Racial Equity and Justice Initiative – Year One Update

Introduction

With the outbreak of the COVID-19 pandemic, high unemployment and nationwide unrest over the continued killings of unarmed Black men and women, 2020 was a year of unprecedented challenges that laid bare the systemic racial inequities that, despite progress over generations, have persisted and prevented many Americans from fully realizing opportunity and justice in America.

In response, Business Roundtable Chairman Doug McMillon, President and CEO of Walmart, convened member CEOs in June 2020 and established a Special Committee on Racial Equity and Justice. Roundtable CEOs immediately took action, beginning by advocating for bipartisan policing reform legislation.

Business Roundtable CEOs then turned to an issue central to fairness and equity in our economy — the racial wealth gap. After consulting with over 100 experts from across the ideological spectrum to understand the key policy considerations around closing the gaps in economic opportunity for people of color, Business Roundtable CEOs released a set of policy recommendations and corporate commitments in October 2020 that address racial disparities in education, employment, finance, health, housing and the justice system.

One year later, Business Roundtable CEOs continue to advocate on public policy recommendations to address the racial wealth gap. They have also taken significant steps within their own companies by deploying funds, establishing new organizational policies and practices, developing and expanding partnerships and increasing their workforce and supplier diversity — all with a goal to create lasting change. They recognize that while they have made meaningful progress, there is still more work to be done.
Insights from Year One

Over the past year, Business Roundtable member companies have made important strides to advance racial equity and justice and integrate those efforts into the core of their business. To better understand this progress, the Business Roundtable interviewed member companies from various sectors around their commitments to advance economic opportunity for Black and Latino communities. As member companies worked throughout the first year of their commitments to create meaningful change, many reported the following observations and insights:

**Sustaining focus by the C-suite:** Member companies have made long-term commitments to racial equity. CEOs, other C-Suite leaders and heads of business units are major champions for and lead from the top on racial equity and justice efforts. This sustained investment of time and attention by member company leaders has been cited as important role modeling and a driver of employee action at all levels of the company (e.g., employee resource groups mobilizing to shape and facilitate commitments). To ensure continued attention over the long run, senior executives are also implementing equity initiatives, including racial equity and justice-related measurements, in performance reviews of team leaders and other supervisors to drive progress consistent with other strategic objectives. For example, a leading consumer product company has woven their racial equity efforts into each of the key performance indicators for performance reviews.

**Strengthening dedicated roles and functions:** For many years, companies have had dedicated staff whose roles and functions focused on promoting diversity, equity and inclusion (DE&I) across their organizations. In late 2020 and into 2021, member companies have redoubled their commitments to building diverse and inclusive workplaces by expanding support and adding additional capacity to DE&I teams. Over the last year, Chief Diversity Officer roles have become standard and are becoming better supported by robust teams dedicated to advancing racial equity commitments internally and engaging in active public policy advocacy and partnership efforts externally. The DE&I-focused teams are also working with larger and more inclusive affinity and employee resource groups to shape the focus of racial equity and justice efforts. This maturing of well-structured and permanent DE&I functions ensures that current focus on racial equity and inclusion efforts will not wane.

**Building and supporting diverse supply chains:** Members diversified their third-party partner bases by engaging minority-owned vendors and other partners to create more diverse and inclusive supply chains. For some of these minority-owned third parties that may not yet have the scale or capacity to serve large enterprise customers, member companies are going a step further and creating solutions to support these smaller firms’ growth and development. This has included helping small business vendors raise and access the capital necessary to scale, connecting them with other willing partners in the member company ecosystem, giving diversity-based preference or set-asides for certain contract types, advancing favorable payment terms...
and providing technical and operational training and capability-building. Member efforts in these areas are demonstrating a permanent shift in their approach to supply chain diversity, with a focus on providing support, investments and incentives that are aligned with members’ long-term goals.

**Investing in community-based partnerships:** To align with and help advance the longstanding efforts of community leaders and place-based social justice organizations, member companies are partnering with racial equity and justice organizations in the cities and geographies in which they operate. This offers an important opportunity to both continue learning from and supporting those organizations focused on driving impact “on the ground” based on the specific needs of a given community. Some companies have applied this perspective to their market expansion strategies by considering underserved and/or majority Black communities for new operations, which can enable employment opportunities for talented local candidates and boost local economies.

**Embedding a racial equity lens into core business functions:** Member companies are integrating their internal equity efforts into core business operations, such as product development and operations. For instance, in product development, member companies are doubling down on efforts to ensure products are inclusive. They are investing time to better understand the implications and impact of their products, services and capabilities on specific minority groups to make them both more relevant and more accessible. In operations, member companies that provide banking services are focusing on meeting diverse customer populations with different approaches and channels to best connect with customers who may previously have had difficulty accessing products and services.

**Intensifying talent management efforts:** Member companies are investing tremendous time and attention across their full talent management lifecycle, from initial attraction and hiring to training and sponsorship for advancement. They are focused on recruiting and hiring more underrepresented minorities than ever before, across all business functions, including senior leadership roles. These efforts have led to official partnerships with HBCUs, other minority-serving institutions and state schools to access a direct pipeline of diverse and talented candidates. Some are identifying and supporting students of color in high schools, as well, by offering opportunities and access to resources students may not have had in the past (e.g., STEM programs). For existing employees, member companies are creating mentoring programs and focusing on upskilling and creating opportunities for employees of color to take on managerial positions.

While there has been significant progress made over the last year, member companies also report about the work that remains ahead. Some areas for continued focus include:

**Leveraging strong foundations to catalyze rapid scale:** With structures and mechanisms in place to advance racial equity and justice topics, companies will be able to use their platforms...
to achieve ambitious commitments. Robust supplier diversity programs, for instance, can help member companies direct technical and financial assistance to an even wider circle of small businesses and vendors. Similarly, place-based and social justice-focused community relationships can help inform companies as to where large deployments of committed capital would have the most positive and rapid impact for people of color. Even scaled-up, diverse talent recruitment and development programs can be further bolstered by expanding employee mentorship and sponsorship relationships.

**Measuring and communicating progress:** Member companies have various mechanisms in place to measure and communicate progress. Almost universally, companies cited that they are continuing to build capabilities to use quantitative metrics to effectively measure and communicate about their progress toward reaching their commitments. For most members, the size and scale of their high-impact commitments (e.g., strategic investments, restructuring parts of their business to be more equity-focused) will take significant time to come to fruition, and so do not generate immediate measurable outcomes. However, initial efforts to understand their commitments provide an opportunity for companies to assess whether they are on course to achieve desired outcomes.

**Broadening the platform for inclusion:** The intense focus on racial equity has set in motion a series of conversations and actions within member companies about how to build the right foundation and associated infrastructure for a broader array of groups (e.g., LGBTQ+, women, veterans, parents of children with special needs). This expansion of workplace commitments helps to build a more equitable and inclusive environment for employees of all backgrounds and tenures, which draws more supporters and committed stakeholders.

Real progress has been made, and Business Roundtable CEOs know that much more is needed to close the racial wealth gap and address other inequities faced by communities of color. Business Roundtable remains committed to sustainable corporate actions and will continue to advocate for policies and practices that foster racial equity and justice in America.
Overview of Business Roundtable Progress by Theme

Employment

For years, Business Roundtable CEOs have been at the forefront of advancing DE&I in corporate America. Following the events of 2020, Business Roundtable CEOs recognized the need to redouble their efforts, for example, by endorsing voluntary public disclosure of key diversity metrics on at least an annual basis, including board, senior executive, workforce and supplier diversity.

In June 2021, Business Roundtable launched an initiative to highlight member companies that are voluntarily disclosing their diversity metrics. To date, over 100 member companies are participating in this commitment to transparency.

One specific employment strategy Business Roundtable is working with companies to advance is a skills-based approach to talent management. Focusing on skills recognizes what an individual can contribute to a business and reduces an employer’s reliance on educational credentials for hiring and promotion, which often create barriers for Black and Latino workers. Through the Multiple Pathways Initiative, Business Roundtable is providing actionable recommendations and creating a community where companies can share their experiences and support each other as they drive toward more equitable, skills-based talent management practices.

Nearly 80 companies have joined the Multiple Pathways Initiative since its launch in late 2020. While companies came to the initiative with varying levels of experience with skills-based practices, all are benefiting from the initiative’s quarterly meetings, monthly presentations on specific and actionable skills-based practices, technical assistance from Business Roundtable and partners and member-led working groups. These resources are helping to inform companies’ actions as they expand skills-based talent management strategies while, at the same time, creating a more diverse and equitable workplace.
Education

In June 2020, Business Roundtable announced a partnership with the Thurgood Marshall College Fund (TMCF) to invest in Historically Black College and University (HBCU) students and develop a diverse talent pipeline for America’s largest companies. Through this partnership, Business Roundtable companies help to provide scholarships, internships and professional development opportunities to HBCU students and open pathways to employment and advancement. To date, more than 50 Business Roundtable companies have partnered with TMCF.

In addition to partnering with TMCF, many Business Roundtable member companies also work directly with and provide support to HBCUs and other minority-serving institutions in the communities where they operate. Business Roundtable member companies have committed to provide over $900 million to HBCUs and other minority-serving institutions, as well as other secondary and higher education initiatives.

Additionally, the COVID-19 pandemic left millions of students behind, largely due to the shift to online learning and associated challenges including connectivity issues or lack of a device for remote learning. In addition to providing financial and in-kind contributions to organizations working to help close the digital divide through expanded access to internet and devices, Business Roundtable members also urged the Administration and Congress to take action on bridging the digital divide among a number of other Technology and Innovation Policy Priorities. Business Roundtable also advocated for the broadband provisions included in the 2020 COVID-19 relief legislation. The digital divide predated the pandemic and will outlive it in the absence of longer-term, sustainable policy solutions; to that end, Business Roundtable will continue to advocate for legislative solutions.
Finance and Housing

Business Roundtable member companies are also taking bold, incremental steps to address the racial wealth gap through their support for community-based financial institutions, affordable housing, affordable lending and minority-owned small businesses.

Over the last year, Business Roundtable CEOs made the following commitments:

• **Community Development Financial Institutions (CDFIs)** – Committing over $2 billion in grants and low-cost debt to CDFIs that are Black- or Latino-led and/or serving Black or Latino communities, doubling an organization-wide goal of $1 billion by 2025;

• **Minority Depository Institutions (MDIs)** – Committing $465 million to provide vetted Black-led and Latino-led MDIs with capital and deposits, with an organization-wide goal of $600 million by 2025;

• **Minority-Owned Small Businesses** – Committing over $20 billion to minority-owned small businesses via capital, grants, low-cost debt and technical assistance, including focused investments in historically underserved and undercapitalized communities;

• **Affordable Housing** – Committing over $26 billion toward producing and preserving affordable housing with a Roundtable-wide goal of producing and preserving 200,000 affordable units by 2025, including in mixed income communities, at a cost of $30 billion;

• **Mortgage Loans** – Over $20 billion to responsibly increase the number of new, sustainable Black and Latino homeowners. The Roundtable-wide goal is to provide 120,000 purchase loans totaling $25 billion in mortgage purchase originations to Black and Latino customers by 2025 and enhance efforts to deliver refinance loans to Black and Latino customers.
Health

The COVID-19 pandemic has disproportionately impacted health outcomes for people of color. Business Roundtable has been working to address the equity implications of the virus by promoting vaccination campaigns and other public health resources for communities of color, such as the “Move the Needle” campaign to promote vaccination and the Health Action Alliance, which generates resources for employers – particularly minority-owned businesses – to help educate their employees and communities on the importance of the vaccine.

As some of the nation's largest employers, Business Roundtable companies are also playing an important role in identifying opportunities and strategies to address racial disparities in health. As part of the organization's health equity efforts, Business Roundtable:

• **Established the Health Equity Benefit Evaluation Initiative (HEBEI):** Business Roundtable companies engaged in a HEBEI to identify employee health benefit practices that may reduce racial health disparities for employees. Participating Business Roundtable member companies convened to share findings from this initiative as well as identify best practices to help advance health equity through their benefits, practices and offerings.

• **Addressing Social Determinants of Health (SDOH):** Business Roundtable developed a (SDOH) roadmap, which outlines strategies businesses can use to understand and address the various social determinants that influence health and well-being in their communities. The Roadmap shares approaches from Business Roundtable member companies that have taken meaningful and innovative steps to address SDOH.

• **Understanding the DE&I Practices of Health Partners:** The Roundtable established a working group to assist Business Roundtable companies in assessing the DE&I practices of their health care partners. The goal of this initiative is to understand the DE&I practices of the organizations that provide health care services to their employees. Participating companies are promoting practices that address implicit bias and promote culturally congruent care, with a goal of ultimately reducing racial health disparities. As part of this initiative, Business Roundtable developed a Resource Guide to provide guidance for member companies seeking to understand their health partners’ DE&I practices.
Justice System

Recognizing that Black and Latino people are frequently excluded from hiring and economic opportunities due to disparities in our criminal justice system, Business Roundtable partnered with Dave’s Killer Bread Foundation, Georgetown University’s Pivot Program, Society for Human Resource Management and Stand Together to establish the Second Chance Business Coalition to support employers’ efforts to remove employment barriers for individuals with a criminal record. Launched in April 2021, the Coalition consists of 38 companies committed to expanding opportunities to employment and greater upward mobility for people with criminal records.

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