INTRODUCING THE
Business Standards for 21st Century Leadership:
Public Consultation Report and Draft Standards

MAY 2024 EXECUTIVE SUMMARY

CORPORATE RACIAL EQUITY ALLIANCE

PolicyLink FSG REIMAGINING SOCIAL CHANGE JUST capital
This report is intended to facilitate public feedback on draft business standards (the “draft standards”) developed by the Corporate Racial Equity Alliance (the “Alliance”), an initiative by PolicyLink, FSG, and JUST Capital. The primary goals of the draft standards are to promote and support the improved sustainability performance of U.S. businesses related to social issues, including advancing equity and inclusion, eliminating bias and discrimination, and ensuring equal opportunities for all, regardless of race, gender, ethnicity, socioeconomic status, or any other social category or characteristic protected by applicable law. The draft standards do not call for and should not be read as recommending or requiring businesses to make employment or other decisions based on any protected characteristic in violation of applicable law. Any such application constitutes a misuse of the draft standards.

The information contained herein, including the draft standards, is the product of a multi-year process informed by, and incorporating, broad stakeholder feedback through multiple consultations. The draft standards are not final and remain subject to further review and revision. The draft standards were created based on a snapshot in time. Laws relating to these draft standards may evolve overtime. The Alliance makes no representations or warranties concerning any changes in laws or legal precedent as it relates to these draft standards and is not providing any legal advice. Although all information in this report and the draft standards was obtained from sources believed to be reliable, no representations or warranties, express or implied, are made as to their accuracy or completeness. The Alliance shall not be liable for any claims or lawsuits from any third parties arising from the use or distribution of this report or the draft standards. This report and the draft standards are for distribution only under such circumstances as may be permitted by applicable law.
Executive Summary
The opportunity ahead for businesses

All institutions have a role to play in building a society where everyone can enjoy a dignified standard of living for themselves and their families, live in healthy communities of opportunity, and access what they need to thrive.

Alongside civil society and government, businesses have a leading role in making this positive future a reality. In 2023 alone, the private sector contributed $22.3 trillion in real GDP to the U.S. economy, representing 88% of total real GDP.¹ With such tremendous influence over our economy and society, the private sector holds unparalleled potential to bring about a better world.

By advancing equity and inclusion, combating discrimination, and adopting socially responsible business practices across the enterprise, businesses can better meet the needs and expectations of all their stakeholders—their workers, their customers and suppliers, the communities in which they operate, their shareholders, and society-at-large. Doing so not only has the power to advance economic inclusion, well-being, and shared prosperity, but also can strengthen business resilience, support competitiveness, and contribute to the greater stability, health, and dynamism of our economy.

The imperative to do so has never been greater, with economic inequality growing, the climate crisis worsening, and polarization deepening. Yet the operating environment for businesses is particularly fraught right now. In the best of times, advancing equity, inclusion, and socially responsible business practices is hard work. In today’s environment—in particular, in the midst of the politicization, misinformation, and bad-faith legal attacks on diversity, equity, and inclusion (DEI) and sustainability efforts—this work has never been harder.

Founded by PolicyLink, FSG, and JUST Capital, the Corporate Racial Equity Alliance (the “Alliance”) is dedicated to supporting businesses in meeting this challenging moment and achieving their highest potential. Together with a broad ecosystem of partners, we have undertaken a multi-year effort to develop the corporate performance standards discussed in this report, entitled the Business Standards for 21st Century Leadership (the “Performance Standards”).

The private sector contributed $22.3 trillion in real GDP to the U.S. economy in 2023 (88% of total real GDP) and employed 134 million workers by the end of 2023. No other sector has as much influence over our economy and society and no other sector has as much promise to bring about a better world.
For businesses, market relevance, competitiveness, and sustainability are on the line:

- Our society is the most diverse in the world and it is growing even more richly diverse, with the U.S. set to become a majority people-of-color nation by 2045. Understanding and meeting the needs of a population with increasingly diverse perspectives and backgrounds is a matter of business relevance and competitiveness.

- In addition, study after study has shown that advancing equity, inclusion, and socially responsible business practices is a source of strength and resilience for businesses, especially in challenging economic times. For example, in a study of the 2008 Great Recession, companies that stayed the course in their diversity and inclusion efforts flourished financially, outperforming other companies by 400%.

- And to successfully meet today’s sustainability challenges and those that are assuredly to come, adopting business strategies that are people and planet centric is essential. Proactively integrating equity, inclusion, and social responsibility into how business is done is the most pragmatic way of doing so.

Informed by extensive research, a broad team of subject matter and technical experts, multiple corporate pilots, and consultations with hundreds of people from all walks of life, the standards aim to give businesses a common language and clear roadmap to advance equity and inclusion, combat discrimination, and embody the best of socially responsible business within their four walls, within communities, and across society.

The Performance Standards meet this moment and aim to stand the test of time by focusing on fundamentals: (1) addressing structural barriers to equal opportunity and (2) defining the level of business performance that meets the needs and expectations of all corporate stakeholders.

When we embarked on this effort over three years ago, our research illuminated the need for greater breadth and depth in corporate efforts to advance equity and inclusion. Today, we continue to see businesses struggle to operationalize this work across the entire enterprise.

The Performance Standards will help business leaders navigate the pressing issues that are already top of mind for many, such as how to attract top talent in an increasingly diverse society; ensure everyone has a fair shot to advance in their careers and build a better life regardless of their background; unlock new market opportunities; effectively engage with and invest in communities; protect the most vulnerable from the impacts of climate change; foster a stable and vibrant democracy; and much more. In essence, the standards are a tool for business leadership in the 21st century.

The Performance Standards will also support other stakeholders, including investors, workers, consumers, civil society organizations, and the public in their efforts to influence corporate priorities on equity, inclusion, and socially responsible business.
Since releasing our standards development approach and methodology in 2022, we have engaged with hundreds of stakeholders, refined and strengthened our approach, and completed our initial development of the standards. This report marks the next key milestone in our work: the opportunity to share the draft standards for broad public feedback.

This report is organized in five sections.

- **Section 1** includes an overview of the Alliance and our rationale for developing the standards.
- **Section 2** includes an overview of our development process, a summary of the results of our 2022 public comment period and key updates since then.
- **Section 3** shares how the standards are governed, including a summary of our governance charter and plans to establish an advisory committee.
- **Section 4** outlines our implementation plans for the final standards in 2025, including a digital platform and membership program for companies and practitioners, as well as other use cases for the standards.
- **Section 5** (as well as the closing of this Executive Summary), shares how you can get involved in the current public comment period to lend your voice in shaping the standards.

We are releasing the full text of the draft standards, including robust guidance and resources, in two phases. The first eight draft standards are released concurrently with this report and focus on building a strong foundation and protecting the value creation engine—specifically, corporate governance and leadership accountability, internal infrastructure, leadership skills, workplace culture, workforce and board diversity, job quality, products and services, and the value chain.

In September 2024, we will release and seek public feedback on the remaining six standards, which are focused on community and societal impacts—from sustainability strategies to civic and political engagement. We hope this phased release and extended comment period supports stakeholders in engaging more deeply across all the standards.

The following pages provide an overview of the draft standards. Individually and collectively, they represent the vital levers for companies to advance equity and inclusion, combat discrimination, and embody the best of what it means to be a socially responsible business.
The Business Standards for 21st Century Leadership

Within the company
BUILD A STRONG FOUNDATION

1. Governance and Leadership
2. Internal Infrastructure
3. Leadership and Board Skills
4. Workplace Culture

Standards 1 to 4 focus on building a strong foundation within the company, from strengthening corporate governance to investing in internal infrastructure, leadership skills, and workplace culture.

Within the company
PROTECT THE VALUE CREATION ENGINE

5. Workforce and Board Diversity
6. Job Quality
7. Products and Services
8. Value Chain

Standards 5 to 8 focus on protecting the value creation engine, from cultivating workforce well-being to inclusive products and services and a socially responsible value chain.

Within the community
BE A GOOD NEIGHBOR

9. Climate and Environment
10. Community Engagement
11. Corporate Philanthropy

Standards 9 to 11 focus on communities and being a good neighbor, from proactive community engagement to fostering thriving communities, mitigating climate impacts, and being a responsible steward of our natural resources.

Across society
BE AN ENGAGED CORPORATE CITIZEN

12. Communications
13. Civic and Political Engagement

Standards 12 to 14 focus on societal impact and being an engaged corporate citizen, from activating the power of communications to responsible civic engagement and advancing shared prosperity.
## Governance and Leadership
Equity, inclusion, and social responsibility are integrated in governance and leadership accountability

- **P1.1** Corporate purpose
- **P1.2** Board and committee charters
- **P1.3** Board oversight
- **P1.4** Senior leadership accountability

## Internal Infrastructure
Internal infrastructure is established for long-term success

- **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

## 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

## Workplace Culture
Workplace culture fosters inclusion and belonging for all

- **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
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

6 Job Quality
The company provides quality jobs at all levels

P6.1 Living wages for all
P6.2 Essential benefits for all
P6.3 Pay equity
P6.4 Fair pay and rewards
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

EXECUTIVE SUMMARY
SNAPSHOT OF
Standards 9-11
Within the community
BE A GOOD NEIGHBOR

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

11 Corporate Philanthropy
The company stewards philanthropic resources to address inequality

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

COMING SOON!
JOIN OUR NEWSLETTER FOR THE LATEST UPDATES
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 Political spending
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
The Performance Standards comprise a living document.

We are releasing the standards in draft form because stakeholder engagement is core to our development effort. Over the course of this year, we expect to continue refining and strengthening the standards based on public feedback and through ongoing research.

In addition, we are concurrently conducting a six-month pilot with a cohort of 12 public and private companies, across the retail, tech, health care, food and beverage, transportation, and financial services industries. The companies are primarily medium-to-large, with employees ranging from 500 to over 100,000.

Over the past three-and-a-half years, we have also engaged with over 500 stakeholders within and outside of business. And, through the current public comment period, we aim to engage between 300 and 600 more stakeholders.

Even with all of our efforts thus far, we know we have more work to do to ensure the standards are impactful and can meaningfully support companies in achieving lasting positive change—from fine-tuning the breadth of guidance in each standard to ensuring companies of all sizes and types can make steady progress across the standards over time.

We look forward to continuing to engage with stakeholders in strengthening this work. The field of standards setting on social issues is emergent, and working together in partnership across sectors will be the key to our collective success.
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. Instead, the performance targets are interrelated and mutually reinforcing. Think of the standards as a recipe for success, supporting businesses in strengthening existing efforts, protecting hard-won progress, and stretching toward even greater positive impact across the enterprise.

■ 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. To support companies in determining the best path toward achieving all 14 standards, we are developing multiple pathways to make progress over time based on key factors such as company size, industry, and annual revenues. Get a sneak peek of the adoption pathways on our May 2024 standards release webinar (registration and recording available here) and stay tuned for their release in 2025 with the final standards.

■ Pro-business + pro-people + pro-planet

The standards are unabashedly pro-business, pro-people, and pro-planet—recognizing that economic growth and the pursuit of profit are best when balanced with fostering the well-being of all people and our planet. This is the essence of a sustainable business and what 21st century business leadership calls for.

■ Actionable goals for every part of the business

Performance is at the heart of the standards. Not only does each standard provide clear goals to aim for, each also includes robust guidance to get started and make steady progress over time. The comprehensive scope of the standards also aims to ensure the entire enterprise is rowing in the same direction.

Collectively, the standards embody what combating discrimination means in practice, what advancing equity and inclusion look like in action, and what socially responsible business means at its best.
Expanding our scope, while staying true to our original design

From day one of our effort, we have centered the nearly 100 million people in America experiencing economic insecurity as the primary beneficiaries of this work to ensure no one is left behind and everyone can thrive and achieve their full potential. That includes people from all walks of life and with multiple identities, across race, ethnicity, gender, sexual orientation, disability, and age, to name a few. (See Appendix 1 for a profile of the members of the 100 million.)

As we developed the standards with the members of the 100 million in mind, the need to broaden the scope of our work to ensure no one gets left behind became very clear. Our living wage standard, which calls for 100% of workers to be paid a living wage, is one example of this.

First released in our 2022 public comment period, the living wage standard is deeply informed by the significant barriers to upward mobility experienced predominantly by people of color and women—especially, women of color. However, the standard is broadly applicable to all workers, recognizing that people from all walks of life and with multiple identities experience economic insecurity.

The draft standards released with this report stay true to that design: they are informed by the structural barriers experienced by members of the 100 million and they are broadly applicable to ensure they stand the test of time and no one is left behind.

Accordingly, each standard promotes and supports advancing equity and inclusion, combating discrimination, and ensuring equal opportunities for all, across race, ethnicity, gender, sexual orientation, disability, age, socioeconomic status, and any other social category or protected characteristic. In this way, we aim to establish new business norms with lasting power—whether adopted today, or tomorrow, or 10 years from now.

While we do not take this broadened scope lightly, it meets the foundational purpose and design of our effort and establishes the necessary scaffolding for companies to meaningfully focus on intersectionality, a consistent request of stakeholders across multiple engagement channels over the years.

Learn more, in Section 2 of this report, about the steps we have taken and will continue to take to hold true to our original goals, deliver on the expanded scope, and combat unintended consequences.
We believe in the power of the American economy, and we believe it can work better. For businesses to thrive for generations to come, advancing equity, inclusion, and socially responsible business practices is an imperative—not only to meet the needs of workers, consumers, and communities, but also to cultivate a strong labor force, increase business resilience and competitiveness, protect sustainable value creation, and secure a stable economy and democracy.

With a focus on the fundamentals and leaving no one behind, the standards address the contemporary performance challenges of U.S. businesses and are well positioned to counter any retreat in DEI and sustainability efforts.
Your Voice Matters
Join us in shaping the standards

Alongside testing with companies and ongoing research, we invite all stakeholders to join us in continuing to shape the Performance Standards. Incorporating feedback from people from all walks of life and across sectors is essential to ensure these standards are impactful and can meaningfully support companies in achieving lasting positive change.

We hope to hear from anyone who has a stake in these standards. This includes workers, investors, business leaders, business advisors, young people, civil society, community leaders, consumers, under- and unemployed people, standards setters, academics, public leaders, and you!

Ways to lend your voice to shape the standards

1. Download the draft standards
   View the full report for more about our work and download the standards.

2. Provide your feedback
   a. Join a virtual roundtable: Register for a virtual roundtable that suits your schedule. Roundtable discussions last from 60 to 90 minutes, and access links will be provided upon registration.

   b. Complete the survey: Share your feedback by completing our survey (letter submissions will also be accepted). It should take less than an hour to complete after reviewing the report and the draft standards you select to review.

We invite you to contribute your feedback during our third public comment period from May 20 through October 31, 2024.
We look forward to feedback on several critical questions, including the following:

- Are the standards clear and compelling?
- Do you agree with the performance targets and do you suggest others?
- Do the standards provide the guidance needed for companies to get started and steadily make progress?
- What additional implementation approaches, if any, do you think we should consider to accelerate adoption of the standards?
- What is most important to you in the governance of the standards?
We will use the feedback we receive to finalize the standards and inform our implementation and governance approaches. A synthesis of the feedback and a record of comments received will be published on our website no later than the launch of the final standards in 2025.

Thank you to all who lend their time and expertise to help us strengthen this critical work.

A Note on Inclusion and Accessibility

Too often, individuals with the most at stake are not meaningfully included in standards-setting processes. We are committed to honoring the needs, aspirations, and insights of people with marginalized identities in the development of our standards through robust equity, inclusion, and accessibility practices. These practices include offering equitable compensation for participation; making language supports available, such as Spanish-language, American Sign Language, and closed-captioning services; scheduling virtual roundtables to accommodate a variety of schedules; and providing multiple methods for feedback.

Find more information about the 2024 public comment period and our commitment to equity, inclusion, and accessibility in our standards development process on our website at https://corporateracialequityalliance.org/corporate-standards. For any questions, reach out to CREAlliance@policylink.org.
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Suggested citation:


Permission to access and use the draft standards referenced in this report is solely for members of the public to review, evaluate, and comment on the draft standards. This permission will expire upon the launch of the final standards. No other right is granted with respect to the draft standards.
The Alliance is deeply grateful to the many individuals and organizations that have contributed to shaping the draft standards over the past three years through stakeholder consultations and corporate pilots. The Alliance is also indebted to our broad ecosystem of partners and the countless individuals and organizations across sectors whose innovative and courageous research, advocacy, and leadership on social issues have paved the way for this work and demonstrated the powerful role all institutions have in combating inequality. The Alliance continues to learn and draw inspiration from the field and looks forward to continued collaboration.

Alliance Founding Members

**PolicyLink** is a national research and action institute dedicated to advancing racial and economic equity by Lifting Up What Works®. For over two decades, PolicyLink has been dedicated to amplifying the expertise, wisdom, and resilience of people of color and low-income communities to make our social and economic systems work for all people.

Learn more at [https://www.policylink.org/](https://www.policylink.org/).

**FSG** is a global nonprofit consulting firm that partners with foundations and corporations to create equitable systems change. Through customized consulting services, innovative thought leadership, and learning communities, FSG is working to create a world where everyone can live up to their full potential.

Learn more at [https://www.fsg.org/](https://www.fsg.org/).

**JUST Capital** is an independent nonprofit with a mission to tackle the most pressing social challenges of our time by galvanizing the collective power of corporate America and the private sector. Guided by the priorities of the public, JUST tracks, measures, and helps to improve corporate performance on the most important stakeholder issues.

Learn more at [https://justcapital.com/](https://justcapital.com/).