay gap is 12.0%.⁹ In the United States, where most Champion companies are based, the gender pay gap for full-time employees is 16.9%, with larger gaps for women from marginalized racial and ethnic groups.¹⁰

Solving the gender pay gap is impossible if organizations do not track pay equity. Our survey shows that the vast majority of Champion companies (82%) conducted at least one pay equity review within the last three years—a higher proportion than studies show is the norm¹¹—indicating that they are models for other organizations to follow.

For the organizations that responded “yes” to the question on conducting pay equity reviews, we examined practices on disclosure and the frequency of reviews.

Three out of four companies from this subset told us that they have publicly disclosed that they have undertaken a pay equity review, demonstrating transparency with the public and employees.

However, in terms of publicly disclosing the results of a pay equity review, responses were mixed. While more than one-third (38%) of Champion companies did disclose the results, more than half (53%) did not. It takes courage for this level of transparency, but if there are inequities, bringing them to light is the best way to create accountability.

When asked about the frequency of pay equity reviews, over three-quarters (76%) of companies stated that they conduct them annually. A small share (10%) conducts them less frequently (e.g., biennially). It is important to conduct reviews on a regular basis so that trends over time can be identified, adjustments can be made when necessary, and success can be celebrated.

We asked our Champion companies if they conducted at least **1 pay equity review in the last 3 years**



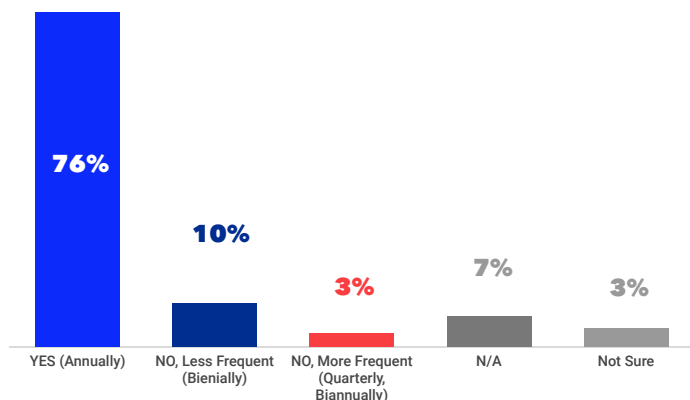
- Among those who did, **how many disclosed that they had undertaken a pay equity review?**



- And, **how many shared the results?**



- Do they **conduct a pay equity review annually?**



Percentages may not total 100 due to rounding.

Align Actions to Values

Explore Catalyst [resources on the pay gap](#), including [profiles of organizational pay equity initiatives](#).

Board Leadership in Action

For true accountability, major DEI initiatives should be tracked at the highest level of an organization—the board of directors. When the board is involved in DEI, employees at all levels of the organization know that this work is just as important as any other business initiative. Because of this, we asked *Catalyst CEO Champion For Change* companies how their boards of directors influence and oversee DEI work at their organizations.

Over two-thirds (69%) of Champion company boards of directors assess pay equity progress and/or findings. Further questioning revealed that some boards also oversee action plans to increase gender pay equity.

Do the **boards of directors** (or equivalent) of Champion companies review pay equity progress/findings?



Percentages may not total 100 due to rounding.

We found that boards are engaged in DEI work in their organizations in many other ways as well. When we asked Champion companies about board governance of DEI initiatives or programs,¹² the following themes emerged:

- **The boards wield ultimate accountability for DEI.** They receive regular updates on DEI progress and reports at least yearly. Sharing DEI reports creates accountability measures that the boards oversee and increases diversity metrics within the organization.
- **The boards demand transparency for DEI and, more broadly, ESG.** Many organizations reported that ESG goals are embedded into the company's culture and serve as driving metrics to achieve growth in talent, compensation, and transparency. ESG reports are reviewed and approved by board members.

- **Boards leverage compensation as a powerful instrument in DEI governance.** Boards have used their decision-making power in terms of performance-based compensation, particularly at the senior level, to tie executive compensation to DEI-related goals and employee engagement surveys and scorecards.

At a tactical level, Champion company boards nurture an internal organizational culture that values gender equity, diversity, and inclusion. When prompted for examples of their boards' impacts,¹⁸ Champion companies shared the following successes:

- **Companies have seen measurable results,** over time, in the representation of women and people from marginalized racial and ethnic groups, including in promotions, succession planning, hiring, and leadership roles. Some companies report the number of women exiting the organization to the board.
- **Boards are embedding inclusion into the employee lifecycle** from hiring and training to mentoring and sponsorship. Many boards receive reports about the hiring and retention efforts conducted by HR to increase the advancement of women and employees from marginalized racial and ethnic groups. In addition, organizations typically invest in various development and on-the job learning programs to reduce barriers and retain new hires from marginalized racial and ethnic groups.
- **Board members engage with the whole corporate community** from frontline employees to the C-suite. Board members understand that an inclusive culture starts with the boardroom and cascades down to the front line. Many organizations reported their board members participate in roundtables and other engagements with employees, including with ERGs, as well as in DEI conferences.

Align Actions to Values

Learn more about how your organization can build [accountability for DEI](#) and create [transparency in DEI measurement](#).

Thriving in an Unsettled World

The world has still not settled from the effects of the Covid-19 pandemic and the questions about diversity, equity, and inclusion it raised for many corporate employees and leaders. Amid the disruption and realignment of the workforce, *Catalyst CEO Champions For Change* companies have been able to advance women across the global leadership pipeline and on their boards. The majority of these leading-edge companies have gone further by publicly conducting regular pay equity reviews and sharing progress with their boards.

Their example shows that accountability and transparency are key to making DEI progress. Whether it's pay equity, employee experiences of inclusion, or community engagement, creating goals and tracking change over time is the only way to ensure employees and employers can find success together.

View the complete list of [Catalyst CEO Champions For Change](#) and be inspired by [Spotlight Stories](#).



Acknowledgments

We thank our Advancing Women donors for their generous support.

Lead Donor

BANK OF AMERICA 

Major Donor

Altria Group, Inc.

Partner Donors

BMO Financial Group

Deloitte

KKR

Raytheon Technologies

Zoetis

Supporter Donors

Carnival Corporation

Edward Jones

Guardian Life Insurance Company of America

Linda L. Addison

Mary B. Cranston

Shellye Archambeau

How to cite: *Aligning actions with values: The Catalyst CEO Champions For Change.* (2023). Catalyst.

Methodology

These findings are based on responses to a survey distributed to all *Catalyst CEO Champions For Change* companies that were eligible to submit. Seventy-one companies responded to the survey and self-reported employee demographic data for their 2021 fiscal years. The survey findings are reported in aggregate to protect the anonymity of the respondents and the confidentiality of their data.

Survey participants were asked to provide the following data:

- The number of employees globally by job level and gender.
- The number of employees globally by job level, gender, and racial or ethnic identity. Participants had the option to self-select and provide data for up to six countries (Australia, Brazil, Canada, South Africa, the United Kingdom, and United States) for this section.
- The gender and racial or ethnic identity of each member of the board of directors.
- Information on pay equity review practices—specifically, whether the organization has conducted a pay equity review in the last three years. Those that responded in the affirmative were asked how often they conduct reviews, whether they publicly disclose their results, and whether their board of directors reviews pay equity progress/findings.
- Examples of how their board of directors (or equivalent) governs and impacts diversity, equity, and inclusion (DEI).

To provide consistent measurements of racial or ethnic identity across countries, participants were asked to provide data on employees identifying with the majority group and those identifying with marginalized racial and ethnic groups, defined as groups of people who experience a disproportionate systemic oppression, discrimination, and lack of societal resources, privileges, and power based on their racial or ethnic identities.¹⁴ Majority groups are defined as groups of people that “possess a disproportionate share of societal resources, privileges, and power.”¹⁵ Employees who identified with more than one race or ethnicity (i.e., multiracial or multiethnic) were included among the counts for marginalized racial and ethnic groups, even if one of the groups with which they identified was the majority group.

The survey included three options for gender: women, men, and nonbinary. All three categories are included in the totals for the calculations listed below. Calculations are based on the following:

- **Women’s global representation in leadership.** The number of *Catalyst CEO Champions For Change* positions at a given level (executive, senior manager, manager) held by women globally divided by the total number of *Catalyst CEO Champions For Change* positions at that same level globally.
- **The representation of women from marginalized racial and ethnic groups in leadership.** The number of *Catalyst CEO Champions For Change* positions at a given level (executive, senior manager, manager) held by women from marginalized racial and ethnic groups divided by the total number

of *Catalyst CEO Champions For Change* positions at that same level. These figures represent an aggregate of the six countries selected for this survey (Australia, Brazil, Canada, South Africa, the United Kingdom, and the United States), with the majority of responses coming from the United States.

- **Women's representation among boards of directors (or equivalent).**
 - » **Women:** The number of *Catalyst CEO Champions For Change* board of directors positions held by women divided by the total number of all *Catalyst CEO Champions For Change* board of directors positions.
 - » **Women from marginalized racial and ethnic groups:** The number of *Catalyst CEO Champions For Change* board of directors positions held by women from marginalized racial and ethnic groups divided by the total number of all *Catalyst CEO Champions For Change* board of directors positions.

Executives are "individuals who plan, direct, and formulate policies, set strategy, and provide the overall direction of the enterprise/organization. Residing in the highest levels of the organization, these executives plan, direct or coordinate activities with the support of subordinate executives and staff managers. Likely to include those individuals within two reporting levels of the CEO, whose responsibilities [involve] frequent interaction with the CEO. In smaller organizations, this may include the CEO and his/her direct reports only."¹⁶ For the purposes of this survey, this category includes executive committees and office/department heads in law firms, as well as executive leadership in professional services firms.

Senior managers include "employees who determine policy and direction of the organization or a functional area and direct its activities, usually through other managers. They control the selection of senior employees and the allocation of resources."¹⁷ For the purposes of this survey, this category includes management committees in law firms and partners in professional services firms.

Managers include "employees who coordinate and organize the activities of a discrete unit or service within the organization, usually reporting to a senior manager. They establish operational and administrative procedures, formulate policies relevant to their areas, and organize, lead, and direct others to achieve their goals. Likely includes first- to mid-level managers."¹⁸ For the purposes of this survey, this category includes partners in law firms and senior managers in professional services firms.

Board of directors members include executive committee members in law firms for the purposes of this survey. Survey participants were asked to report data for all board of directors members, which may span multiple countries/markets.

The survey findings for the global workforce representation were compared against the representation of all women among executives, senior managers, and managers across the 1,157 participating organizations in Mercer's ILM Map database.¹⁹

The survey findings for boards of directors were compared against the representation of women, and specifically women of color, among boards of directors in the Fortune 500.²⁰ These findings were not compared to the S&P 500 due to lack of reliable data on women of color.

Pay equity: Often referred to as “equal pay for equal work,” pay equity is the practice of paying people the same for doing the same or similar work, while accounting for non-discriminatory factors like location. Companies can work toward pay equity in their organizations by conducting close examinations of their workforce and compensation data and implementing accountability mechanisms.²¹ All survey participants were asked the following question: “Has your organization conducted a pay equity review in the last 3 years?” The 58 participants who responded “yes” were subsequently asked the following questions:

- Has your organization publicly disclosed that it has undertaken a pay equity review?
- Has your organization publicly disclosed the results of a pay equity review?
- Does your organization conduct a pay equity review annually?
- Does your organization’s board of directors (or equivalent) review pay equity progress/findings?

Analysis of free-response data: All participants were asked two free-response questions:

- In what ways does your board of directors (or equivalent) govern and/or monitor your organization’s DEI initiatives or programs (e.g., review progress, disclosure, policies, etc.)?
- In what ways have strategies or actions taken by your board of directors (or equivalent) led to specific changes in DEI at your organization, particularly in terms of impacting DEI at the ground level (i.e., employee representation or experiences of inclusion, including frontline employees)?

Data were analyzed using the qualitative data analysis software NVIVO. The *Catalyst CEO Champions For Change* team then analyzed each response by theme. Analyses revealed themes that were summarized for this report.

This year’s *Catalyst CEO Champions For Change* findings are not comparable to *Catalyst CEO Champions For Change* findings from previous years.²² The total number of companies participating in the survey has increased each year since the start of the initiative in 2017. The 2019 survey examined increases in women’s representation across leadership roles over a five-year period, drawing from the 2019 pool of surveyed companies, while the 2021 survey measured promotions in addition to representation. Additionally, the 2022, 2021, 2020, 2019, and 2018 surveys measured the representation of women across the leadership pipeline in the global workforce, while the 2017 survey examined women across the leadership pipeline in the United States workforce only. All six surveys measured the representation of women of color in the United States; however, findings are not comparable across years because the definitions of job categories for this group changed in 2020 and the number of companies participating in the survey increased each year. The 2022 survey is the first *Catalyst CEO Champions For Change* survey to measure pay equity and gather qualitative data about the role of boards of directors in governing and impacting an organization’s diversity, equity, and inclusion initiatives.

Endnotes

1. Nagaraj, A. (2021, 8 March). [‘Shecession’: What Covid-19 has meant for women and work](#). *World Economic Forum*; Gupta, A. H. (2021, 18 June). [Why some women call this recession a ‘shecession.’](#) *The New York Times*; Elting, L. (2022, 12 February). [The she-cession by the numbers](#). *Forbes*.
2. Parker, K. & Horowitz, J. M. (2022, 9 March). [Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected](#). *Pew Research Center*; Horowitz, J. (2022, 30 March). [The Great Resignation is taking root around the world](#). *CNN*.
3. Todd, S. (2022, 8 September). [Is “quiet quitting” actually a problem?](#) *Quartz*; Zenger, J. & Folkman, J. (2022, 31 August). [Quiet quitting is about bad bosses, not bad employees](#). *Harvard Business Review*.
4. Van Bommel, T., Robotham, K., & Jackson, D. M. (2022). [Words aren’t enough: The risks of performative policies](#). Catalyst.
5. Catalyst analysis of *Catalyst CEO Champions For Change* companies.
6. Kramer, V., Konrad, A. & Erkut, S. (2006). [Critical mass on corporate boards: Why three or more women enhance governance](#). Wellesley Centers for Women, Wellesley College; [Progress at a snail’s pace: Women in the boardroom: A global perspective](#). (2022). Deloitte and The 30% Club; [Women on corporate boards: Quick take](#). (2021). Catalyst.
7. Thorpe-Moscon, J., Pollack, A., & Olu-Lafe, O. (2019). [Empowering workplaces combat emotional tax for people of colour in Canada](#). Catalyst.
8. Often referred to as “equal pay for equal work,” pay equity is the practice of paying people the same for doing the same or similar work, while accounting for non-discriminatory factors like location. Companies can work toward pay equity in their organizations by conducting close examinations of their workforce and compensation data and implementing accountability mechanisms. [Getting started with pay equity \(Practices\)](#). (2022). Catalyst.
9. [Gender wage gap \(indicator\)](#). (2022). OECD.
10. [Gender wage gaps remain wide in year two of the pandemic](#). (March 2022). Institute for Women’s Policy Research.
11. Miller, S. (2021, 25 October). [Pay equity audits and transparency foster trust, SHRM research shows](#). Society for Human Resource Management.
12. We asked, “In what ways does your Board of Directors (or equivalent) govern and/or monitor your organization’s DEI initiatives or programs (e.g., review progress, disclosure, policies, etc.?”
13. We asked, “In what ways have strategies or actions taken by your Board of Directors (or equivalent) led to specific changes in DEI at your organization, particularly in terms of impacting DEI at the ground level (i.e., employee representation or experiences of inclusion, including frontline employees)?”
14. Ramos, C. & Brassel, S. (2020). [Intersectionality: When identities converge](#). Catalyst; Knowles, E.D. & Peng, K. (2005). [White selves: Conceptualizing and measuring a dominant-group identity](#). *Journal of Personality and Social Psychology*, 89(2), 223-241.
15. Knowles & Peng (2005). [White selves: Conceptualizing and measuring a dominant-group identity](#). *Journal of Personality and Social Psychology*, 89(2), 223-241.
16. Career level definitions are based upon Mercer’s When Women Thrive research. [Let’s get real about equality: When Women Thrive 2020 global report](#). (2020). Mercer.
17. Career level definitions are based upon Mercer’s When Women Thrive research. [Let’s get real about equality: When Women Thrive 2020 global report](#). (2020). Mercer.
18. Career level definitions are based upon Mercer’s When Women Thrive research. [Let’s get real about equality: When Women Thrive 2020 global report](#). (2020). Mercer.
19. [Let’s get real about equality: When Women Thrive 2020 global report](#) (2020). Mercer.
20. [Missing pieces: The board diversity census of women and minorities on Fortune 500 boards, 6th edition](#). (2021). Alliance for Board Diversity/ Deloitte.
21. [Getting started with pay equity \(Practices\)](#). (2022). Catalyst.
22. [Prioritizing equity at a pivotal moment: The Catalyst CEO Champions For Change](#). (2021). Catalyst; [Towards a more equitable future: The Catalyst CEO Champions For Change](#). (2020). Catalyst; [Progress in action: Catalyst CEO Champions For Change](#). (2019). Catalyst; [Inclusion in action: The Catalyst CEO Champions For Change](#). (2018). Catalyst; [Everyday heroes: Catalyst CEO Champions For Change](#). (2017). Catalyst.