

The Corporate Racial Equity Alliance

Corporate Performance Standards on Racial and Economic Equity

Public Comment Period Launch Webinar

April 5, 2022



PolicyLink



Agenda

1



About the
Corporate Racial
Equity Alliance

2



The Need
for Corporate
Performance
Standards

3



Overview of
Development
Process

4



Standards Scope
and Structure

5



Overview
of Public
Comment Period
& Next Steps



Speakers



Michael McAfee
President and CEO
PolicyLink



Mahlet Getachew
Managing Director,
Corporate Racial Equity
PolicyLink



Greg Hills
CEO
FSG



Ashley Marchand Orme
Director, Corporate Equity
JUST Capital



Martin Whittaker
CEO
JUST Capital

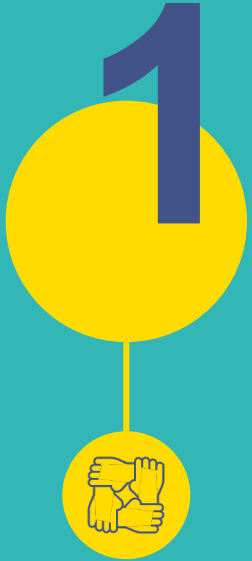


Kendra Berenson
Associate Director
FSG



Ajai Scott
Senior Consultant
FSG

Agenda



**About the
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Development
Process**



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and Structure**



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of Public
Comment Period
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Who We Are

PolicyLink

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



A mission-driven consulting firm supporting leaders in creating large-scale, lasting social change



An independent non-profit 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 vision



We are united by the vision of a just, equitable, and healthy society – one in which corporations take action to improve the lives of the most economically insecure. In America, that means the nearly 100 million people living in or near poverty, most of whom are people of color



Our mission

- Supporting the evolution of antiracist, equitable corporations that can contribute effectively to building a just, equitable, and healthy society for all
- Building standards on the foundation of the CEO Blueprint for Racial Equity
- Focused on achieving the aspirations and addressing the challenges of the most economically insecure among us
- Our standards will set the bar for what good looks like, embed accountability, and establish consistency

Model of systems change






Equity is our guiding ethos

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



The Curb-Cut Effect

Building an equitable society for all of us means first addressing the barriers experienced by the most economically insecure among us.



Targeting investments and addressing the barriers which affect the most underinvested and historically excluded groups have the power to cascade benefits upward and outward for the well-being of society

What will the standards aim to do?



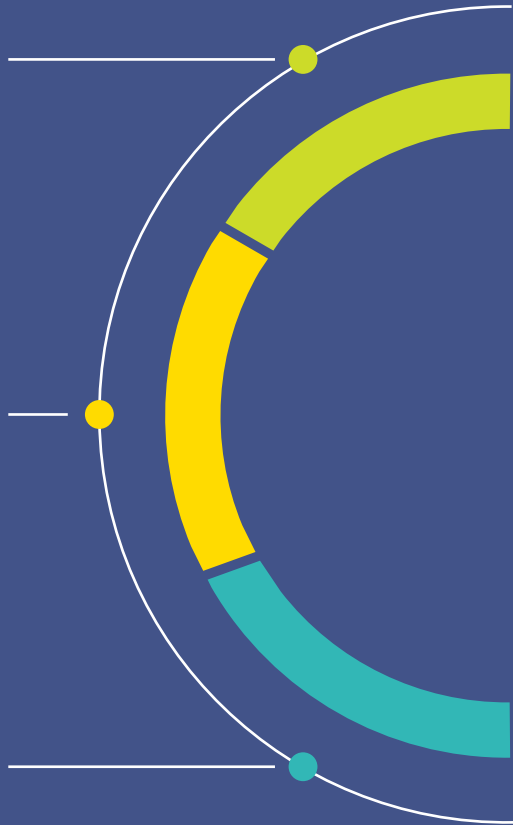
Drive greater disclosure and data



Establish clear understanding of what equity means



Set new norms for equity in business





Broad stakeholder engagement to motivate corporate change



Investors



Civil society



Workers



Business leaders



Consumers



Corporate coalitions



Lenders



Business advisors



Public voices and leaders



Regulators

Agenda

1



About the
Corporate Racial
Equity Alliance

2



**The Need
for Corporate
Performance
Standards**

3



Overview of
Development
Process

4



Standards Scope
and Structure

5



Overview
of Public
Comment Period
& Next Steps

The imperatives for equity in business

Racialized Economy

Ongoing Structural Barriers
and Socioeconomic
Disparities

Shifting Perspectives
and Corporate Roles
in Society

The Growing
Movement for Racial
and Economic Equity

Value Creation
Opportunity

Urgent Need
to Improve Sustainability
Performance



We have a unique and important role to play in the landscape

Simplified view



Source: Team Analysis; Expert interviews; documents of each reporting standard/framework
Corporate Racial Equity Alliance | Spring 2022 Public Comment Period

Building on the foundation of the CEO Blueprint for Racial Equity

Pillar

Levers



Within the Company

Governance & Leadership

HR Policies

Worker Power & Voice

Products & Services

Operations & Supply Chain



Within the Community

Trust & Relationships

Corporate Philanthropy

Local Policy

Environmental Justice



Across Society

National Policy

Investments

Communications

THE 2021 CEO BLUEPRINT FOR RACIAL EQUITY:

What companies can do to advance racial equity and combat systemic racism in the workplace, communities, and society

A REPORT BY POLICYLINK, FSG, AND JUST CAPITAL | JUNE 2021

The racial equity movement is growing.
How will you lead?



PolicyLink

FSG REIMAGINING SOCIAL CHANGE

JUST capital

Agenda

1



About the
Corporate Racial
Equity Alliance

2



The Need
for Corporate
Performance
Standards

3



**Overview of
Development
Process**

4



Standards Scope
and Structure

5



Overview
of Public
Comment Period
& Next Steps



Timeline of Development Process



2021 Public Comment Period Results



From July to Aug 2021

We solicited a survey for broad public feedback



What we asked

- What's important to you in holding corporations accountable to their commitments?
- How can our standards development work help you in your work, day-to-day, and community?



Results

Over 90 responses

~37% from non-profit | ~40% corporate stakeholders
~60% people of color | 70% women | 97% US-based

Respondents would like the standards to:

- Influence corporations to **prioritize advancing racial equity**
- Improve **corporate accountability**
- Drive alignment on **good corporate practices and disclosures**
- Most important to achieve outcomes in: **Corporate Governance, HR Policies, and Worker Power & Voice**

Six foundational values guide our standards development work



Driving equitable outcomes and results



An equitable process to achieve equitable results



Lifting up what works



Centering transparency



Building a big tent and robust standards to stand the test of time



Accountability in process and outcomes

Agenda

1



About the
Corporate Racial
Equity Alliance

2



The Need
for Corporate
Performance
Standards

3



Overview of
Development
Process

4



**Standards Scope
and Structure**

5



Overview
of Public
Comment Period
& Next Steps



Scope and structure of the standards



Outcomes

10 Racial and Economic Equity Outcomes
**All Institutions Have a Duty to Contribute
Toward Achieving**



Levers

18 Corporate Levers of Change:
Company | Community | Industry | Society



Targets, indicators, & metrics

Pathway to Achieving Impact Within Each Lever of Change
Performance targets | Interim targets | Indicators | Metrics
Guidance and more to support adoption

10 Equity Outcomes (1/2)



1 Reckoning and Repair

Institutions proactively assess and acknowledge accountability for their contributions to racial injustice; actively repair harm caused, including from institutionalized violence, and invest in healing and safety



2 Just Governance and Leadership

Racial and economic equity is recognized as material to a thriving economy and democracy and is therefore prioritized and embedded in the governance, design, and operation of all institutions



3 Accountability Through Transparency

Across sectors, institutions increase transparency by collecting and responsibly sharing disaggregated and intersectional demographic data to foster accountability for achieving racial and economic equity



4 Balanced Power

People of color and working-class people are proportionately represented in positions of power and leadership, and those most impacted by injustice are decision-makers in the design and implementation of equitable solutions



5 Economic and Social Mobility

Poverty is eliminated and the racial wealth gap is closed; neither one's racial identity nor zip code predicts socioeconomic outcomes



6 Thriving Multiracial Democracy

Our democracy is vibrant and strong, and the nation benefits from the full participation of people of color, low-income communities, and young people in just and fair democratic processes

10 Equity Outcomes (2/2)



7 Health, Wealth, and Well-Being

People of color and low-income communities have equitable opportunities for quality education and career advancement in good jobs with family-sustaining wages, generational wealth building opportunities, and benefits, including access to high-quality health care



8 Thriving Communities

Communities of color and low-income communities are invested in, benefit equitably from the full suite of public services (including constructed public resources and tax dollars), and enjoy self-determination, resulting in equitable economic opportunity and community health and well-being



9 Spatial and Environmental Justice

People of color and low-income communities enjoy equitable access to the natural and constructed resources all people need to live and thrive, from clean water to safe housing



10 Narrative Change

The brilliance, beauty, and humanity of people of color and working-class people are celebrated in our nation's storytelling through culture, media, and marketing

18 Corporate Levers of Change (1/4)



Company levers

1

Equity is a core tenet of corporate governance embedded in the governing documents of the organization and the duties and responsibilities of all executive leaders and board directors.

(Just Governance and Leadership)

2

The board and senior leadership are racially representative, possess strong equity leadership skills, and share accountability for racial equity as a core business strategy.

(Just Governance and Leadership)

3

Regular and disaggregated data collection, analysis, internal reporting, and external disclosure reflect the company's efforts to meaningfully measure progress and continually improve racial equity practices and outcomes.

(Accountability through Transparency)

4

The company actively and regularly assesses, reckons with, and repairs past and ongoing harmful practices that affect workers, customers, communities, and other stakeholders.

(Reckoning and Repair)

5

The company's core business strategy incorporates and prioritizes racial equity: the company discontinues products and services that exacerbate racial inequities, ensures that products and services are accessible and beneficial to communities of color and low-income communities, and designs products and services to improve the lives of those communities.

(Relates to All Outcomes)

18 Corporate Levers of Change (2/4)



Company levers

6

The company contributes to an equitable supply chain by supporting the growth of small businesses and underrepresented suppliers of color and implementing fair procurement policies and practices.

(Thriving Communities | Economic and Social Mobility)

7

The company establishes processes and practices and reorients its culture to center worker voice and share power equitably at all levels of the company. **(Balanced Power)**

8

The company adopts equitable and fair recruitment, hiring, retention, and advancement practices that facilitate employment opportunities and growth for historically excluded groups—including people of color, formerly incarcerated people, immigrants, people with disabilities, and young people—resulting in a representatively diverse workforce at all levels. **(Health, Wealth, and Well-Being | Economic and Social Mobility)**

9

All workers, including those who work part time and on contract, are treated fairly and receive equitable compensation, including fair wages and benefits that enable workers and their families to thrive and build a future. **(Health, Wealth, and Well-Being | Economic and Social Mobility)**

10

The company creates, tracks, and maintains an antiracist culture of belonging. **(Health, Wealth, and Well-Being)**

18 Corporate Levers of Change (3/4)



Community levers

11

The company regularly monitors its environmental impact on communities of color and low-income communities, mitigates harm, and incorporates an explicit focus on equity in its environmental sustainability strategies. **(Health, Wealthy, and Well-Being | Reckoning and Repair | Spatial and Environmental Justice)**

13

The company regularly assesses its policy positions with an equity lens and avoids advocating for local policies that reinforce racial and economic inequities. Within its spheres of influence, the company supports local policy changes that improve outcomes for workers, customers, communities of color, and low-income communities. **(Thriving Communities | Thriving Multiracial Democracy)**

12

The company contributes to equitable community development, assessing and disrupting how its business practices may contribute to racial and economic segregation, gentrification, and displacement, and co-creating solutions with the communities where it operates to create equitable and thriving local economies. **(Thriving Communities | Spatial and Environmental Justice)**

14

To the extent that a company engages in corporate philanthropy, its philanthropy addresses root causes of racial and economic inequity and allocates dollars equitably to organizations led by people of color. **(Thriving Communities)**



Industry levers

15

The company collaborates across its industry to create norms, standards, and market conditions that support racial and economic equity. **(Relates to All Outcomes)**

18 Corporate Levers of Change (4/4)



Society levers

16

The company's external communications include narratives centered on voices of color (especially young people of color); disrupt, rather than reinforce, racial stereotypes and racism; and advance support for racial equity in our national discourse. **(Narrative Change)**

17

The company contributes actively to building a flourishing multiracial democracy, including regularly assessing its national policy positions with an equity lens, being fully transparent about its political activity, and supporting national policies that would create a more equitable nation and strengthen democratic processes. **(Thriving Communities | Thriving Multiracial Democracy)**

18

Company investments and tax planning include equity considerations and contribute to an equitable flow of investment and capital to people of color and low-income communities. **(Thriving Communities | Economic and Social Mobility)**

The Sample Standards



Within the company

Equitable worker compensation



Within the community

Environmental justice



At the societal level

Contributing to a healthy, multiracial democracy

The sample performance standards aim to set the highest bar for equity

Each high-performance bar:

- Defines clearly what equity means and what strong performance on equity looks like
- Ensures that organizations invest time and resources for the long term and allocate investments to the areas that will make a meaningful difference
- Ensures that the performance standards improve socioeconomic outcomes and shift power to members of the 100 million

Sample Standard: Equitable Worker Compensation

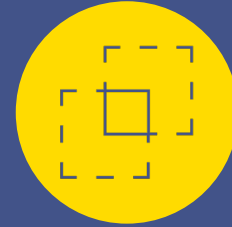
Lever of Change	#9: All workers, including those who work part time and on contract, are treated fairly and provided equitable compensation, including fair wages & benefits that enable workers and their families to thrive and build a future.
High-Level Mapping to Outcomes	Health, Wealth, and Well-Being Economic and Social Mobility
Duty Owed and To Whom	Companies have a duty to provide fair compensation to all workers, including a living wage and benefits.
Performance Target (Bar for Equity)	100% of workers are paid at least a living wage.
Interim Target	Board-approved plan to achieve and maintain at least a living wage for 100% of workers.
Why this is Important	One of the strongest levers companies have to advance racial and economic equity is raising wages.
Other Standards to Be Developed	Additional targets will be developed for this lever, including on fair treatment, pay equity and wealth-building benefits.

Key Ongoing Considerations

We look forward to engaging with stakeholders on these topics during the public comment period



Time-based goals



Intersectionality



Alignment
with Leading
Standards-Setters



US versus
Global Focus



Industry and
Regional Focus



Due Process
and Governance

Standards Implementation: we are considering a multi-pronged approach to set the high bar and drive the field forward



CRE Alliance Standard

- Published and piloted with select companies, including assessment tool.
- Subset of equity targets pursued with stakeholders, including investors and other key players.
- Racial equity overlays on prominent existing standards



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1



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Performance
Standards

3



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Development
Process

4



Standards Scope
and Structure

5



**Overview
of Public
Comment Period
& Next Steps**

Overview of Public Comment Period



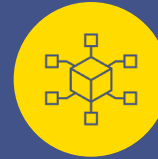
Lend your voice

From April 5 to June 3, 2022



Compensation

We are pleased to offer compensation to young people, people of color, individuals living on a low income, and others based in the US.



Channels

Public survey

11 roundtables



Take the survey and register at

<https://corporateracialequityalliance.org/corporate-standards>



Timeline for Ongoing Development Process

2022

- Stakeholder engagement and consultation on standards scope and structure
- Analyze, synthesize, and incorporate public comment period feedback
- Draft full set of performance standards and further stakeholder consultation
- Explore various implementation approaches

2023

- Release draft performance standards for public feedback
- Release assessment tool
- Initial pilot with small cohort of companies

Your Voice Matters



Share your views on these questions and more

- Should we consider additional outcomes and levers of change in the scope of the performance standards?
- Do the illustrative performance standards provide the guidance needed to take action to advance equity in those areas of impact?
- Should we incorporate additional steps into our approach going forward to strengthen the standards?
- Are there additional implementation approaches that would accelerate adoption of the standards among businesses and investors?

Join Us in Shaping the Standards for Equity in Business

1

Review the full report or the overview deck

2

Provide your feedback via the roundtables or online survey through June 3

Thank You!