

MEMO ON EXPECTED PLEDGE COMMITMENTS FOR RENEW

RENEW

RENEW, or the Racial Equity & Newly Empowered Workplaces Taskforce, is composed of representatives of a broad coalition of private sector companies that are supporting and want to contribute to Los Angeles' strong action on racial equity as outlined in the Mayor's Executive Directive No. 27. The aim of RENEW is to support the City's ambition for a more equitable Los Angeles by having representatives commit their respective companies to accelerating their work toward the goals contained in the RENEW pledge — and to improve the diversity, equity and inclusivity of their operations and processes with respect to their people, business, and communities.

We believe that beyond the clear moral imperative to pursue racial justice, there are tangible business advantages to running more diverse and equitable organizations. Companies with more diverse teams are shown to be more productive — possessing faster problem-solving and better decision-making and earning average, higher on-average returns than less-diverse industry peers. Contracting and doing business with a more diverse set of suppliers, vendors and partners correlates with higher resilience, increased innovation, and even lower costs through more robust competition. A more diverse customer base is an *expanded* customer base and one with lower volatility in cash flow. Finally, companies that contribute to the communities around them are shown to better attract and retain talent with a positive public image.

Pledge

We, L.A.'s private sector employers and industry leaders...

RECOGNIZE we are living in a singular moment in history — at the intersection of a resurgent movement for racial justice and a global pandemic that has further laid bare the human toll of racial inequity. These deep, persistent challenges unjustly punish and restrain progress for large segments of the population, while holding us back from realizing the many benefits of running diverse and equitable organizations

INTEND to reshape our organizations into forces that contribute to positive equity change by reviewing, revising, or replacing systems and structures in our businesses. As providers of thousands of livelihoods and millions of products and services, we pursue this endeavor in order to offer more just opportunities and support to our current and future employees, clients, networks, and communities. And in turn, our commitment to equity lays a foundation for growth that is just, equitable and sustainable.

COMMIT to supporting the City's ongoing efforts for greater racial equity with action, accountability, and a push for improvement along 6 pillars that promote equity in our people, businesses, and communities that will drive extraordinary impact in Los Angeles.

INVITE others to sign this pledge; commit to using their resources and influence to make lasting change in a pivotal moment on the journey for racial equity; and inspire other companies and institutions that are willing to join this movement, aspiring to reach:

- 2x the current Black & Latino representation
- 100% pay equity for Black & Latino employees
- 2x the current resources invested in Black & Latino businesses and communities

We acknowledge each company is at a different step on its racial equity journey...

AND on this journey, success is not binary. It is a ladder — with each step bringing us closer to the changes we seek.

EACH organization will have its own challenges and opportunities related to size, maturity, ownership structure, industry, location, and myriad other factors.

SOME might need more resources or time to reach their ideal state. Others may be ahead but want to push further.

BUT the true failure would be lacking the courage and vision to be bold.

BECAUSE we believe each company has the ability, and responsibility, to help build a more equitable Los Angeles for all Angelenos. And we invite all who share this vision to work together as one community.

WHEREVER you are on this journey, keep looking to the future — this is an inflection point that demands we build a path to the tomorrow promised to all.

The goal is **progress**.

...and we will achieve it because we...

PLEDGE to catalyze change along 6 pillars:

1. Build and shape an inclusive pipeline and equitable hiring process across all levels and functions
2. Create equitable development opportunities for retention and promotion
3. Reduce and eradicate any like-for-like racial compensation gap
4. Build a diverse procurement and vendor network that supports and promotes equity
5. Include minority groups with an equitable company portfolio and brand
6. Support organizations and communities advancing equity through communication, donations and action

In order to measure this progress, we aim to regularly collect and track the metrics specified below or comparable equivalents:

1. Racial representation (%) in new hires across all functions
2. Racial representation (%) in managers & executives
3. Gap in like-for-like employee compensation
4. % of total spend with suppliers with minority-ownership
5. Racial representation (%) in marketing or business development spend
6. Total resources contributed to equity-related causes (e.g. resource \$ value or \$)

Taking into account an estimated 2020 average starting baseline (from available information on companies representing a selection of major industries in the LA area) of:

1. 15% Black and Latino new hires
2. 8% Black and Latino leadership
3. 76% Black and Latino pay equity (-24% pay gap to White like-for-like compensation)
4. 7% of total vendor spend with minority-owned vendors
5. 6% of total marketing or business development spend
6. 1x contributed to equity-related causes

We, together, are aiming for the following group-level aspirational goals by the end of 2025. Those of us who may be starting ahead of the average starting baseline will continue to push forward — although we may grow at a slower pace than average due to industry-specific trends or other factors. Those of us who are behind will step up and aim to surpass the expected average growth:

1. 30% Black and Latino new hires (15% YoY average growth from baseline)
2. 16% Black and Latino leadership (15% YoY average growth from baseline)
3. 100% Black and Latino pay equity (0% pay gap to White like-for-like compensation)
4. 14% of total vendor spend with minority-owned vendors (15% YoY average growth from baseline)
5. 12% of total marketing or BD spend (15% YoY average growth from baseline)
6. 2x contributed to equity-related causes (15% YoY average growth from baseline)

Note that as mentioned above, all external reporting will be an aggregation of all data from every participating Task Force member company so that any metric publicly shared would be for the Task Force as a group e.g. “Task Force as a whole is at 17% Black & Latino new hiring this year, up 25% from last year”.

Commitment

For some companies even the 2020 average baseline numbers may be beyond what is feasible to achieve in 5 years’ time, while for others the 2025 aspirational goals may already lag their current 2020 status. The stated aspirational end goals represent what is thought to be generally feasible, achievable, and fairly close to “what good looks like” based on publicly available company data, and national and local statistics. Companies will not be penalized as they continue their journey; however, all are expected to make good-conscience efforts to drive diversity and inclusion improvement along all 6 pillars.

Signing on to the pledge includes a commitment to the principles of the pledge and to strive for improvement along the 6 specified pillars. Members should aim to achieve the goals specified in the pledge or show significant improvement from their current baselines in a 5-year period. While the pledge is non-binding, the City plans to celebrate those partners as they continue to progress along the specified metrics.

The city recognizes that not all metrics may be directly applicable or feasible to calculate for some companies and industries, so we encourage and allow companies to collect, track and report the data that most closely mirrors the specified metric, or the spirit of the metrics specified above.

RENEW will compose a coalition of companies that are willing to commit to the pledge above for their Los Angeles area business presence and to sign-off on this commitment on October 5th, 2020. The commitment period of the pledge is currently proposed for October 5th, 2020 to December 31st, 2025 but may be extended at the will of the associated City representatives and Task Force member group.

Tracking & sharing

RENEW members are not obligated to collect or share any specific metrics but data or indicators of progress along the pillars are expected. Individual company data is anonymized before it is sent to the City, will not be shared to the City or RENEW members in any identifiable manner, and will never be shared unless explicitly allowed for by the company. All data and reports will be anonymized and any external progress shared will be aggregated at the Task Force group level (e.g. total Task Force Black and Latino new hire %).

The City would like RENEW members to collect data on the 6 specified metrics or comparable equivalents for a Q1 2021 baseline report. This baseline report will be kept internal and is for each Task Force member to understand their starting point, gain visibility on how they perform compared to (anonymized) peers, and create the necessary processes to start tracking progress along the 6 pillars for 2021 and beyond.

Following the Q1 baseline report, the City would like RENEW members to send all relevant progress data every 6 months in order to produce progress reports of the anonymized Task Force member data that can be shared internally with members twice per year. The first internally shared report of Task Force member data is planned for Q3 of 2021.

Companies that are already tracking requested data through other means will have the option of utilizing existing responses to populate the City's Task Force survey responses, reducing redundant data requests.

Once a year, the City will leverage the members' data to produce and publicly share an anonymized and aggregated group-level progress report to the public. The first publicly shared report of RENEW member data is planned for Q4 of 2021/Q1 of 2022.

Engagement

After the sign-off planned for October 5th, 2020, RENEW members will be asked to continue attending Task Force-related meetings, engage with other members as needed, and contribute material to the Task Force initiatives and the Racial Equity playbook. This material can include relevant templates, tools, case studies and other resources.

RENEW members should also aim to be open to sharing best practices to other RENEW members, providing support by discussing challenges and promoting the pledge for wider adoption by other companies.