

Standards Release and Public Comment Period Launch

CORPORATE RACIAL EQUITY ALLIANCE



Speakers



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PolicyLink



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Initiatives, Corporate
Impact
JUST Capital



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Director of Equity and
Stakeholder Leadership
JUST Capital

Agenda

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About the
Alliance

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Why Standards
and Why Now

3



Introducing the
Draft Standards

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The Road Ahead

5



Lend Your Voice
to this Effort

Who We Are

PolicyLink

A national research and action institute advancing racial and economic equity by Lifting Up What Works



A global nonprofit consulting firm supporting leaders in creating large-scale, lasting social change



An independent nonprofit that tracks, analyzes, and engages with large corporations and their investors on how they perform on the public's priorities

Our partnership brings together leading institutions with decades of collective experience at the forefront of:

- Racial and economic equity
- Guiding business leaders on social change
- Data-driven tools and insights



Our Mission

- Supporting businesses in advancing inclusion, combating discrimination, and adopting socially responsible business practices
- Building business standards on the foundation of the *CEO Blueprint for Racial Equity*
- The standards will establish a common language and framework for enterprise-wide action



Equity is our guiding ethos

Just and fair inclusion into a society
in which all can participate, prosper,
and reach their full potential



93 million people are economically insecure in the U.S.

~1 in 3

Americans

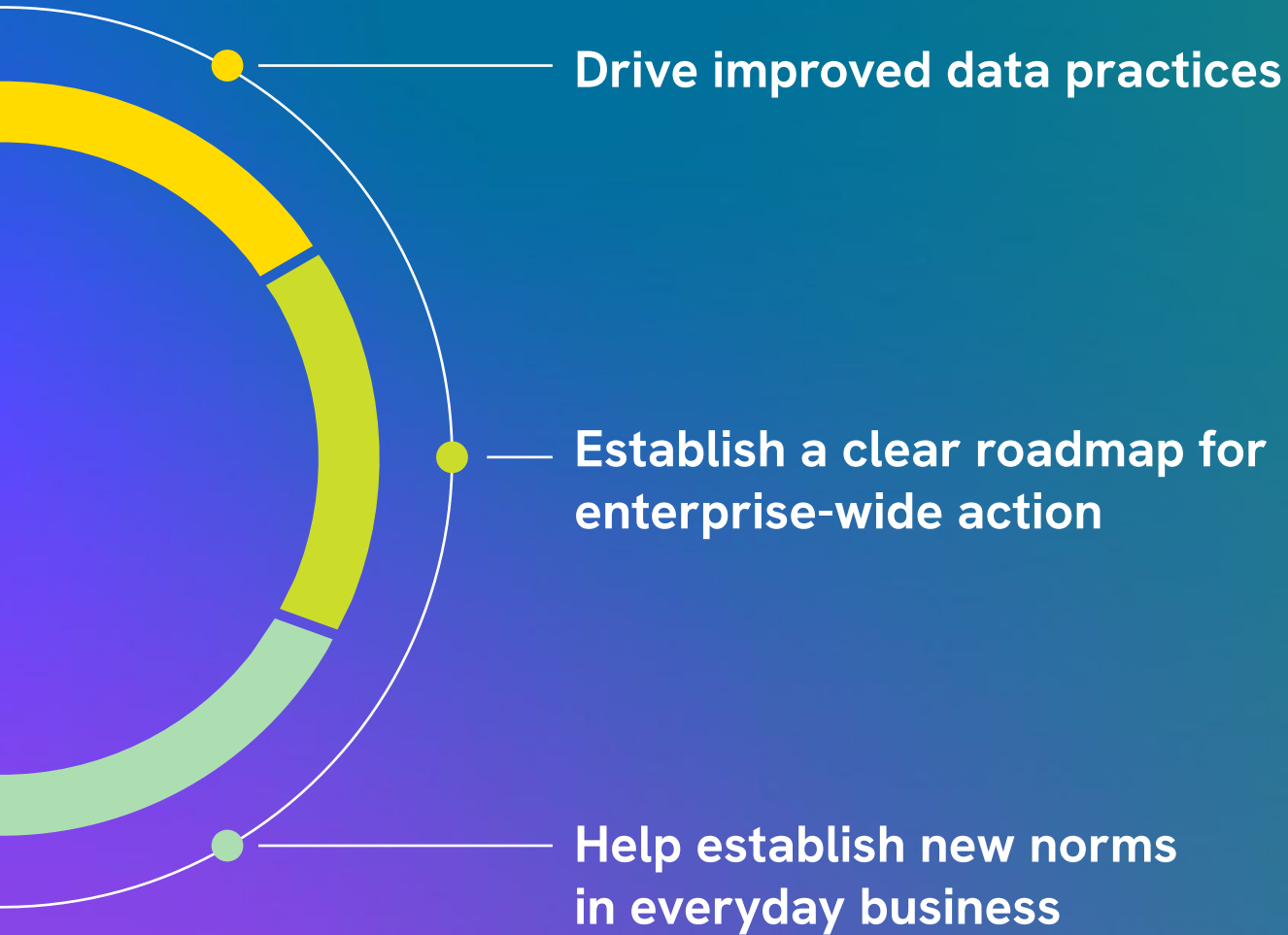
~51 Million

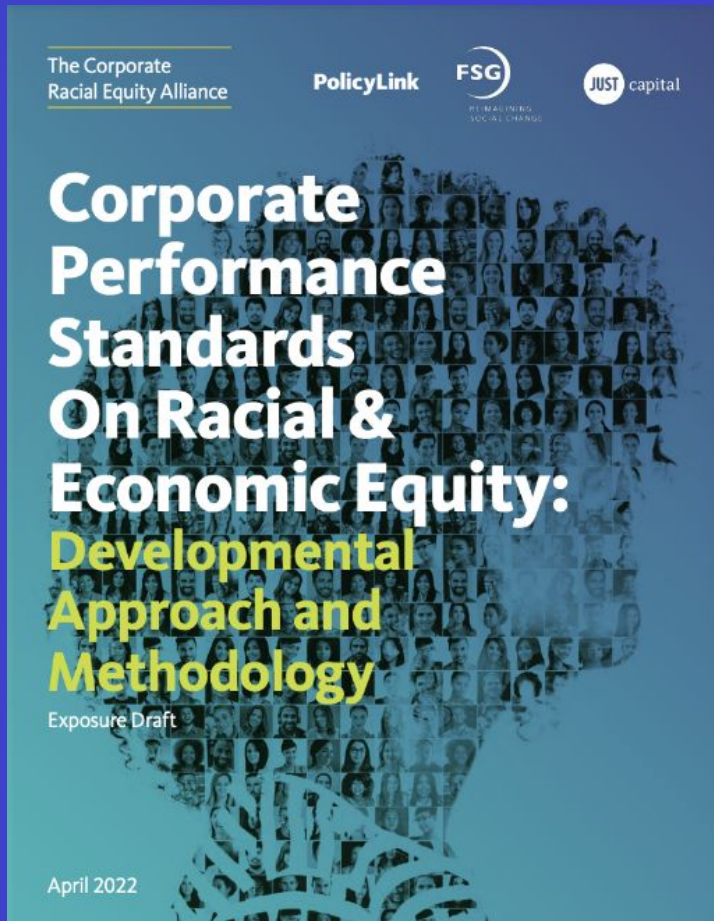
37% of people of color

~42 Million

22% of white people

What will the standards aim to do?





Standards Development Foundations



Published our Exposure Draft



Hosted public comment periods in 2021 and 2022



Conducted beta pilots with leading companies in 2023



Key standards development updates

Streamlined
corporate levers of
change: now 14

Refined the 10 Equity
Outcomes

Universal standards,
well-suited for large
US businesses

Expanded our scope

Explicit focus on
intersectionality

Staying true to our
original design

Why Standards & Why Now

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**Why Standards
and Why Now**

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Why create corporate performance standards?

Strong stakeholder expectations

73% of global consumers believe brands have a responsibility to make a positive change in the world

Stronger than ever value proposition

64% of consumers prefer to buy from companies with a reputation for purpose
53% will pay more for brands that take a stand on social issues

Growing economic inequality

Nearly one in three people face structural barriers to equal opportunity.
The share of adults in middle-income households decreased from 61% to 51% from 1979-2019.

Moment of crisis requiring leadership

18 states have adopted anti-ESG legislation – although many have not been enacted into law.
The pathway forward has been unclear.

Massive perception gaps

Americans estimate racial wealth equality progressed by over 20 percentage points between 1963 and 2016. This economic indicator actually declined within this period.

Distinct gap in the landscape

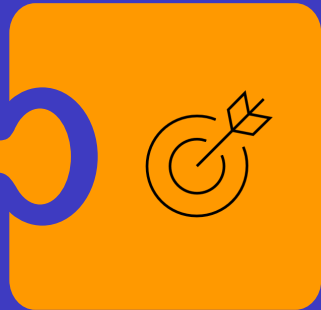
Disclosure frameworks abound. Comprehensive performance frameworks are still needed.
63% of companies disclosed ESG information in 2023, and only 7% of public companies do not plan to in the future.

There are seven major reasons for businesses to pursue standards adoption

Risk mitigation



Reduce reputational risk

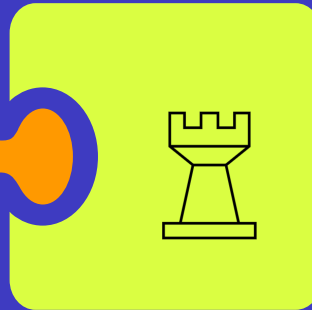


Mitigate enterprise risk

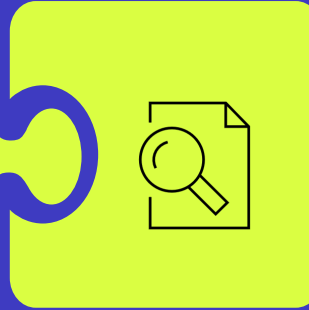


Ensure regulatory compliance

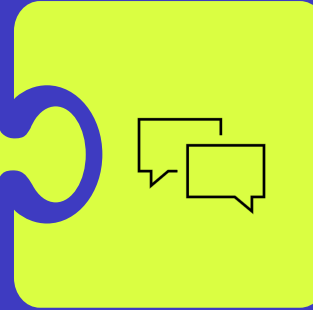
Benefits



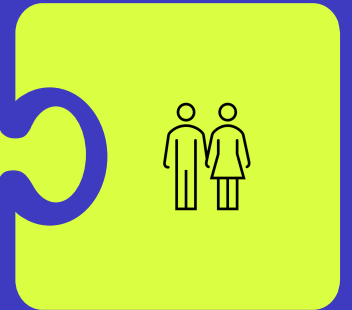
Deliver on investor expectations



Attract top talent



Increase brand value and competitiveness



Make a holistic positive impact

Introducing the Draft Standards

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**Introducing the
Draft Standards**

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Lend Your Voice
to this Effort

Introducing the Business Standards

14 standards supporting positive outcomes for businesses and all their stakeholders

Promoting and supporting the improved sustainability performance of U.S. businesses related to social issues, including:

- Advancing equity and inclusion
- Eliminating bias and discrimination
- Ensuring equal opportunities for all regardless of race, ethnicity, gender, sexual orientation, disability, age, socioeconomic status, and any other social category or characteristic

The standards are the product of a rigorous multi-year process informed by ...



Comprehensive research

Detailed data and research backing built on >20 years of experience



Broad stakeholder feedback

Wide diversity of voices engaged over two public comment periods



Testing with companies

Beta tests, pilot, and business leader engagement

The Business Standards for 21st Century Leadership

Within the company

Build a strong foundation



Governance and Leadership



Internal Infrastructure Leadership and



Board Skills



Culture

Within the company

Protect the value creation engine



Workforce and Board Diversity



Job Quality



Products and Services



Value Chain

Within the community

Be a good neighbor



Climate and Environment



Community Engagement Corporate



Philanthropy

Across society

Be an engaged corporate citizen



Communications



Engagement



Investments, Profits, Tax, and Treasury

The standards are about long term, strategic investments in business success

No single solution

No single performance target should be seen as a standalone solution or quick fix. Think of the standards as a *recipe* for success.

Progress is not linear and neither are the standards

While all the standards and targets are numbered, adopting the standards is not a linear process.

Pro-business + pro-people + pro-planet

We believe in the power of the American economy, and we believe it can work better. The standards offer a better balance.

Actionable goals for every part of the business

Performance is at the heart of the standards. Each standard provides clear goals to aim for and robust guidance to make progress over time.



Snapshot of Standards 1-4

Within the company
Build a strong foundation

1 Governance and Leadership

Equity, inclusion, and social responsibility are embedded in governance and leadership responsibilities

P1.1 Corporate purpose

P1.2 Board and committee charters

P1.3 Board oversight

P1.4 Senior leadership accountability

Snapshot of Standards 1-4

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- P1.1 Corporate purpose
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2 Internal Infrastructure

Internal infrastructure for long-term success is established

- P2.1 Enterprise-wide resources
- P2.2 Coordination and alignment
- P2.3 Accessible spaces for all
- P2.4 Data disaggregation and analytics
- P2.5 Human rights assessments
- P2.6 Independent civil rights audit

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3 Leadership and Board Skills

Senior leaders and board members possess the skills to advance equity, inclusion, and socially responsible business

- P3.1 Board education
- P3.2 Senior leadership development
- P3.3 Senior leadership experience of non-managerial roles
- P3.4 Fostering equity, inclusion, psychological safety, and belonging for all

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4 Workplace Culture

Workplace culture is equitable, inclusive, and fosters belonging

- P4.1 Anti-bias and anti-racism policy
- P4.2 Anonymous reporting and communication channel
- P4.3 Culture code
- P4.4 Culture and engagement surveys
- P4.5 Attrition rates
- P4.6 Workforce controversies

Preview of data supplements to accompany key standards

Corporate Racial Equity Alliance | Draft Data Supplement | Standard 4



Introduction

This resource is designed to accompany the Corporate Equity Alliance Performance Standard 4 as a data supplement. It provides additional detail on:

- The value proposition of the standard for your business and society more broadly;
- The research underlying the performance targets provided within each standard;
- Examples of how the status quo affects workers and other key stakeholders.

Note on version: May 2024. This document is a draft and subject to change.

Corporate Racial Equity Alliance | Draft Data Supplement | Standard 4

Executive Summary

Belonging is critical at work. 94% of workers say it is very or somewhat important to them that their workplace be a place where they feel they belong.⁹ Workplace bias and discrimination, however, is an issue that hampers a sense of belonging for many workers. Such experiences have been linked with higher rates of hypertension¹⁰ and there are many other negative implications.


Overall, 20% of workers strongly or somewhat **disagree** with the statement: "When I'm at work, I feel like I belong." In addition, members of certain groups are more likely to feel they do not belong. Close to 30% of workers feel their workplace does not support them because of an aspect of their identity.⁹ These materials highlight how workers experience inclusion challenges related to five identities. Though not covered in these draft materials, nationality and religious identity are additional areas where there are inclusion challenges in the workplace.

Increasing workplace inclusion and belonging benefits both employees and employers. Belonging fosters psychological safety, which in turn can increase engagement and motivation, lead to better decision-making, and foster a culture of continuous learning.¹¹

Corporate Racial Equity Alliance | Draft Data Supplement | Standard 4


Race & Ethnicity

51% of Black, 29% of Asian, and 29% of Hispanic workers perceive that their race/ethnicity makes it more difficult to succeed at work, compared to 7% of White workers.¹²



Age

Workers over 40 are a class under the Age Discrimination in Employment Act, but two out of three ages 45 to 75 report discrimination based on age.¹³



LGBTQ+ & Identity

33% of LGBTQ+ professionals feel exhaustion from spending time and energy hiding and/or protecting their identity at work.¹⁴

Corporate Racial Equity Alliance | Draft Data Supplement | Standard 4

3


Although 54% of LGBTQ+ professionals say their professional community was supportive when they came out at work, a significant share describe their workplaces as unaccepting²⁶

LGBTQ+ professionals value workplaces that actively support the LGBTQ+ community.

75%	49%	36%
say it is important that they work at a company where they can feel comfortable bringing their full self to work	will not work at a company that does not have LGBTQ+ friendly benefits	would consider leaving their current company if it does not take a firm stance against discrimination impacting the LGBTQ+ community

However, many LGBTQ+ professionals describe workplaces unaccepting of their identities.

36%	33%	33%
report experiencing less career advancement because they do not feel a sense of belonging at work	feel exhaustion from spending time and energy hiding and/or protecting their identity at work	are closeted at work to avoid workplace discrimination (e.g., name-calling, microaggressions, physical taunts, etc.) based on their sexual orientation and gender identity



Snapshot of Standards 5-8

Within the company
Protect the value creation engine

5 Workforce and Board Diversity

The company has a diverse workforce and board across race, ethnicity, gender, and other demographics

P5.1 Recruitment practices

P5.2 Hiring practices

P5.3 Talent management systems

P5.4 Retention and turnover

P5.5 Promotions and internal hiring

P5.6 Senior leadership opportunities

P5.7 Board composition

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6 Job Quality

The company provides quality jobs at all levels

- P6.1 Living wages for all
- P6.2 Pay equity
- P6.3 Fair pay and rewards
- P6.4 Essential benefits for all
- P6.5 Worker empowerment
- P6.6 Worker expertise in the boardroom
- P6.7 Worker collective action

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7 Products and Services

Products and services are equitable, inclusive, and socially responsible

- P7.1 Product/service design, development, and lifecycle
- P7.2 Essential products and services
- P7.3 Customer and end user controversies
- P7.4 Business model red flags

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8 Value Chain

The company promotes a diverse and socially responsible value chain

- P8.1 Procurement policy
- P8.2 Code of conduct for suppliers, business partners, and vendors
- P8.3 Fair business opportunities
- P8.4 Value chain controversies

Snapshot of

Standards 9-11

Within the community
Be a good neighbor

Coming in September!

9 Climate and Environment



The company fosters a healthy climate, clean environment, and resource rich planet

- P9.1 Just transition principles
- P9.2 Clean and safe environment
- P9.3 Emissions and natural resource use
- P9.4 Restoring nature

10 Community Engagement



The company supports thriving, diverse communities

- P10.1 Community Mapping
- P10.2 Community engagement
- P10.3 Shared power and prosperity from economic development
- P10.4 Mitigate gentrification, segregation, and displacement
- P10.5 Community controversies
- P10.6 Reckoning and repair

11 Corporate Philanthropy



The company stewards philanthropic resources to address inequality

- P11.1 Fairness in philanthropic giving
- P11.2 Invest in addressing inequality
- P11.3 Trust-based philanthropy

Snapshot of

Standards 12-14

Across society
Be an engaged corporate citizen

Coming in September!

12 Communications

Internal and external communications are inclusive, authentic, and purposeful

- P12.1 Inclusive communications
- P12.2 Avoid equity-washing and green-washing
- P12.3 Plan for successes and challenges

13 Civic and Political Engagement

Civic and political engagement is socially responsible and advances shared prosperity

- P13.1 Responsible public policy engagement
- P13.2 Train key leaders and teams
- P13.3 Avoid exacerbating inequality
- P13.4 Protect our democracy

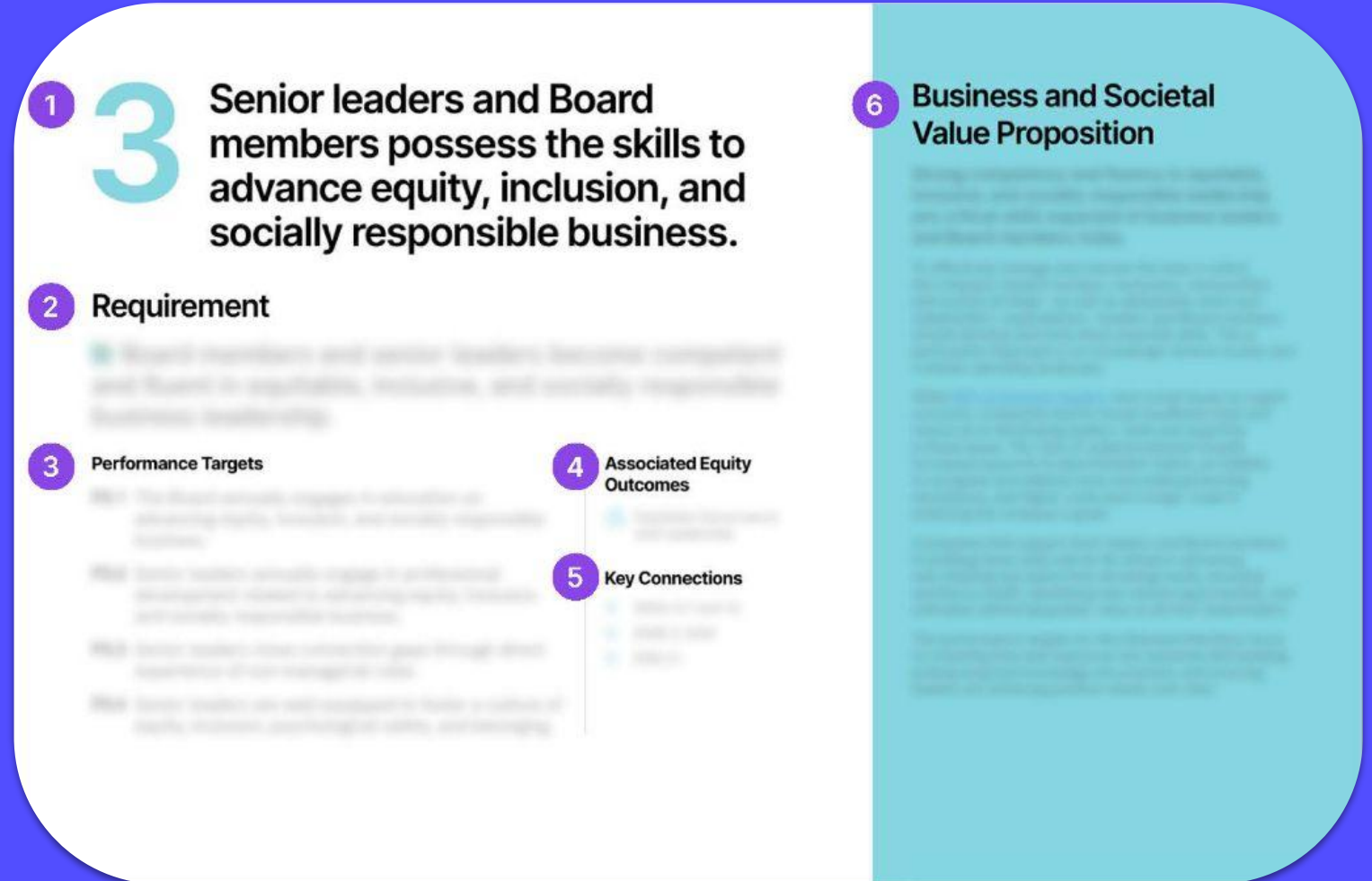
14 Investments, Profits, Tax, and Treasury

Investments, profit distributions, and tax and treasury practices are socially responsible and advance shared prosperity

- P14.1 Investment policies and practices
- P14.2 Tax approaches
- P14.3 Profit distribution
- P14.4 Treasury policies and practices

Standards snapshot: overview

1. Standard title
2. Requirement
3. Performance Targets
4. Equity Outcomes
5. Key Connections
6. Value Proposition



Standards snapshot: performance target-level (1/3)

1. Performance Target
2. Requirement
3. Metric(s)
4. Rationale
5. Implementation Tips
6. Guidelines

Corporate Racial Equity Alliance | Consultation Draft | Standard 3

Glossary

Belonging	Disparity	Inclusion
Contingent workers	1 PERFORMANCE TARGET 3.1 The Board annually engages in education on advancing equity, inclusion, and socially responsible business.	4 Rationale, Tips, and Guidelines 6 GUIDELINES:
Cultural Competency	2 Requirement	5 IMPLEMENTATION TIPS:
Demographics or demograph	3 Metric	
Direct workers	Share Progress & Achievement	
Disaggregate		

Explore: [Glossary](#) | [P3.1](#) | [P3.2](#) | [P3.3](#) | [P3.4](#)

Explore: [Glossary](#) | [P3.1](#) | [P3.2](#) | [P3.3](#) | [P3.4](#)

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Standards snapshot: performance target level (2/3)

7. Sharing Progress and Achievement

PERFORMANCE TARGET 3.1

The Board annually engages in education on advancing equity, inclusion, and socially responsible business.

Requirement

Metric

7 Share Progress & Achievement

Rationale, Tips, and Guidelines

RATIONALE:

IMPLEMENTATION TIPS:

GUIDELINES:

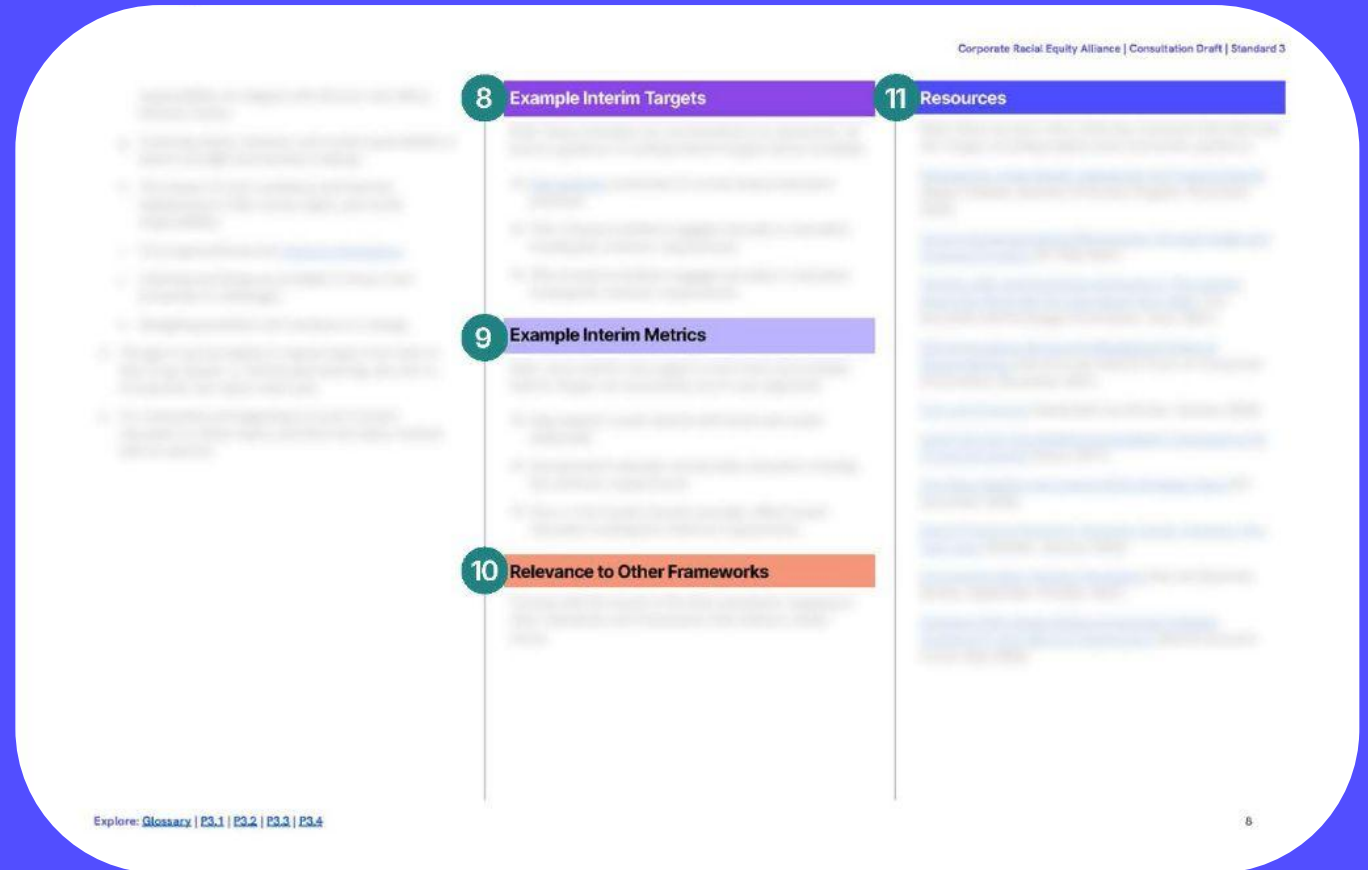
Explore: [Glossary](#) | [P3.1](#) | [P3.2](#) | [P3.3](#) | [P3.4](#)

Corporate Racial Equity Alliance | Consultation Draft | Standard 3

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Standards snapshot: performance target level (3/3)

- 8. Example Interim Targets
- 9. Example Interim Metrics
- 10. Mapping to Other Frameworks
- 11. Resources



The Road Ahead

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Lend Your Voice
to this Effort

Getting ready for standards implementation

- ✓ Final standards launch coming on a digital platform in 2025
- ✓ Alliance membership program
- ✓ Collaboration and interoperability plans
- ✓ Multiple stakeholder use cases

Key milestones ahead

2024

Standards Release

- Third public comment period
- 6-month corporate pilot
- Governance charter released
- Plan for Advisory Committee
- Quarterly learning experiences
- Build the pipeline of committed companies

2025

Membership and Standards Launch

- Launch digital home and establish verification partners
- Launch company and activation partner membership programs
- Release bespoke tools for the field: scorecards and questionnaires

2026 and beyond

Scaling and Standards Evolution

- Scale membership community
- Launch third-party verification and certification
- Evolution of the standards



Companies may need to invest in new capabilities over time to achieve the full benefits of the standards

Some targets may require more investment, others will be a light lift

There are three types of investments



Up-front investments to build capabilities



Ongoing investments in operations and job quality



Change management, leadership development, and risk management

... and companies can expect to experience benefits from these investments, including:

Increased organizational efficacy and efficiency

Stronger talent attraction and retention

Reductions in enterprise risk

Increased resilience and preparedness for the future

Greater brand value and competitiveness

Some benefits and investments may be realized in different ways and there are multiple pathways to success

To help every company see themselves on the standards journey, we are testing seven archetypes and roadmaps



Equity-forward major employers



Professional services mainstays



Large frontline employers



Household name consumer brands



Highly regulated market leaders



Values-driven private companies



Everyday small and medium businesses

Multiple pathways to adoption over time

We are testing adoption pathways broken into four concurrent paths for each archetype to steadily make progress





Governance of the standards

- Structure and decision-making
- Advisory Committee coming soon
- Grievance mechanism and dispute resolution
- Learn more by reviewing our draft governance charter

Guiding Principles



1

Achieving
equitable
outcomes



2

Following
equitable
processes



3

Lifting up
what works



4

Championing
transparency



5

Building a big tent
and robust
standards that
stands the test of
time



6

Embedding
accountability in
processes and
outcomes

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**Lend Your Voice
to this Effort**

Broad stakeholder engagement is core to our development

Aligned with ISEAL Standard-Setting Code of Good Practice



Investors



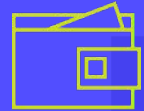
Civil society



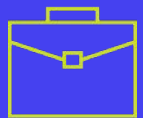
Workers



Business leaders



Consumers



Corporate
coalitions



Lenders



Business
advisors



Public voices
and leaders



Regulators

We received rich and nuanced feedback across a diversity of voices

6 top themes from our consultations



2022 Public Comment Period Highlights

97%

agree our rationale is clear and compelling. Respondents expressed appreciation for the way the standards create a uniform, objective set of expectations for companies, and a North Star for continuous improvement.

94%

agree our model of systems change is sound, in part due to the comprehensive scope of the standards across all aspects of business.

98%

agree our outcomes are clear and compelling and that the corporate levers of change cover key actions needed to embed equity in business.

2022 Public Comment top themes

Public Comment Theme #2

Respondents wrestled with applying our conceptual framework and anticipated standards to the current structure of capitalism.



Public Comment Theme #3

Respondents underscored the importance of stakeholder engagement in our process and in the standards.



Public Comment Theme #4

Respondents suggested incentives, methods for accountability, and avenues to support corporate action that result in lasting positive change.



Public Comment Theme #5

Respondents encouraged us to expand our approach to address other dimensions of social exclusion and integrate intersectionality into our work.



Public Comment Theme #6

Respondents expressed a desire for more accessible descriptions of the equity outcomes and levers of change.



2024 Corporate Pilot

Pilot structure

Timing

~6 months, beginning
March 2024

Standards

All standards will be
tested across the cohort

12 companies

- Industries: tech, financial services, health care, food & beverage, retail, and transportation
- 2 Fortune 100 companies, 2 Fortune 500 companies, 1 Fortune 1000 company
- Plus other well-known national brands

Lend your voice to the 2024 Public Comment starting today through October 31, 2024



- Review draft standards 1-8 now.
- Draft standards 9-14 coming in September.
- We hope to hear from workers, consumers, civil society, business leaders, investors, young people, scholars, public officials, and you!
- We will provide equitable compensation, see our website for eligibility terms.
- Join the **CRE Alliance newsletter** to receive the latest news on all things public comment related.

We look forward to feedback on several critical questions, including...

Are the standards clear and compelling?

Do the standards provide the guidance needed for companies to get started and make progress?

Do you agree with the performance targets and do you suggest others?

What additional implementation approaches do you recommend to accelerate adoption of the standards?

What is most important to you in the governance of the standards?



The Corporate Racial Equity Alliance

Thank you!

For questions or other follow-up, please reach out to:
CREAlliance@policylink.org

PolicyLink

