



5 Workforce and Board Diversity

PolicyLink

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Learn more about the Alliance and the draft standards in our latest report, *Introducing the Business Standards for 21st Century Leadership: Public Consultation Report and Draft Standards* available at <https://corporateraciaequityalliance.org/corporate-standards>.

Reviewing and Submitting Feedback

How to Navigate This Standard

Each draft standard begins with an overview, including:

- The outcome that the standard supports achieving
- The basic requirement of the standard
- A list of the currently proposed performance targets for the standard
- The value proposition of adopting the standard
- The most closely associated equity outcomes, showing how achievement of the standard contributes to positive societal impact
- A non-exhaustive list of related sustainability standards and frameworks

Following the overview is a glossary of key terms. Then, each performance target is presented with specific requirements, metrics, implementation guidelines, and resources. To support companies in getting started, suggested interim targets and metrics are included as well.

Navigation links are provided at the bottom of each page, beginning on page 5.

Submitting Feedback

This is a living document and your participation in strengthening this work is important to us. Alongside our ongoing research and testing with companies, we look forward to feedback on these questions:

- Is the standard clear and compelling?
- Do you agree that the performance targets for this standard cover critical ways for companies to address discrimination and exclusion, and advance socially responsible business practices within the given topic? If not, why not?
- Are there additional or alternative performance targets you recommend for this standard?
- What additional guidance, if any, would be helpful for a company to get started and/or make steady progress toward achieving this standard?

Submit your feedback by completing [this survey](#) (letter submissions will also be accepted) or attending one of our virtual roundtables. [Find more information here on providing your feedback.](#)

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





Requirement

■ Ensure equal opportunities for all by eliminating bias and discrimination in recruitment, hiring, development, and retention practices at all levels as well as in Board director recruitment, appointment, and evaluation practices.

Performance Targets

- P5.1** Recruitment policies and practices cast the net wide for talent.
- P5.2** Hiring practices proactively combat bias and discrimination.
- P5.3** Talent management systems promote career development and well-being for all.
- P5.4** Retention and turnover rates are regularly analyzed across demographic groups and concrete action is taken to address any disparities.
- P5.5** Promotion and internal hire rates are regularly analyzed across demographic groups and concrete action is taken to ensure equal opportunities for advancement.
- P5.6** Senior leadership development, succession planning, and recruitment practices ensure equal opportunities for all.
- P5.7** Board director recruitment, appointments, and evaluation practices ensure equal opportunities and strive for a fit-for-purpose Board.

Associated Equity Outcomes

-  Balanced Power
-  Wealth Generation and Economic and Social Mobility
-  Health and Well-Being
-  Inclusive Representation and Narrative Change

Key Connections

- SDGs 5, 8, and 10
- ESRS S1
- IFRS S1
- UNGP 20

Business and Societal Value Proposition

One of the company's most valuable resources is its workforce.

[A staggering 90% of all business value](#) is attributed to the intangible assets largely generated by human capital, meaning the collective skills, experience, and health of the workforce. Research also shows that companies with more diverse workforces, including across race, ethnicity, and gender, are [better at avoiding groupthink](#), [more resilient](#), and [more innovative and profitable](#). Diverse leadership teams are also associated with [superior decision-making](#) and [greater levels of engagement](#). With the U.S. set to become a [majority people-of-color nation by 2045](#), building a diverse workforce is also an imperative for business relevance and competitiveness.

However, [numerous studies](#) reveal systemic bias and discrimination impeding equal employment opportunities for people of color, women, and other historically underrepresented groups. Similarly, [in boardrooms across the U.S.](#), people of color, women, and other historically marginalized groups are dramatically underrepresented. [While some progress has been made, much more is needed.](#)

Failing to effectively combat bias and discrimination in talent recruitment and management not only risks business relevance and competitiveness, but also risks greater exposure to discrimination claims and more difficulty in attracting and retaining top talent from all backgrounds.

The performance targets for this Standard therefore focus on eliminating bias and discrimination from policies and practices related to talent recruitment and management across the employment lifecycle and at all levels, as well as related to Boards. Achieving this Standard is about leveling the playing field to ensure equal opportunities for all people, regardless of their background.

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