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INSIGHTS PAPER

Pledge to Progress: How Far Have We Come?

An Update on Corporate Efforts to Fight Systemic Racism Two Years After the Murder of George Floyd

Insights Paper

Pledge to Progress: How Far Have We Come?

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Table of Contents

Introduction

In the spring of 2021, Seramount's Pledge to Progress report assessed the pledges made by corporations in light of the May 2020 murder of George Floyd and the subsequent racial unrest and movement for equity. More than 100 US corporations made pledges to improve racial representation and pay equity and to bolster employment, health, and education in underserved communities.

Our 2021 national survey of 2,431 college-educated corporate employees found most employees across race and ethnicity (83 percent) were supportive of these efforts in their organizations, with Black employees indicating the highest rate of support (86 percent). However, employees had serious concerns about continued bias in the workplace, with the deepest concern voiced by Black and Asian employees. For example, 72 percent of Black employees cited continued bias in performance development, and 62 percent of Asian employees cited bias in recruitment. Black, Hispanic/Latine, and Asian employees also were less likely to feel included in their workplaces.

Their leadership also was ambivalent. While 95 percent of corporate executives surveyed in 2021 said they were committed to helping their organizations fight racism, 79 percent of those who said they were committed said the focus on DEI was overblown, and 33 percent felt they were being forced to support anti-racism efforts.

Our Pledge to Progress Board of Advisors advocated long-term solutions, including setting realistic goals, being transparent about progress, holding leaders accountable through metrics, making these efforts organization-wide (not just responsibility of DEI), and recognizing personal and institutional bias.

We at Seramount made our own pledge—to be vigilant in assessing corporate efforts and to report back on how they are doing. Since most of the pledges were for three to five years (and some were for ten years), it's too early to know what kind of progress is being made on representation, pay equity, and building community wealth and support. For this report, we are focusing on how transparent organizations are being in reporting their progress or lack thereof. Without that transparency, there can be no accountability. We also are showcasing models of transparency and innovative solutions corporations are finding to address racism and racial equity gaps.

The Update: Most Companies Open About Efforts but Progress Is Slow

In April and May 2022, we surveyed 100 US-based companies that made pledges in 2020 to see how transparent they have been and what they were reporting. Our findings, detailed below, show most are discussing progress either on their websites or as part of DEI or ESG (Environmental, Social, and Governmental) reports. Here are some highlights of what they are reporting:

- **74% shared updates on their 2020 pledges**
- **91% of those shared data on progress in donating money, meeting representation goals, or community support**
- **87% shared data on racial/ethnic representation of employees**
- **64% created resources to educate employees on systemic racism**

- **64% partnered with human rights or social justice organizations**
- **57% shared pay equity updates**

For the most part, companies that made pledges are being open about their progress so far. But how that transparency is delivered—and whether it leads to long-term sustainable change—is still an open question.

“I feel very encouraged by the sheer amount of dialogue and engagement on DEI and racial equity on the corporate level,” says Matthew McCarthy, CEO of Ben & Jerry’s and a member of our Pledge to Progress Board of Advisers.

Noting that he is “not a spokesman for all of corporate America,” he cites increased staffing at many companies for DEI and the creation and elevation of Chief Diversity Officer roles. “This will create more acceptance for other companies that are now on the sideline. We have to keep filling the funnel of companies committed to racial equity. The more people come in who are diversity experts and advocates, the more the scale tips.”

However, the focus on systemic racism seems to have diminished from two years ago, notes Karen Boykin-Towns, Vice Chair of the NAACP and long-time advocate for racial and gender equity and a member of the Board of Advisers.

“Most executives have not been actively engaging in a public way on this topic, compared to two years ago. Immediately after the murder, there were a lot of pronouncements, donations, and commitments made. Analysts were even asking questions on investor calls and companies were responding with what they were doing, but we are not hearing those conversations now. Maybe companies are focused on doing internal work and communicating with employees, but the volume of commentary has dropped off significantly, and yet there is a lot more to be done. We can only hope employees are holding the line and keeping companies accountable,” she says.

Boykin-Towns and Nancy Cantor, Chancellor of Rutgers University, Newark, and a member of the Board of Advisers, urge organizations to take a holistic and systematic approach to their anti-racism efforts and seek outside advice and thought leadership to understand how their work fits into the larger picture.

“Companies that recognize the challenges they face in addressing systemic racism are engaging external experts or setting up advisory boards to help determine how they need to move forward. Having real impact isn’t just about hiring or philanthropy; it’s about investment in the community,” says Boykin-Towns.

And transparency is only one part of the story, adds Cantor. “Transparency is very critical, but I have issues with how we think about progress or the lack thereof. Some organizations just check off a list. For example, they have created ERGs but they aren’t assessing whether they are impacting racial equity issues,” she says. “We also have to be careful about the timeline around how we define progress. You can look good but it may not signal a real sustainable commitment woven into the institution. It’s not just about headcount but about structures you have put into place that can sustain the commitment—creating social capital networks, partnering with community groups, etc.”

The Link to ESG and Transparency of DEI Metrics

“We all know the dictum that what gets measured gets done. When it comes to making progress in DEI, tracking and reviewing metrics internally are only part of the solution. The big shift I've observed recently is a call for greater transparency and disclosure of DEI metrics, particularly as part of ESG (Environmental, Social, and Governance) reporting and ratings," says Ripa Rashid, Managing Director, Head of Diversity and Inclusion, Cowen, and a member of the Board of Advisors.

The increasing trend of including DEI metrics in ESG reporting emphasizes transparency, especially around representational goals, and actual demographics. The transparency built through ESG reports signals to stakeholders that companies are authentic in the commitments they are making toward progress. Additionally, it showcases their ambition in continuing to build on their contributions to the greater good. When organizations routinely share the data that confirms their corporate citizenship marketing is not just lip service, it can result in increased trust in brand perception from employees, customers, and suppliers.

Transparency around disclosure of racial/ethnic data has become more the norm than the exception for many of the largest companies. The U.S. Equal Employment Opportunity Commission (EEOC) requires any US employer with more 100 employees to report gender, race, and ethnicity by job category to the federal government, but historically, many employers did not share that data publicly.

That appears to be changing in light of increased pledges on racial/ethnic diversity workforce demographics. For example, Bloomberg reported earlier this year that 86 of the S&P 100 released EEO-1 either directly to the public or upon request. Of the remaining 14, 5 indicated they would release that data soon. And from January to September 2021, *Fortune* reported the share of Russell 1000 companies disclosing racial and ethnic data (not exclusive to EEO-1 data) increased from 32 percent to 55 percent—a 23 percent jump.

A 2021 survey from JUST capital showed that 73 percent of respondents want companies to share EEO-1 data publicly. Investors are demanding this from their companies as well. State Street announced that it is willing to vote against board leaders of S&P 500 companies who do not disclose their EEO-1 reports.

However, exactly what is released remains questionable. The EEO-1 form, for example, doesn't reflect multiracial people or those who choose not to disclose their race/ethnicity. Some companies choose to showcase only data that makes them look good, sharing only certain levels of representational data or lumping women and people of color in one category of "diverse" employees.

"Currently, the specific metrics gathered vary widely—some companies look at gender and ethnic/racial representation; others look at diversity in a more integrated way—and there is little consensus on which metrics really 'matter,' i.e., translate into better outcomes," says Rashid.

"It's only when large companies place thresholds on who they will partner with based on DEI performance and market forces align with what the business case for DEI has shown for decades—better returns follow better DEI representation—that the needle will move."

Bloomberg reports that the percentage of Black and Latine managers in the S&P 100 rose by only 0.4 percent from 2018 to 2020, while Asian manager representation rose by 1.2 percent. Data from Seramount's Inclusion Index also shows slight movement in racial/ethnic representation recently, especially in the more senior levels. Companies in Seramount's US Inclusion Index in 2021 reported managers were 4 percent Black and 4 percent Hispanic/Latine and 7 percent Asian, with each level up less than 1 percent from the previous year. At the most senior levels, the 2021

Inclusion Index showed corporate executives were 2 percent Black, 2 percent Latine/Hispanic, and 8 percent Asian, up very slightly from the previous year.

There also has been progress at the board level. In 2021, S&P 500 companies tripled the share of new directors who are Black and more than doubled the percentage who are Latine. Still, nearly 80 percent are White, and about 70 percent are men.

Case Study: EY: Entrepreneurial Progress Benefits Communities

Professional-services firm Ernst & Young LLP (EY US) made a vital commitment in November 2019 to invest in Black and Hispanic/Latine entrepreneurs to provide them with the support needed to scale up their thriving companies. That effort was accelerated after the movement for racial equity and justice intensified in 2020.

The firm has been transparent about its progress and its deep commitment to the EY Entrepreneurs Access Network (EAN). Since its launch, the program has supported nearly 200 Black and Hispanic/Latine entrepreneurs by providing access to mentors, resources, and networks. In 2021, EAN facilitated more than 258 connections and meetings for the inaugural cohort through local networking events, learning sessions and at EY's Strategic Growth Forum, a gathering of CEOs, high-growth entrepreneurs, and C-suite executives.

The connections and guidance from EAN helped the inaugural cohort of entrepreneurs raise an average of $16.5 million in capital and funding support. "This achievement is a testament to EAN and its goals of accelerating the growth of the businesses by addressing long-standing funding and networking disparities," says Nit Reeder, EY Americas Markets Communications and Enablement Leader and EY Entrepreneurs Access Network Program Director.

In addition to providing resources to participants, EAN strives to raise awareness of the need for mentoring and access to capital for Black and Hispanic/Latine business owners. In 2021, EAN commissioned a national survey of 1,000 Black and Hispanic/Latine entrepreneurs to understand their challenges and opportunities. Published in November 2021, The Entrepreneur's Paradox uncovered that while 9 out of 10 established Black and Hispanic/Latine entrepreneurs met or exceeded their performance expectations, nearly all were concerned that it was driven by a short-term boost in attention.

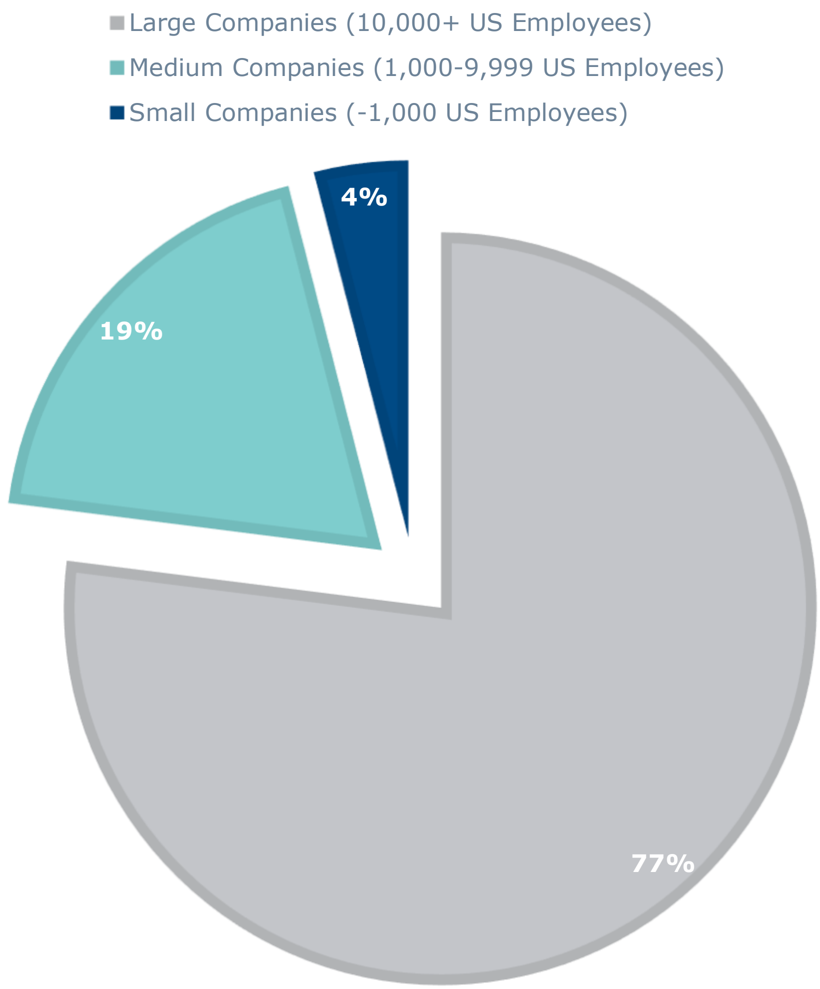
The survey was strategically launched during EY's 2021 Strategic Growth Forum to amplify the importance of supporting diverse businesses among the C-suite attendees at the event.

In 2022, EAN is now serving more than 90 new Black and Hispanic/Latine entrepreneurs in its second full cohort. Participating CEOs and founders lead high-potential companies representing various industries including technology, retail and consumer products, manufacturing and distribution, and professional services. EAN entrepreneurs receive guidance on a range of topics, including digital transformation, support in upskilling employees, and help developing boards and expanding professional networks, among others.

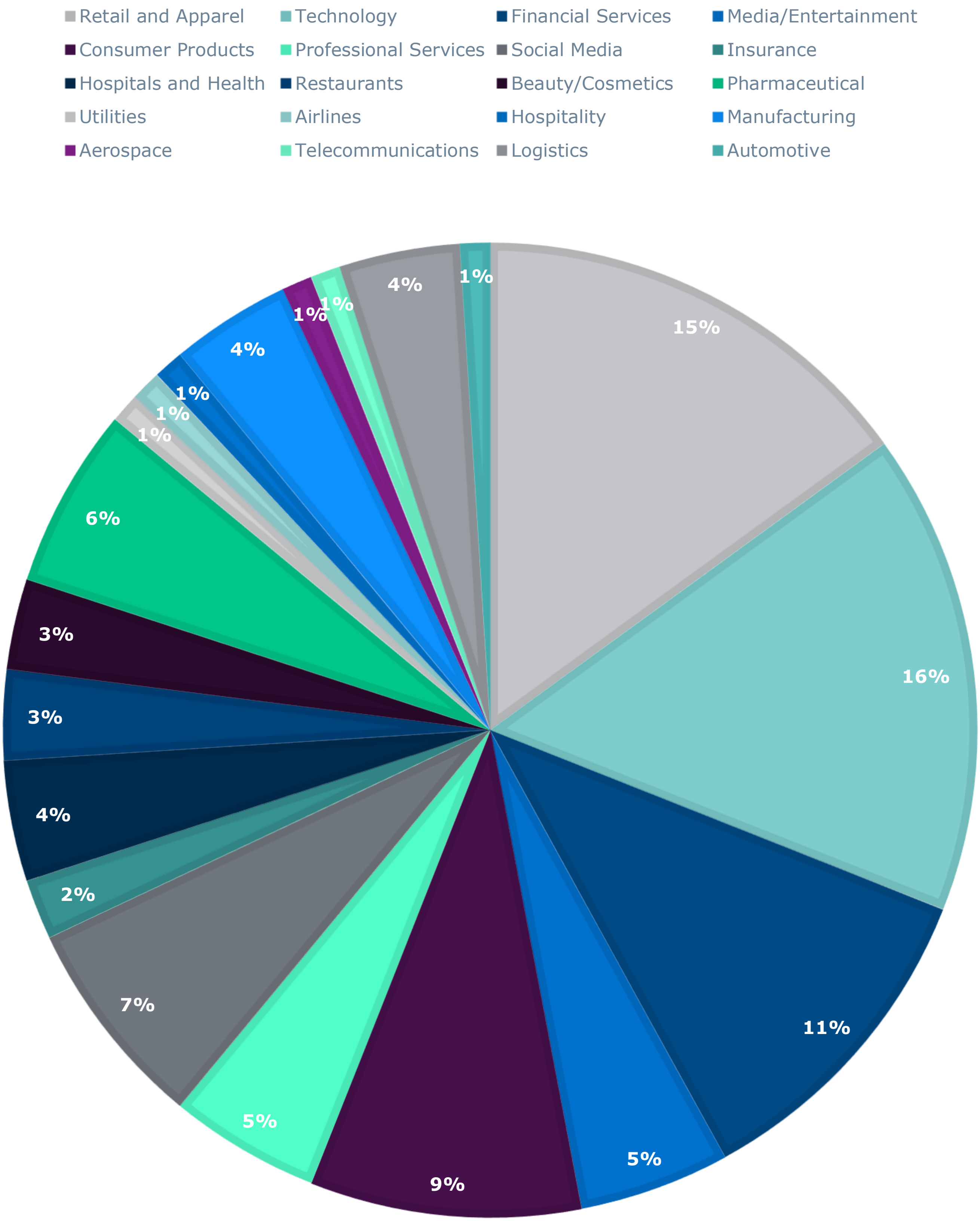
New Data Findings: How Transparent Are Companies Being About Their Pledges?

Seramount surveyed 100 companies that have made pledges since 2020 toward racial equity. Our results show most are making a good faith effort to be transparent about progress, even when that progress is slow.

Demographics of Companies Surveyed



Industry Breakdown



Pledges and Transparency

What Companies Pledged in 2020	
Representation, Financial Donation, and Community Support	**60%**
Financial Donation Only	**20%**
Financial Donation and Community Support	**14%**
Financial Donation and Representation Goals	**1%**
Representation and Community Support	**5%**

How Transparent Have They Been on Progress?	
Shared updates on what they pledged this year	**77%**
Released DEI Update in DEI Report, Website, or ESG report	**80%**

Of Companies Who Shared Updates:	
Shared data on financial donations representation goals or community support	**96%**
Shared planned Initiatives around DEI and Racial Equity	**96%**
Shared Data on Racial/Ethnic Representation of Employees	**94%**
Financial Donation and Representation Goals	**89%**
Representation and Community Support	**5%**

Pledges by Topic: Financial

Financial Pledges: Transparency	
Reported an Update on Money Donated	**72%**

Pledges by Topic: Representation

Representation Pledges: Transparency	
Shared goals for increased representation for people of color	**83%**
Disclosed representation in senior leadership by race/ethnicity	**79%**
Shared updates on efforts to hire/develop talent of color	**73%**
Shared board diversity	**65%**
Shared pay equity updates	**66%**
Said they hired more DEI staff in the last year	**16%**

Pledges by Topic: Community Support

Community Support Pledges: Transparency	
Committed to partnerships with HBCUs (Historically Black Colleges and Universities) and HSIs (Hispanic Serving Institutions)	**75%**

Shared supplier diversity updates	**70%**
Said they created resources to educate employees on systemic racism	**70%**
Said they partner with human rights or social justice organizations	**75%**
Released carbon footprint updates	**65%**
Committed to resolving health inequities	**40%**

Case Study: Macy's

In March, Macy's announced a commitment to invest $5 billion by 2025 on efforts to "create a more equitable and sustainable future."

The new social purpose effort is called *Mission Every One,* and the goal is to empower more voice, choice, and ownership for Macy's colleagues, customers, and communities. It focuses on three areas of impact: people, communities, and planet. Macy's noted that it is leveraging its resources, talent, and scale to create a future with representation for all.

Under the "people" pillar of *Mission Every One*, the company will invest in underrepresented designers, brands, and partners across both Macy's and Bloomingdale's brands. The company is also accelerating its representation goals to achieve 30 percent ethnically diverse representation at the director level and above by 2025. They also increased the minimum hourly pay rate to $15 as of May 2022.

Under the "communities" effort, Macy's plans to donate more than $100 million to nonprofit organizations and another $2 million to support scholarships for Black, Latine, Asian, and Native American youth in fashion, design, and sustainability programs. They are also directing $1 million in grants to organizations advancing social justice and racial equity such as the National Urban League.

Macy's also plans to accelerate their progress on diversity, equity, and inclusion with the *Mission Every One* effort, focusing on more action, transparency, and accountability, with an aim to deliver on published DEI goals.

For 2022, Macy's stated that its representation goals include continuing to increase ethnic diversity of their leadership at the director and above level to reach 30 percent by 2025 and deliver elevated DE&I skills-based and behavior-based training to all colleagues.

Case Study: Manulife

Manulife's global DEI strategy focuses on three pillars:

Talent pillar: "We aim see diversity at all levels in the organization that is reflective of the communities we serve."

Culture pillar: "Our goal is to create a workplace culture where employees thrive because they belong and can bring their authentic selves to work."

Community pillar: "We are working to create strong partnerships and DEI support in the external communities in which we live, work, and serve."

In 2022 , the company introduced a fourth strategic pillar, the Business Pillar, where they extend DEI values across their products and services to make them more inclusive.

Progress

<u>Talent</u>

Manulife's Pledge: Increase the representation of diverse talent at all levels of the organization by building representation of professionals who are Black, Indigenous and People of Color (BIPOC) through graduate programs, accelerated midcareer development and focused leadership recruitment efforts.

Progress

- Invested in ongoing, virtual, and live, recruitment events in the US at Historically Black Colleges and Universities
- Implemented partnerships with ICON Talent Partners, ONYX Initiative, Black Enterprise, and Canadian Association of Black Insurance Professionals to support Manulife's new graduate, summer student, professional, and executive recruitment activities
- Launched a bursary program with Wilfred Laurier University and Seneca College of Applied Arts and Technology to support Indigenous students
- Continued partnership with the Martin Luther King Scholars program, where each summer the company sponsors employment of over 600 Boston teens at nearly 60 local nonprofit organizations, the largest summer jobs program of its kind in the United States
- Implemented and accelerated development program for high-potential mid-career BIPOC leaders
- Globally collecting self ID employee data to gain a clearer understanding of the makeup of the Manulife employee base to help guide plans and strategies to address barriers of inequalities
- Far exceeded new grad BIPOC hiring target of 25 percent in 2021, it was increased to 30 percent in 2022, in Q1 63 percent the new grad program hires were BIPOC
- In Q1 2022 Manulife reached its target of 32 percent female representation at the VP+ level
- The company has reached 17 percent of its target of 30 percent BIPOC representation at director + levels by 2025

Case Study: Manulife (Continued)

Culture

Pledge: Create greater inclusion across our company through enhanced training that goes beyond our mandatory unconscious bias training and focus' on allyship.

Progress

- Implemented a Global Afternoon of Reflection and Learning in 2021 and continues in 2022, with a concentration on learning and education on racism around the globe
- Implemented biannual global "Ask me Anything" sessions with Global DEI team where colleagues can ask regional DEI leaders anything relating to DEI
- Implemented an Inclusive Language program analyzing, understanding and educating the global team on the use of language and terminology in documents and policies, broadly across the organization
- Launched an internal DEI Microsite where information on the company DEI strategy is transparently shared media library is provided, stories of their diverse colleagues, ERGs events are highlighted, and tools and resources for provided to their global colleagues
- Connection sessions are completed biannually with our CHRO and CEO with ERG chairs and co-chairs
- In 2021, implemented a Global DEI newsletter which outlines the important initiatives that progress their global DEI strategies to all 38,000 colleagues worldwide

Community:

Pledge: Support organizations helping BIPOC communities through donations and volunteerism focused on financial education and career mentorship.

Progress

- Manulife appointed a dedicated supplier diversity professional and supplier diversity core team
- Expanded supplier diversity program to be North American wide
- Created partnerships with supplier diversity organizations, Canadian Aboriginal and Minority Supplier Council, which gives us access to their diverse supplier databases
- In 2021 launched #DiversityChampion Summer Internship Program in Hong Kong, the first cross-industry partnership of its kind. The program exposes six students to different industries and career paths in the DEI space
- Joined the Canadian Council for Aboriginal Business (CABB), an organization that helps to foster and equitable and sustainable economy across Canada by building relationships between Aboriginal and non-Aboriginal businesses and communities

Case Study: KPMG

Transparency has been the hallmark of KPMG’s efforts to advance its DEI commitment for the past two years. The organization published its first US DEI Transparency Report in 2020, followed by a second report in 2021, to reflect on the important progress it has made and the change it continues to drive.

“July 1 marks the two-year anniversary of our Accelerate 2025 commitment to attract, retain, and advance underrepresented talent. Our annual transparency report serves as a pivotal reflection point in our DEI journey and empowers us to document our progress and identify how we can continue to take steps in the right direction to advance our goals,” said Elena Richards, KPMG’s Chief Diversity Equity & Inclusion Officer.

Specifically, by 2025 the US firm’s goals include hiring 50 percent of partners and managing directors from underrepresented groups, including doubling Black representation; a 50 percent increase in the Black and Latine workforce; and a significant increase in representation from underrepresented groups in client and firm-wide leadership roles.

To reach these goals, as of 2021, KPMG has focused on three pillars: ”Getting here” (recruitment), “Succeeding here” (engagement, inclusion), and “Leading here” (advancement).

For Getting here, highlights include:

- Increased the number of hires from HBCUs (Historically Black Colleges and Universities) by 40%
- Hired more than 1,000 Black/Latine experienced hires

For Succeeding here, highlights include:

- Increased access for participation in signature leadership development programs
- Launched an enhanced platform for employees to self-ID by dimensions of diversity

For Leading here, highlights include:

- Promoted 54.1 percent of individuals from underrepresented groups
- Engaged more than 6,500 members in the Business Resource Group Leadership Development series

“We are investing in ways to reimagine our processes and systems and have been incredibly intentional around every aspect of the talent lifecycle to mitigate unconscious bias and drive a consistent experience for our people,” continued Richards.

The firm has also adjusted to the dearth of talent in the current labor market facing all companies. To identify more talent, especially from underrepresented groups, KPMG has opened its application process, enhanced relationships with HBCUs, and invested in other key partnerships to attract more military professionals and people with disabilities.

“KPMG continues to focus on building a pipeline to support its aspirational goals for the partnership and leadership, a learning strategy that affords everyone the opportunity for growth and development and unlocking the power of its people with a renewed commitment to talent and culture.” Richards said.

Case Study: PepsiCo

In 2020, PepsiCo pledged to commit $400 million over five years to increase representation of Black employees and to increase its procurement efforts with Black-owned suppliers.

PepsiCo laid out a set of initiatives focused on three pillars: people, business, and communities. The company's specific goals included investing $50 million in Black-owned businesses, doubling its spending with Black-owned suppliers, and expanding the number of Black managers by 30 percent.

The company stated that its plans to increase the Black managerial population by 30 percent by 2025 would be done through internal development and recruitment. They also pledged to add more than 250 Black associates to managerial roles by 2025, including adding a minimum of 100 Black associates to their executive ranks.

The company also pledged to invest an incremental $20 million over five years and to broadly increase efforts to create opportunity and advance economic empowerment for Black Americans, starting by:

- Accelerating support for social programs that impact Black communities, including delivering $6.5 million in community impact grants to address systemic issues
- Investing $5 million to launch a Community Leader Fellowship program for Black nonprofit CEOs
- Supporting Black-owned restaurants as part of their Small Businesses Program, including mentoring, management training, and help obtaining financing

At the end of 2021, PepsiCo reported they increased Black managerial representation to 8.3 percent and added 28 Black associates to their executive ranks. They also noted that they were on track to increase their Black managerial population to 10 percent of their workforce by 2025 to mirror workforce availability of the communities where they work.

The company also successfully launched a six-month executive developmental program for Black and Latine managers, which trained 140+ Black and Latine managers in 2021.

They increased partnerships with HBCUs and HSIs to foster Black and Latine talent, resulting in the largest diverse intern class in 2021, the company noted. They also stated that 2,000+ scholarships would be awarded by the end of 2022 through the PepsiCo Foundation Community College Program.

Through its Dig In Initiative, PepsiCo said it has been able to disperse $5.8 million to Black-owned restaurants and anticipated investing $11.4 million by the end 2021.

In February 2022, PepsiCo created a dedicated North America multicultural business and equity development organization to accelerate progress on their racial equity journey.

Case Study: Target

Target has shared that they've met or exceeded almost all of their 2019–2021 goals, from increasing promotions for people of color to meeting their spending goal with diverse suppliers.

The company increased officers of color representation by 33 percent. Now one in three officers at Target is a person of color. The company also significantly increased promotions for people of color by 62 percent. The company also met their goal to spend $1.78 billion with diverse suppliers.

Target's 2022–2024 goals will focus on creating even more equity and belonging within the team, community, and business via representation, advancement, and retention; creating an inclusive culture; and making equitable business decisions.

This progress is based on the goals formed when the company established REACH—Racial Equity Action and Change committee—in 2020 to create an action plan to achieve their diversity, equity, and inclusion goals. In September 2020, after Target released its Workforce Diversity Report, the company pledged to increase representation of Black team members across all levels of its business by 20 percent over the next three years. The company also simultaneously announced various systemic changes to increase retention and advancement, activating a network of mentors and sponsors and ensuring that their benefits and partnerships drive wellness and safety for Black team members.

In 2021 Target invested $100 million through 2025 to help fuel economic prosperity in Black communities across the country by supporting local, Black-led organizations to ensure that resources are specifically designed for the communities they serve.

Case Study: Wells Fargo

In 2020, Wells Fargo announced commitments to doubling Black leadership by 2025. In 2020, among the company's senior leadership, 41 percent were female and 21 percent were racially or ethnically diverse but only 6 percent were Black/African American. The company stated that it planned to "aggressively recruit senior managers from outside the company, which will in turn better position Wells Fargo to promote from within for its top leadership roles."

The bank also committed to senior leadership compensation based on their progress on DEI initiatives, such as improving diverse representation and inclusion in their areas of responsibility.

This DEI executive performance objective for senior leaders is directly connected to increasing gender, racial, and ethnic representation in their executive ranks. Their progress has a direct impact on year-end individual performance evaluations of the CEO and each operating committee member as well as on year-end compensation decisions.

The company also created a new and expanded diversity role reporting to the CEO and unveiled anti-racism manager training, programming, and sponsorship investment.

Also, as of May 2021, Wells Fargo has made investments in 13 Minority Depository Institutions (MDIs) and has fulfilled the bank's March 2020 announcement to commit $50 million to Black-owned banks in communities across the country. Additionally, in April the bank committed $210 million toward racial equity in home ownership in an effort to close the gap preventing minority families from achieving home ownership and wealth goals.

The company stated that it would develop a Special Purpose Credit Program (SPCP) to help minority homeowners whose mortgages are currently serviced by Wells Fargo refinance those mortgages.

Wells Fargo will commit $150 million to lower mortgage rates and reduce the refinancing costs to help these homeowners further benefit from refinancing.

What's Next: Advice for Companies Going Forward

As the United States and the world face increasingly divisive and difficult issues, companies will have to choose whether to act publicly to stand up for inclusion or remain silent.

For some, the choice is clear. "If you choose to be silent, that is an action," says McCarthy. Efforts to fight racism and injustice, he says, are both corporate and personal for leaders. "For me, personally, it has to be a daily education because I spent my whole life not really understanding or experiencing any of these topics. On the corporate level, I struggle with how slow progress is. We all need to pivot more quickly."

Boykin-Towns and Cantor both urge organizations to take a holistic and systemic approach to their anti-racism efforts and seek external thought leadership to understand how what they do fits in to the larger picture.

"Companies that are really recognizing the challenges they have and what they need to do to move forward are engaging external experts or setting up advisory boards. It's not just about philanthropy; it's about investment in the community," says Boykin-Towns.

Adds Cantor: "Organizations are creating a more formal approach to build racial equity than just an HR checklist. Some are looking at the whole business and ways they can tailor what they are doing to benefit underrepresented communities, such as building financial literacy skills. Organizations are looking at not just who they are hiring but what their actual work is and how it can be reflective of engagement with communities they may have marginalized previously."

Organizations Supporting Racial Equity

OneTen Coalition

The OneTen Coalition was established in December 2020 by leading CEOs—former Merck CEO Ken Frazier, Chairman and Managing Director of General Catalyst; former American Express CEO Ken Chenault; former IBM CEO Ginni Rometty; former Amgen CEO Kevin Sharer; and Managing Partner of Recognize, Charles Phillips.

OneTen's mission is to "hire, promote and advance one million Black individuals who do not have a four-year degree into family-sustaining careers over the next 10 years." They take a skills-first approach, focusing on competencies to equalize employment for Black individuals without four-year degrees.

OneTen connects employers with talent partners, leading nonprofits, and other skill-credentialing organizations that support the development of diverse talent. The coalition partners with member companies; talent developers, including community colleges, online bootcamps, and military transition programs; and community organizations across the United States.

In December 2020, they had 37 founding companies, including IBM, Allstate, Bank of America, HP, Nike, Eli Lilly & Company, and Wells Fargo. As of October 2021, the coalition included 60 member companies.

The coalition's "Year One" impact report, released in December 2021, revealed that 17,000 Black individuals were hired into family-sustaining jobs in the first year with an 89% retention rate.

The 15 Percent Pledge

The 15 Percent Pledge is an invitation to retailers to foster variety and economic equality. The premise is simple: Black people make up 15 percent of the US population. So, the pledge asked businesses to dedicate 15 percent of their shelf space to Black-owned brands.

It started with an Instagram post in 2020 by Aurora James, who became the founder. She targeted her ask at retailers, all with stores in Black communities and ads directed at Black people that sell an array of products, including clothing, beauty, and food.

These retailers depend on the Black dollar to stay in business, making the 15 Percent Pledge an important ask because of Black buying power, which reached $1.57 trillion in 2020, according to University of Georgia's Selig Center for Economic Growth and is projected to grow to $1.8 trillion by 2024.

More than 28 of the world's most recognized retailers have taken the pledge, redirecting $10 billion in revenue to Black brands. These companies include Sephora, Nordstrom, Macy's, Ulta Beauty, and Yelp. Some companies have signed 10-year contracts while others have signed shorter ones.

WEF: Partnering for Racial Justice in Business

In 2021, the World Economic Forum unveiled the Partnering for Racial Justice in Business initiative with 48 founding partner organizations representing 13 industries, with more than 5.5 million employees worldwide. The aim is to drive systematic and sustainable change toward racial justice and set new global standards for racial equity in business. It also provides a platform for businesses to collectively advocate for inclusive policy change.

The overall objective is to design racially just workplaces. The WEF states that companies must confront racism at a systemic level—addressing everything from the structural and social mechanics of their own organizations to the role they play in the communities in which they operate and the economy at large.

According to WEF, three steps are required for a company to join the initiative:

- Racial and ethnic equity must be placed on the board's agenda.
- Companies must make at least one commitment toward racial and ethnic justice in their organizations.
- Companies must put a long-term strategy in place toward becoming an anti-racist organization.

Examples of business commitments toward racial and ethnic justice range from allocating financial and human resources to racial justice work, setting representation goals for all seniority levels, and establishing mentorship programs for racially and ethnically diverse employees, notes the WEF.

The initiative's starting point focused on Black inclusion and addressing anti-Blackness. The WEF stated that "a broad-brush approach to racism fails to grasp its effects on different under-represented groups."

Founding member companies include Bank of America, Cisco Systems, EY, Facebook, Kaiser Permanente, LinkedIn, Mayo Clinic, PayPal, Procter & Gamble, The Coca-Cola Company, Unilever, and UPS.

Sephora Racial Bias in Retail Study and the Mitigate Racial Bias in Retail Charter

In 2020, Sephora conducted the first national research study in the United States focused on racially biased and unfair treatment in retail settings. Sephora's main objective was to examine the causes and instances of bias among US shoppers in retail and inspire a call to action among its industry peers.

The goal of the research was to call attention to the inequities of retail shopping experiences for consumers and more importantly, identify actionable solutions to galvanize change. Especially in the wake of the George Floyd murder and the highlighted inequities for people of color during the COVID-19 pandemic, the events of 2020 further reinforced the need for immediate reform in all areas of the public sector, Sephora noted.

The study, conducted by Dr. Cassi Pittman Claytor and Dr. David Crockett, leading scholars of retail racism, reveals that racially biased and exclusionary treatment (RBET) is more prominent for shoppers of color who have disproportionately personally experienced and/or witnessed or heard about unfair treatment based on their ethnicity/skin color in stores. Looking at the consumers' journey of the in-store experience, the study was organized by evaluating perceptions upon entering the store, treatment received while shopping, and the post-shopping, in-store experience.

The study provided evidence that retailers have not taken advantage of opportunities to attract diverse shoppers. The study found that there are marketing limitations and a lack of a diverse assortment of products available to meet the needs of different preferences, unique styles, and various consumer tastes. US retail shoppers of color who participated in the study believe they are judged first by their skin color and ethnicity even before neutral indicators such as age, body weight, size, attractiveness, and attire. These shoppers also experienced unfair treatment during the in-store experience.

After experiencing racial bias, the study also found that three out of five US retail shoppers will not shop at that specific location again, while one out of two will not shop at any of the retailer's store locations in the future.

Sephora's action plan in light of these findings included:

- Establishing new marketing production guidelines that encourage consideration of a diverse array of backgrounds, identities, ages, and body types in their campaigns, social media, marketing, and more
- Building on their commitment to the 15% Pledge, they planned to double their assortment of Black-owned brands by the end of 2021
- Implementing new feedback mechanisms for both purchasers and non-purchasers
- Creating new training modules required for all Sephora Beauty Advisors that better define what client engagement should look like at each point in the shopping experience and which behaviors will not be tolerated
- Establishing a D&I In-Store Experience Dashboard to provide analytics on client service and feedback to stores on a monthly basis to measure employee training compliance and efficacy
- Broadening recruitment and career advancement processes for employees of color
- Requiring 100 percent compliance across their existing employee base and updating their zero-tolerance behavior standards to include automatic and immediate termination if there is reason to believe an employee violated Sephora's code of conduct

As an answer and a call to action to this study, 28 leading US retailer brands signed the Mitigate Racial Bias in Retail Charter in May 2022. Initiated by the national nonprofit Open to All and Sephora, brands that sign the Mitigate Racial Bias in Retail Charter commit to taking concrete steps to ensure a more welcoming environment for all by reducing racially biased experiences and unfair treatment for shoppers in the retail sector.

The US retailers that have joined the Charter to date are American Eagle Outfitters, Inc. (American Eagle, Aerie), Ascena Retail Group (Ann Taylor, Lane Bryant, LOFT, Lou & Grey), Ben & Jerry's, Capri Holdings (Michael Kors, Jimmy Choo, Versace), CarMax, Crocs, DICK'S, GAP, Inc. (Athleta, Banana Republic, Gap, Old Navy), H&M, J. Crew Group, Levi Strauss & Co., Michaels, Movado Group, Tapestry (Coach, Kate Spade, Stuart Weitzman), rue 21, Sephora, and Zara.

Non-retail companies, institutions, NGOs, and nonprofits can also join in by becoming a supporter of the Charter and taking the Open to All pledge.