INTRODUCING THE
Business Standards for 21st Century Leadership:
Standards Release and Public Comment Period Launch
MAY 2024
CORPORATE RACIAL EQUITY ALLIANCE
PolicyLink  FSG  JUST capital
Speakers

Michael McAfee  
President and CEO  
PolicyLink

Mahlet Getachew  
Managing Director  
Corporate Racial Equity  
PolicyLink

Kimberly Shin  
Managing Director  
Talent Rewire at FSG

Kendra Berenson  
Associate Director  
FSG

John Harper  
Chief Executive Officer  
FSG

Kelley Frances Fenelon  
Director of Workforce Initiatives, Corporate Impact  
JUST Capital

Ashley Marchand Orme  
Director of Equity and Stakeholder Leadership  
JUST Capital
Agenda

1. About the Alliance
2. Why Standards and Why Now
3. Introducing the Draft Standards
4. 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

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

**JUST capital**
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?

- Drive improved data practices
- Establish a clear roadmap for enterprise-wide action
- Help establish new norms in everyday business
Standards Development Foundations

- Published our Exposure Draft
- Hosted public comment periods in 2021 and 2022
- Conducted beta pilots with leading companies in 2023
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

1. About the Alliance
2. Why Standards and Why Now
3. Introducing the Draft Standards
4. The Road Ahead
5. Lend Your Voice to this Effort
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

**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.

**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.

**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

**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.

**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

1. About the Alliance
2. Why Standards and Why Now
3. Introducing the Draft Standards
4. The Road Ahead
5. 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
- 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

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

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

Within the company
Build a strong foundation

Governance and Leadership

Internal Infrastructure
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

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

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

Within the company
Build a strong foundation
### Snapshot of Standards 1-4

**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

**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

**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

**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

**Within the company**

Build a strong foundation

**Workplace Culture**

Within the company
Preview of data supplements to accompany key standards

Introduction

This resource is designed to accompany the Corporate Racial Equity Alliance’s 2024 Standards Release and includes additional content.

- Data and analysis
- Key takeaways
- Recommendations
- onCancelled

Objective

The objective of this resource is to provide additional insights and data to support the key standards outlined in the 2024 Standards Release.

Executive Summary

Belonging is critical at work. Not all workers feel it is very or somewhat important to them that their workplace be a place where they feel they belong. 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 hypervigilance and decreased productivity.

Race & Ethnicity

- 8% of Black, 3% of Latinx, and 12% of Asian workers feel that their race identity makes them feel discriminated against at work.

Age

- 25% of workers aged 65 and older feel their worklife is constrained by their age.

LGBTQ+ & Identity

- 12% of LGBTQ+ professionals feel that their race or gender discrimination impacts workplace policies.

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

- 75% say LGBTQ+ professionals value workplaces that actively support the LGBTQ+ community.

- 49% will not work at a company that does not have LGBT+ benefits.

- 36% would consider leaving their current company if their LGBT identity was a concern.

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

- 36% report experiencing race career advancement because they do not feel a sense of belonging at work.

- 33% report discrimination from spending time and money helping others protecting their identity at work.

- 33% are still stuck at work or see workplace discrimination by factors such as age, gender identity, or race.
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

Within the company
Protect the value creation engine
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

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
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

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

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
Snapshot of Standards 5-8

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

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

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 & end user controversies
- **P7.4** Business model red flags

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

Within the company
Protect the value creation engine

---

Corporate Racial Equity Alliance | 2024 Standards Release | 26
## Snapshot of Standards 9-11

**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

---

**Coming in September!**
Snapshot of Standards 12-14

Across society
Be an engaged corporate citizen

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

Coming in September!
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)

|-----------------------|---------------|-------------|-------------|------------------------|--------------|

<table>
<thead>
<tr>
<th>PERFORMANCE TARGET 2.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Board annually engages in education on advancing equity, inclusion, and socially responsible business.</strong></td>
</tr>
</tbody>
</table>

**Rationale, Tips, and Guidelines**

- **Rationale:**
  - Descriptions or rationale for the performance target.

- **Implementation Tips:**
  - Specific tips on how to achieve the performance target.

- **Guidelines:**
  - Detailed guidelines for implementing the performance target.
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

Share Progress & Achievement

Rationale, Tips, and Guidelines

GUIDELINES

IMPLEMENTATION TIPS:
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

1. About the Alliance
2. Why Standards and Why Now
3. Introducing the Draft Standards
4. The Road Ahead
5. 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.

**Easier Wins**
“Low hanging fruit”

**Capability-building**
Building new tools, systems, practices, and capabilities

**Restorative**
Known problems that need to be ameliorated
Areas the company needs to build trust

**Stretch Goals**
Goals the company aspires to achieve that require a rewiring in the way they operate
Areas in which the company may need to be creative or test run different approaches

Year 0  6 mos.  Year 1  Year 1.5  Year 2  Year 3
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 stand the test of time
6. Embedding accountability in processes and outcomes
Lend Your Voice to this Effort

1. About the Alliance
2. Why Standards and Why Now
3. Introducing the Draft Standards
4. The Road Ahead
5. Lend Your Voice to this Effort
Broad stakeholder engagement is core to our development

Aligned with ISEAL Standard-Setting Code of Good Practice
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