FORTUNE CEO INITIATIVE

Collaboration to Change the World
Tech for Good
Workforce Redesign
Equity & Opportunity
Climate-centric Strategies

THE FORTUNE CEO INITIATIVE, launched after an extraordinary 2016 meeting at the Vatican, was created to convene, engage, and reflect the purpose-driven missions of corporate leaders who are committed to addressing societal challenges as part of their core businesses. Our CEO members believe in a simple proposition: that companies can and should do well by doing good in the world.

And today, Fortune CEOI members challenge all corporate leaders to adopt the following actions in four key areas: making technology a force for good, addressing the urgency of climate change and human impact on the environment, ensuring a more equitable society, and preparing our global workforces for the challenges of the future. Core to all of these efforts is collaboration—across the spectrum of business, with governments and nonprofit groups, and even with industry competitors. And so, as part of this year's CEOI goals, we are committed to providing a guide and resource for helping companies collaborate at scale.

CO-CHAIRS:
Enrique Lores, Chief Executive Officer, HP Inc.
Vas Narasimhan, Chief Executive Officer, Novartis
Polly Sumner, Chief Adoption Officer, Salesforce
Julie Sweet, Chief Executive Officer, Accenture

MODERATOR:
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Collaboration to Change the World

2020 CEOI WORKING GROUP REPORT

The power of collaboration has been vividly illustrated by the world's collective response to the COVID-19 pandemic. From efforts to develop a vaccine to repurposing manufacturing facilities for PPE needs, alliances between individual companies and between companies and governments have been instrumental in catalyzing bold innovations.

Indeed, finding new ways to work together may be one of the most positive outcomes of the pandemic, and the need for more effective approaches to collaboration was a refrain sounded often in all five CEO Initiative working groups. "When we look to partner, and make a difference, it doesn't matter if a company is big or small," noted one CEO. "It's the relative difference that you can make that matters."

As the world seeks to rebuild toward a successful and resilient future, convening strengths and capabilities across business, government, and nonprofits will be necessary to tackle complex issues no one company or entity could face or solve alone. This recognition led the Collaboration to Change the World working group to focus on crafting a framework of principles, best practices, and considerations to create unprecedented impact and change.

It's worth pointing out that the process by which this working group arrived at its collective recommendations was itself a brainstorming collaboration in itself: Our aim was to create a "How To" guide for collaborating at scale, organized around CEOI founding partner Salesforce's "V2MOM" framework—which helps partners align on their vision for the project, the values and methods that will guide them, the obstacles that may have to be overcome, and the measures that will be used to evaluate success. The hope is that this might serve as a living document, continually updated with new experiences and learnings, that might be used to help others engage in successful collaborations at scale in the future. (FORTUNE is in the process of producing this document, which will be shared first with our Working Group and then with the full membership of the FORTUNE CEO Initiative.)

THE UNDENIABLE POWER OF COLLABORATION

CEOs have a leadership role in society. They are expected to serve not only their customers and employees, but also their communities. This mindset is empowering today's corporate leaders to engage in ambitious collaborations—with direct competitors, across industries or borders, and/or with governments or nonprofits—that a generation ago might have seemed unlikely.

"Right now, people are looking to the CEOs much more than governments or social institutions. But they are looking to CEOs as people they can trust, have opinions that matter, and can step up to the opportunity to lead in a new way across public and private sector, and nonprofits," said Polly Sumner, chief adoption officer at Salesforce and one of the working group co-chairs.

Accenture CEO Julie Sweet, working group co-chair, translated the idea of "stakeholder capitalism" into the more relatable concept of "shared success." COVID has accelerated this revelation, she said. ***"It's making sure that the great things we can do together and the innovations are for the benefit of all. And that is at the core, really, of stakeholder capitalism."*** In Accenture's case, Sweet said that means understanding what each partner brings to the table and ensuring that the shared premise is on a path to scale.

Co-chair HP Inc. CEO Enrique Lores observed that collaboration at scale requires CEO buy-in. He embraced the notion that C-suite members and other senior managers must lead differently from the way they did in past generations—they have to get closer to their employees, their customers, and their communities. ***"We need to put aside some of our own personal egos, our own personal or company objectives, to really go and focus on what is a common problem that we are addressing,"* he said. *"This is going to require also a new leadership style that we need to bring to our companies."***

Novartis CEO Vas Narasimhan, our fourth co-chair, observed that COVID-19 has underscored the value of expanding alliances in the precompetitive space to avoid "duplicative" research, experimentation, and investments in new methods of production—not just to battle emerging infectious diseases, but totackle climate change, poverty, and other deep-seated problems.

WHAT STANDS IN THE WAY?

Despite his optimism, Narasimhan suggested three things he learned this year that should be front-of-mind for future collaborations. The first is the importance of having a shared understanding of the objective, what metrics are appropriate to measure it, and what data are essential to make good decisions. Otherwise, companies risk wasting tremendous effort.

Second is the benefit of involving global institutions that can traverse parochial interests and help private-sector companies work with one another and with governments without having to navigate one geopolitical minefield after another. One example referenced by the group is the Living, Learning & Earning—an alliance to develop multigenerational workforce practices—that was brought together by AARP, the World Economic Forum, the OECD, and 50 employers ranging from Adecco to UnitedHealth.

It's also essential to uphold the importance of competition, even in the midst of genuine collaboration, noted Narasimhan and other working group participants. Competition drives innovation as companies think about both their long-term business objectives and their reputations—and that can hopefully raise the level of ambition, participation, and sense of urgency for all the companies involved in precompetitive collaborative effort.

What else stands in the way of effective collaboration? Here are seven common challenges identified by the working group members that deserve leadership attention:

1. **Old Models of Success:** Many organizations are focused on the possibility of returning to pre-pandemic processes, relationships, and models—it's the "this isn't how we do it" mentality, noted one CEO. While emergency regulatory frameworks can boost collaborations during crisis, conventional frameworks must be challenged and broken for alliances to scale and survive.
2. **Redundancy:** Partners could inevitably overlap in strengths, capabilities, and intentions.
3. **Recognition and Control:** Parochial instincts, concerns over proprietary information, and internal motivations may fuel possessiveness that hinders collaboration.
4. **Prioritization:** Important individual and corporate priorities may endanger the ability to uphold commitments to the collective.
5. **Ability to Execute:** Gaps in capabilities and resources may be tough to overcome. Collaborations must balance ambition with scope.
6. **Inertia:** Gaining and maintaining consistent energy may be difficult.
7. **Alignment:** Even with common intent, partners may be unable to align on time horizons and other vital factors (company reputation, cultures, skills).

ESSENTIAL INGREDIENTS FOR SUSTAINED SUCCESS

While the objective of every collaboration is unique, the working group observed the most effective ones demonstrate a strong sense of shared vision and purpose. Goals are specific and the value of combining resources is clear—with each partner bringing its own strengths to the combination. A fundamental question that must be asked at the beginning: Can this desired result be achieved by any one of these organizations alone? "The biggest challenge is to land on a specific outcome that you want to achieve," noted one participant.

Setting an appropriate level of ambition is also critical. A collaboration should result in an outcome that is richer and broader than what's otherwise possible. Scale is important: if the goal isn't big enough, the individuals responsible for delivering on commitments might not be inspired to prioritize them. After all, "you're serving something that goes beyond yourself or your brand," another participant noted. Start with a mission that is bold, but also remember that the ambition needs to match the capacity of the collective, cautioned another.

Establishing a culture of trust and inclusion is fundamental, so participants can count on each to deliver on promises and to freely share ideas. Reflect on who's not at the table and who should be invited to participate, aside from the usual suspects. "The more ambitious the project, the more likely that we aren't going to know everything," said one working group member.

Several working group members also spoke about the importance of stamina, of providing a framework of measurement and discipline that helps partnerships flourish over time. Without it, a promising collaboration is destined to flounder after the initial enthusiasm subsides. "If we let these kinds of issues fade when there is not a crisis in front of us, then we're going to continue to face these kinds of issues over and over again," said one CEO.

That makes institutionalizing the goals of a collaboration—with each collaborator setting expectations within their own operations—critically important. With that in mind, here are five high-level recommendations and related measures advanced by the working group, which should serve as the foundation for every collaboration:

1. **Begin with Bold, Scalable Ambition:** Start with an audacious goal and vision for the greater good. Take collective responsibility for an outcome at scale that no one entity could accomplish. MEASURES: A shared declaration of purpose, specifics about the potential for community impact, and a roadmap for scale that isn't profit-based.
2. **Foster Inclusiveness, Diversity, and Equity:** Seek out diverse and unexpected partners who can shed new light on the challenge. Create an environment of equality to empower people at every level. MEASURES: Full and transparent profiles of participants, and the role they play (governments, institutions, educators, private sector); participation by beneficiaries.
3. **Build for Speed to Value:** Work openly, sharing data and knowledge, and focusing on tangible outcomes and speed to value. MEASURES: Sprint-driven pilots that include a formal listening engine to fuel impact and innovation; track outcomes and time to progress; be transparent about shared success.
4. **Operationalize for Continued Impact:** Begin with scale and longevity in mind to guide participation and investment. Establish continuity through institutional support.

MEASURES: Set short-, mid- and long-term milestones, be clear about resource commitments, communicate and meet on a regular cadence.

5. **Develop a Common Language:** Create a shared language around operating principles, mission, goals, and case studies to bring everyone together. Establish clear criteria for shared data, swift decision making, and project timelines, as well as clear roles and responsibility for each participant. MEASURES: Celebrate progress and shared wins, create shared case studies, be clear about accountability and responsibility.

Putting operational discipline around any collaborative initiative is essential, observed Sweet. “Shared success is a mentality, but as CEOs, institutionalizing collaboration and scale as part of our decision making is, I think, really important if we want to practically make a commitment real in a shorter amount of time.”

“Without strong institutions, private sector companies inevitably end up having to go with the system in place.” — Vas Narasimhan, CEO, Novartis

Tech for Good

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Tech for Good

2020 CEOI WORKING GROUP REPORT

Technology holds enormous potential to address many, if not all, of the world's most pressing problems—global hunger, access to basic health care, or climate change. It also carries the potential to have equally enormous negative effects, such as spreading socially damaging disinformation, reinforcing bias, and accelerating inequality.

As CEOs in the midst of a historically unprecedented pandemic and a concurrent technological transformation, members of the Fortune CEO Initiative recognize they carry a special responsibility to ensure companies adopt policies and practices that maximize technology's positive impacts on society and minimize harmful and unintended consequences.

Over the course of three working group sessions, members of the Tech for Good working group, presented in partnership with Genpact, zeroed in on two issues that rose above the rest because of their urgency and broad consequences for society: the digital divide and the pressing need to reskill the global workforce. Solving these two challenges will require an unusually high degree of cooperation across industries and with governments—and therefore would benefit from a conscious and collaborative effort.

COLLABORATE TO BROADEN ACCESS TO BROADBAND

RECOMMENDATION 1: ***We should do everything reasonable, and work with governments at all levels to do everything reasonable, to make broadband internet access universally available.***

Among its many far-reaching impacts, the COVID-19 pandemic has accelerated the pace of digitalization. McKinsey research suggests adoption leaped forward five years in a matter of months. This year, it became increasingly clear that universal internet access is an essential service if all people are to have full opportunity to enjoy the benefits of technology. It has become as essential as food, shelter, and medical care—indeed, even adequate access to medical care is becoming dependent upon access to broadband.

Yet, basic access to internet services has emerged as a significant challenge for vulnerable rural and urban communities, as school shutdowns and corporate facilities closures related to COVID-19 linger. "So many communities do not have the same types of access, and we're seeing that now in today's society," noted one medical industry executive. Even tasks such as disseminating public safety updates about the virus to the general population in a secure, prompt manner have proved difficult, observed several working group participants.

The Digital Divide

(10 states with lowest adoption rates for low-income households)

State	Overall Broadband Adoption Rate	Adoption Rate for Households Below 20K
Mississippi	73.4	49.7
Arkansas	73.0	49.8
Louisiana	75.6	50.8
New Mexico	76.4	53.9
South Carolina	79.2	54.0
North Dakota	81.3	54.0
South Dakota	80.6	54.1
Pennsylvania	81.5	54.2
Maine	82.0	54.3
Kentucky	78.9	54.4

Source: Brookings Institution analysis of American Community Survey data

Throughout the discussions, a consensus emerged that expanded access to internet services is a critical problem for companies to overcome to address many different challenges, particularly providing equitable access to training and learning platforms that could address the unemployment crisis and improve the resilience of individuals, businesses, and communities. "A big part of it starts with access to broadband," observed group co-chair Ellen Kullman, CEO of Carbon. "It is such an enabler around reskilling."

> ***A big part of it starts with access to broadband. It is such an enabler around reskilling.***
> *—Ellen Kullman, CEO, Carbon*

Working group members offered several ideas for how corporations might support efforts to expand and ensure access, such as funding free or inexpensive services in collaboration with telecommunications firms or building visibility for local organizations that address this concern. The group considered the importance of collaborating with government agencies that could help bridge the gap, and agreed that state-level partnerships could be most effective. Some participants noted that corporate efforts to improve access shouldn't be limited to broadband initiatives—supporting local or state-level programs that provide underserved communities with devices such as laptops and tablets could be another valuable contribution by businesses. Identifying and getting behind other data services that could be a conduit for digital payment applications or digital identity services should also be a priority, others suggested, especially in emerging economies or rural locations. "There are a lot of people who are excluded, because by definition there is just no solution available," said one financial services executive.

CHAMPION OPEN PLATFORMS FOR TRAINING AND RESKILLING

RECOMMENDATION 2: ***We believe technology will be key to addressing this pressing need. We strongly favor creating open platforms that will help assess workers' skills, provide access to skills training, and connect them to better jobs. Training and education programs should be treated as "open access" by companies and made available, at no cost, to all who might benefit. Companies should collaborate with state and local governments to build these new platforms and urge the national governments to provide necessary funding.***

Alongside the issue of inclusive access, the COVID crisis has spotlighted the need for different approaches to training and skills development. As entire industries such as aviation and hospitality struggle to redefine their relevance, layoffs and furloughs are adding up and the case for a scalable approach is clear. Over the past six months, more than 60 million Americans have applied for unemployment insurance, more than the claims filed during the Great Recession of 2008. There is an urgent need for retraining and reskilling, the working group agreed.

Co-chair Tiger Tyagarajan, CEO of Genpact, suggested creating training and education capabilities that give huge numbers of people—regardless of their previous educational background or where they're physically located—the opportunity to learn new skills. Helping individuals remain productive members of society should be a priority for every company, he said, pointing to the importance of improving resilience at the individual, business, and community level. "I think the community—ranging from high schools to colleges to workforces across the economies—need a much more open platform and open architecture where all companies contribute content."

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—Tiger Tyagarajan, CEO, Genpact

While a number of companies, including Genpact, have opened up learning content on a selective basis, several working group members suggested CEO Initiative members could play a role in contributing to an aggregated platform that combines many different sorts of learning content—from refresher courses to highly technical boot camps to micro-credential programs that help individuals find jobs more quickly.

SUGGESTED RESOURCES

Case Studies in Resilience

Community

Professional

Business

The idea of becoming corporate champions of and mentors for localized initiatives that provide science, technology, engineering, and mathematics (STEM) training, internships, and apprenticeships was also discussed at length. Two organizations that received particular attention during the discussion were Bitwise Industries, a for-profit startup that serves "underdog" cities, such as Fresno, California, or El Paso, Texas, that have decaying industries; and Girls Who Code, the nonprofit dedicated to helping young women develop computer science careers.

Another important step that CEO Initiative members could take is committing to hiring the graduates of such programs, the working group suggested. "There are organizations out there that are doing amazing things," said one CEO. "If we team up in some way or support them, for many, many companies it could be a source of talent."

WITH OUR KNOWLEDGE PARTNER genpact Transformation Happens Here

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Workforce Redesign

2020 CEOI WORKING GROUP REPORT

As job losses caused by the COVID-19 pandemic add up into the millions, it is clear the global economy won't recover until displaced workers can connect with new jobs. At the same time, the accelerated pace of technological change triggered by the crisis has underscored a need to play up digital proficiency and to hone "soft" skills that aren't linked to any particular position.

"We've realized during the COVID-19 crisis the already enormous challenge that companies face in ensuring that business and society promote prosperity that is inclusive and sustainable over time," observed Matt Heimer, senior features editor for FORTUNE, in kicking off the Workforce Redesign working group, presented in partnership with Workday.

Looking ahead, business has a responsibility to advance forward-thinking, achievable strategies for retraining workers, rethinking recruitment, embracing a culture of continuous learning, and providing far deeper transparency around the diversity of their workforces.

THE CASE FOR BUILDING A RESILIENT WORKFORCE

RECOMMENDATION 1: ***The COVID-19 crisis has exposed and exacerbated fissures in the global workforce, eliminating millions of jobs that may never return in their former shape. It has also accelerated technological change within businesses, widening the digital skills gap. We believe that business has a responsibility to take the lead in retraining displaced workers, creating new pathways to employment, and developing new ways of measuring and credentialing workers' skills.***

Of the many shockwaves rippling through the global economy as a result of the global pandemic, the loss of livelihood for millions of people is one of the most devastating. A Pew Research Center survey released in late September estimates at least 15% of U.S. adults were laid off or lost their jobs because of the coronavirus outbreak—and at least half of them still aren't employed. Especially hard-hit have been lower-income workers: close to half have been affected by job losses or pay cuts, with Hispanic Americans harder hit than any other racial demographic, according to the Pew study. Some opportunities—especially in industries such as hospitality and travel—may take years to return.

At the same time, our new "at home" virtual lifestyles are inspiring many companies to fast-track digital transformations. Skills related to artificial intelligence applications, digital marketing, and data science (to name a few) will be at a premium.

The global economy is not going to get back on track until we can get all these people back gainfully employed, and many of the jobs that have been lost aren't coming back.
—Aneel Bhusri , CEO Workday

The outlook underscores the need for entirely new approaches to hiring and training—to help both existing and displaced workers remain relevant in new roles that emerge during the recovery, according to Workforce Redesign co-chair Aneel Bhusri. "The global economy is not going to get back on track until we can get all these people back gainfully employed, and many of the jobs that have been lost aren't coming back," he said.

In particular, this is a chance to reframe policies around diversity and inclusion, and to draw from pools of applicants who companies might not have previously considered when hiring, including those who don't have traditional four-year degrees. "This is a real opportunity for business to step up, do the right thing, and also help get the global economy back on track," Bhusri said.

PRIORITIZE BUILDING NEW PATHWAYS

RECOMMENDATION 2: ***We call on companies to rethink the way they hire new talent and train (and retrain) their workforces, to better connect displaced workers and legacy jobholders with new opportunities.***

The COVID crisis, alongside the intensified corporate focus on addressing racial justice, has underscored systemic shortcomings in the processes that companies use to recruit, onboard, and train their workforces. The working group members observed that this moment offers an unprecedented opportunity for companies to reimagine those strategies, while simultaneously helping workforces become more resilient to future shocks.

It's not just about throwing some training classes at people, it's really understanding what they could be good at, in terms of aptitudinal or soft skills assessment.
—Frida Polli, CEO pymetrics

The focus should shift to helping workers develop "market-ready" hard skills through apprenticeships, new forms of mentorship, or microcredentials specific to certain roles, members of the group suggested. What's more, managers should prioritize nurturing soft skills—such as the ability to listen, to communicate, or to negotiate—that could translate well from position to position, allowing for more flexibility. "It's not just about throwing some training classes at people, it's really understanding what they could be good at, in terms of aptitudinal or soft skills assessment," said pymetrics CEO Frida Polli, who co-chaired the discussions. "It's understanding what they have done, their past experiences."

Technology platforms for knowledge-sharing, self-assessment, and continuous ongoing learning will be crucial for scaling these efforts while also personalizing the learning and career development experience for job seekers, according to the participants. Many of these platforms exist today, but are maintained separately, suggesting an opportunity for collaborations that make them more interoperable, the working group observed. Some participants, such as McKinsey and Genpact, have opened access to their training and knowledge databases to those outside their companies. This was a practice other working group members said they'd like to see continued and scaled in the future. Integral to reskilling efforts will be standardized metrics for measuring and describing skills, which suggests a role for government agencies, NGOs, or third-party private-sector platforms that can serve as neutral arbiters.

To support the recommendation for hiring and training, the group advocates these ideas:

- Implement recruitment and promotion strategies that rely less on searches for traditional credentials (e.g., four-year college degrees, past experience in very similar jobs) and more on metrics that carry value across industries (e.g., vocational credentials, test-based assessments of both "hard" and "soft" skills).
- Design apprenticeship programs to "train up" workers who are changing industries or roles.
- Commit across their organizations to more frequent and dynamic on-the-job training and mentorship for workers in all roles
- Make reskilling a C-suite-level priority, and report regularly on progress on that front.

COLLABORATE ON RESKILLING

RECOMMENDATION 3: ***We strongly believe that the reskilling and redeployment of workers can scale up to a meaningful impact only if employers commit to collaboration—both with each other and with public-sector bodies that have a holistic view of the needs of their communities.***

As has been demonstrated time and again during the pandemic, collaborations that address shared needs will be essential for achieving speed and scale. Cross-sector collaboration, for example, could make it easier for workers displaced from one industry to find employment in another that they might not initially consider.

One private-sector example referenced during the Workforce Redesign discussions was the People + Work Connect platform, built in just 14 working days by human resources teams at Accenture, Lincoln Financial Group, ServiceNow, and Verizon to help companies laying off employees connect those individuals with businesses seeking to hire. As of early October, the marketplace reflected more than 400,000 positions globally.

When it comes to collaboration spanning the public and private sectors, an exemplar referenced often by the working group was the Back to Work Rhode Island program, championed by R.I. Gov. Gina Raimondo and backed with $45 million in federal funding. That initiative includes CVS Health, Raytheon, Salesforce, and other local employers, along with community colleges and universities. The idea that this sort of initiative could be emulated across all 50 states, coordinated by the governors' offices, captured imaginations. But working group participants cautioned that each state is at a different stage of recovery and these programs must be developed with attention to local priorities.

Equally as important: these initiatives must link to explicit employment opportunities. "You have to be a business-oriented governor, or a business-oriented mayor, in order to understand how to do that," Bhusri said. The goals of these collaborations should include:

- Achieving "interoperability" around hiring standards, with employers reaching broad agreement about which aptitudes are needed in which roles, and how best to measure them.
- Sharing of best practices around skills measurement, onboarding, and training.
- Creating local job-training programs that can quickly upskill displaced workers for job categories where workers are in short supply.
- Building "aggregator" platforms to more quickly match workers and opportunities.

ENCOURAGE A FEDERAL ROLE

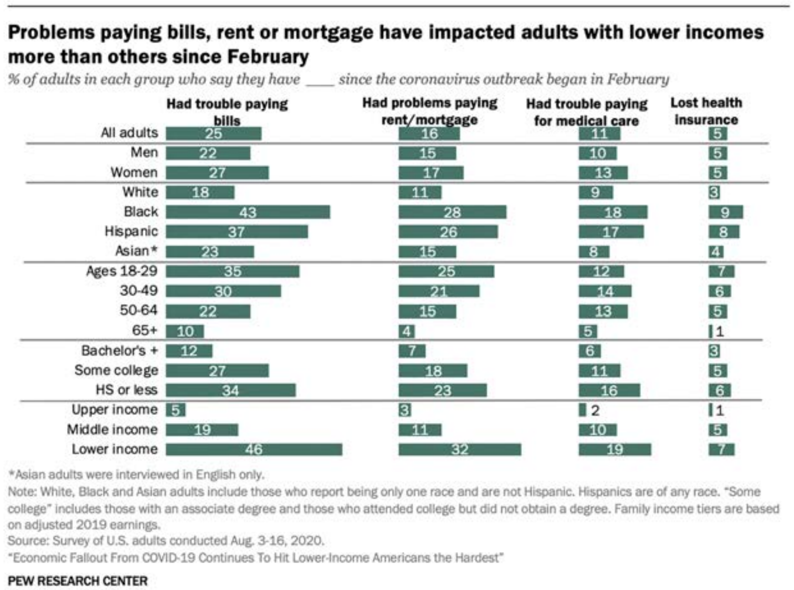
RECOMMENDATION 4: ***In the U.S., we call on the federal government, regardless of the election outcome, to commit financial resources to support these collaborative efforts. The pandemic-induced recession has impacted the revenue of many companies in ways that make it difficult for them to invest in reskilling; it has also decimated the tax revenues of state and local governments. Therefore, we urge Congress and the executive branch to provide funding for apprenticeships, vocational training programs, and job-skills databases. Consider them an investment in the nation's human infrastructure.***

Given the unique economic considerations, population demographics, and industry-sector profiles of each state, what role can the federal government play in the reskilling of America? One obvious area is funding, especially as states face post-pandemic budget crises, noted one CEO. Another participant pointed to the federal government's potential role in standardizing how skills are described or mapped to certain opportunities, providing a means for objective measurement, or frameworks so that they can be validated or transferred from state to state. Federal authorities could likely also play a role in ensuring that such standards comply with antidiscrimination laws. While the idea of encouraging the federal government to serve as an "aggregator" of employment opportunities through an online platform was floated, the group's members determined this sort of project was best left to the private sector.

CALL FOR TRANSPARENCY AROUND DIVERSITY AND INCLUSION

RECOMMENDATION 5: ***The current crisis has exposed the devastating effects of inequality of access to employment, as women, working parents, and people of color have been driven out of the workforce at far higher rates than other groups. We strongly believe that companies should publish data about the composition of their employee ranks, broken down by gender and race, the better to understand where their training, recruitment, and retention efforts may be falling short. We commit to publishing that data about our own companies, and we call on our peers to do the same.***

The pandemic has not been an equal-opportunity job destroyer. Many of the demographic segments hit hard by job losses—including young adults and those with lower levels of formal education—were struggling before the crisis. What's more, the Pew Research Center reports this is the first downturn in five decades in which women lost more jobs than men, throwing years of hard-won progress into retreat.



These realities underscore the need for CEOs to embrace more ambitious diversity hiring commitments and to become more transparent about whether those targets are being met, noted one HR executive. A stronger effort must be made to eliminate potential bias from job descriptions, among other things to make sure talent pipelines don't exclude potential applicants unintentionally. Another member suggested potential employers should make better use of platforms that reach candidates who aren't necessarily served by traditional recruiting services, such as the social network Jobcase, which caters to workers without college degrees.

None of the recommendations made by the Workforce Redesign group should be considered side initiatives, noted Polli. Instead, leaders and managers should be held accountable for supporting them. "This is real change management," she advised.

COLLABORATION EXAMPLES

The Rework America Business Network

People + Work Connect

Back to Work Rhode Island

IN PARTNERSHIP WITH workday.

FORTUNE CEO INITIATIVE

Equity & Opportunity

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Equity & Opportunity

2020 CEOI WORKING GROUP REPORT

The racial justice protests that swept the U.S. this year have triggered dozens of corporate commitments around improving diversity, equity, and inclusion (DEI)—along with millions of dollars in pledges to support changes to recruitment and career development processes. Even prior to these social justice uprisings, the business case for cultivating a diverse workforce was becoming clear, but 2020 has brought a new sense of urgency.

"What is going to be different this time? How are we going to execute together and make real change?" asked Antonio Neri, CEO of HPE, and Equity and Opportunity working group co-chair, during the proceedings. Now more than ever, progress requires authentic CEO-level championship, a focus on cultivating inclusive corporate cultures, and deep transparency about the impact of diversity programs. It's time to turn dialogues into decisive action—even if those plans aren't perfect.

CULTIVATE AN INCLUSIVE CULTURE

RECOMMENDATION 1: ***Commit to a regular program of candid conversations around race and equity.***

In early September, retailer Kohl's, at the direction of CEO and working group co-chair Michelle Gass, published a new framework for DEI centered on its employees, its customers, and the communities in which it does business. The new statements were shaped by task forces formed in the spring at her direction, and they will be applied to recruiting and employee development, marketing tactics, product decisions, and supported at the community level. "We've used the last few months and all that's happened as a catalyst for change," said Gass.

The commitments were shaped by task forces that included a broad cross-representation of employees in the field, community members, merchants, and other stakeholders—there were more applicants than Kohl's could accommodate, she noted. One of Kohl's board members is actively engaged in its diversity and inclusion council. Pointing to that process, Gass urged other CEOs and business leaders to spend far more time listening to what's needed to create a more inclusive culture. "We should not assume anything," she said. "We should really listen carefully."

HPE, which already publishes detailed data on employee diversity, has likewise prioritized "open conversations" through listening tours with Black workers. One thing that became clear during this process—many managers and executives are uncomfortable having these conversations, Neri said, which is a concern that must be addressed.

Other working group participants echoed the conviction that creating a spirit of unconditional inclusion is fundamental for any diversity and equity initiative to be successful. Or, as one working group participant put it, "Diversity is a fact, inclusion requires an act." Another CEO noted, "You can't get people to listen and understand if they are on the defensive."

Central to that process is building trust that "words on paper" will be translated into meaningful action, the working group agreed. While it's impossible to mandate trust, one participant shared that their company's employees sign an "honor pledge" to signal their understanding of an inclusive corporate culture.

Among the ideas suggested by the working group to cultivate a more inclusive culture:

- Hold town halls
- Invite regular, candid conversations in small groups
- Focus on training that addresses bias mitigation and interpersonal practices
- Engage outside speakers
- Hold culturally relevant offsites (for example, one working group participant spoke of walking as a team across the Edmund Pettus Bridge in Selma, Alabama)
- Set up creative mentorship and sponsorship programs

MEASURE EQUITY AND DISCLOSE THAT DATA

RECOMMENDATION 2: ***Commit to regularly collecting and publishing key diversity and equity data.***

It's not enough for business leaders to include more diversity in their workforces without a parallel commitment to ensure that the pay and the opportunity for promotion are equitable. While some FORTUNE 500 companies share specific data about race, gender, or ethnicity, far fewer disclose corresponding information about how their organization handles pay or career advancement on the basis of those factors.

Many working group participants suggested that it's time for business leaders to double down on discussing and measuring the equity of their internal policies, in order to start changing them for the better. "Transparency is important because we want to hold ourself accountable and publish the data," said Neri. "You are taking a stance and showing the progress or lack of progress, and you can continue to emphasize what else we need." At the very least, companies should conduct a race and equity pay gap analysis for internal consideration, one working group participant noted.

> ***Transparency is important because we wantto hold ourself accountable and publish the data. You are taking a stance and showing the progress or lack of progress, and you can continue to emphasize what else we need.***
> *—Antonio Neri, CEO, HPE*

SUGGESTED RESOURCES

Paradigm for Parity

Catalyst

U.S. Equal Employment Opportunity Commission

Diversity Resources

This topic spurred debate, with some working group members observing that metrics will be very different from industry to industry, which makes it difficult to set a specific agenda for progress for the CEO Initiative as a whole. Others noted that targets (not quotas!) for diversity will—and should—vary depending on regional and community demographics, so what looks right for one division of a company might not be appropriate elsewhere. There is little precedent about what constitutes a meaningful goal, but the group said it's important for companies to establish one. "In what other business realm do we not start with a target?" Neri asked.

Suggested actions;

- Collect/publish diversity numbers
- Investigate pay and promotion equity
- Collect/publish equity data across a wider spectrum of stakeholders

MAKE THE CEO AND SENIOR MANAGERS RESPONSIBLE FOR BUILDING MOMENTUM

RECOMMENDATION 3: ***Commit as an executive team to the practice of discovery, while developing, assessing, and amending key programs.***

Several working group members spoke about the need to play up the business case for diversity and for putting the CEO at the center of these strategies, rather than assigning these programs solely to the human resources or marketing teams. Consider making diversity and equity commitments part of holistic corporate social responsibility programs, one participant suggested, since doing so makes such commitments more visible to internal and external stakeholders. And the CEO shouldn't be

We've used the last few months and all that's happened as a catalyst for change.
—Michelle Gass , CEO, Kohl's

afraid to "ask the dumb questions," suggested another participant. "You have to have that tenacity, that resilience. You also have to recognize there are going to be bumps on the way. There are going to be naysayers. You have to have a thick skin," echoed Gass.

Uniting leadership around creating solutions and making them accountable for results—as part of compensation—is one missing link for DEI programs today, according to the working group. Managers and business leaders must feel inspired to uphold commitments, and they'll need training and other tools so they can become comfortable advocates. "We have to go to the source of the decisions," noted one human resources executive. And recognize that there will be mistakes along the way. "Have grace, there are going to be missteps," counseled another working group participant.

Recommended practices

- Unite leadership team around creating solutions
- Form task forces for idea and data collection
- Engage external stakeholders in regular convenings

Considering the accelerated pace of technology adoption triggered by the global COVID-19 pandemic—and the heavy impact of layoffs on women and people of color—it's especially important to address inequity more aggressively as the economy recovers, the working group noted.

One way to build momentum is to underscore the value of DEI to the bottom line. Kohl's, for example, is having deeper conversations about how increasing diversity internally could open the potential for more market share in underrepresented demographics. "Diversity is good for business," echoed Neri. "I am a strong believer: a diverse company in terms of gender, racial [makeup], thought makes a company a much stronger competitor in the marketplace."

CO-CHAIRS:
Jim Fitterling, Chairman and CEO, Dow
Mark Schneider, CEO, Nestlé

MODERATOR:
Alan Murray, CEO, FORTUNE

Climate-centric Strategies

2020 CEOI WORKING GROUP REPORT

Human-caused climate change is a responsibility none of us can ignore, and corporations have a responsibility to take the lead in addressing it—particularly over the next decade. "As we focus on how we're going to emerge from all of this in a better place and a better place for business, climate-friendly policies have to be part of the answer," said FORTUNE CEO Alan Murray, during the kickoff meeting for the Climate-centric Strategies working group.

That conviction became central to the group's commitments, which include a call for all businesses to set emissions reductions targets, suggestions for tackling plastic waste, and a pledge to advocate for market-based solutions and bipartisan policies that address these problems.

BUSINESS MUST TAKE THE LEAD ON CLIMATE CHANGE

RECOMMENDATION 1: ***The science related to human-caused climate change is too strong, and the problem too imminent, to ignore. The business community has a responsibility to take the lead in devising solutions that address the climate threat while also recognizing the needs and aspirations of people worldwide for affordable, reliable energy. We strongly believe that every business should develop a plan for aligning their business and their supply chain with the goals of the Paris Agreement on Greenhouse Gas Emissions.***

Future generations won't forgive current leaders for inaction, said Jesper Brodin, CEO of Ingka Group. Businesses that address climate change with ambition and transparency will win favor with current and future employees, as well as with consumers—many of whom are more closely scrutinizing the impact of a company's production on the environment and on the communities in which products are made, he said.

Working group members quickly recognized that every company, regardless of the industry it represents, should adopt a strategy to set emissions reduction goals that align its operations and those of its supply chain with the Paris Agreement goals. Several working group members noted the importance of setting short-term and long-term targets, so progress can be reported more frequently to investors and other stakeholders, and so managers can be held accountable for meeting them, perhaps by tying them to compensation plans.

Business leaders can no longer afford to be skeptical nor can they expect clear public policy to set their direction…
—Mark Schneider, CEO Nestlé

Business leaders can no longer afford to be skeptical, nor can they expect clear public policy to set their direction, observed Nestlé CEO Mark Schneider, one of the working group co-chairs. “Yes, you can wait for all the theories to be vetted and totally done and proven, but frankly, by that time, it’s probably going to be too late and then you’re dealing with consequences that will cost us many times more to deal with,” he said. With public finance priorities tied up during the short term with the COVID-19 response, it’s even more important for businesses to step up, said Schneider.

While it’s relatively straightforward for companies to account for and report the emissions in their own operations, one challenge they will face is the lack of specific metrics to measure carbon used or carbon avoided in their value chains or to recognize innovations that might contribute to carbon reductions, noted working group co-chair Jim Fitterling, CEO of Dow.

For example, if Dow were to create a facility to produce a construction material or sealant that helped other companies reduce emissions associated with buildings, it would have to report the emissions from that factory, but it wouldn’t receive credit for the reductions it helped other organizations achieve.

One issue of debate was how carbon offsets—which allow companies to take credit for the carbon-removal impact of actions such as planting trees or investing in carbon capture technologies—should count toward reductions pledges. “They are the easy way out,” observed one CEO. On the other hand, offsets can help kick-start results, others argued. Ultimately, working group members agreed the prudent use of certified, “quality” offsets is justified in the short term but the long-term focus should be on direct, sometimes painful actions to reduce emissions.

Considering the imminent nature of the crisis and the need for action now and over the long term, the group recommends every business should develop a plan for aligning their operations and their supply chain with the goals of the Paris Agreement. Those specific plans should:

- Have targets for 2050, intermediate targets for 2030, and short-term targets, so current management is held accountable for progress, preferably with measures tied to compensation;
- Use offsets prudently in achieving climate goals, primarily in the short or medium term, and with assurance that they are “quality” offsets;

- Align with the "Stakeholder Capitalism Metrics" suggested by the World Economic Forum and the Big Four accounting firms to assure consistency and transparency;
- Be transparent and publicly available.

THE PLASTICS PROBLEM IS CRITICAL, BUT COMPLEX

RECOMMENDATION 2: ***Every company should develop a plan to help build a recycling infrastructure and reuse business models that will increase the "circularity" of the products they make and the products they use, collecting waste and putting that waste back into productive use in a way that recovers the value of plastic materials. Those plans should include efforts to reduce non-recyclable single-use plastics and other non-biodegradable materials where they make sense, developed with a cautious eye toward other environmental effects that may come from switching materials. The plans should include both long-term and short-term targets, in order to hold management accountable. As above, the plans should be transparent and publicly available.***

The tangible effect of plastic waste on the environment and how to address it was an issue that dominated the group's discussion. For example, an estimated 8 million metric tons makes its way into the ocean every year. The group noted that the problem was front-of-mind for consumers before the pandemic and has taken on new urgency this year as health concerns dramatically increased the consumption of single-use plastics, including personal protective equipment. Many U.S. cities and states even temporarily reversed or halted bans on single-use items such as grocery shopping bags.

Co-chair Fitterling suggested while plastic waste is a problem, we need plastics to meet climate goals—to make cars lighter, to help buildings become more energy-efficient, and to keep food fresh longer. He estimated the "carbon costs" of some alternatives, such as metal straws or organic cloth bags, can sometimes be four times greater than what they replace. "If you remove plastics from all the current applications, you would increase municipal solid waste by 25% annually," he said.

A sobering statistic raised by several working group participants: fewer than 10% of plastic today is recycled, despite the value it could bring to the economy. And while many consumer products companies have pledged to make their packaging recyclable, they aren't using it at very high rates. Multiple group members observed that driving a higher recycling rate requires collaboration across the value chain to create a market-based system in which companies are incented to use more post-consumer recycled materials in products and packaging.

Addressing plastic waste leakage will also require investment in new infrastructure for recycling and reusing materials in collaboration with local, state, and federal governments, according to the working group. "You have to create a business model where you don't cut the municipality out," noted Fitterling.

There was also a call for more transparent labeling and disclosure about recycled content in products and packaging, in clear terms that are easy for consumers to understands. "The more we can dovetail language, the consumability of some of these big outcomes to people's day-to-day lives, I think the more momentum we'll all have," said one CEO.

MARKET-BASED SOLUTIONS ARE IMPERATIVE

RECOMMENDATION 3: ***While business alone can make substantial progress on both the climate and plastic waste challenges, collaborations with government to develop market-based solutions that place a price on carbon and encourage recycling and other waste-reduction efforts will ultimately be necessary to solve both these critical problems. We commit to working with government and other stakeholders, including NGOs, to develop the most effective ways to achieve these goals by creating appropriate incentives for the private sector. Where possible, incentivizing capital markets to invest in these solutions should be encouraged.***

Over the past two years, the call by investors for deeper voluntary corporate disclosure about climate-related business risks has grown louder—and many companies, including leading oil and gas concerns, have responded with more information. In the absence of a cohesive U.S. policy for issues such as the development of solar and wind energy or managing plastic waste, corporations have stepped up their action through industry initiatives such as the Renewable Energy Buyers Alliance or the Alliance to End Plastic Waste.

But there's only so much the business world can do on its own, noted the working group participants. "Companies can't make up for infrastructure," said Schneider. Right now, an array of state-level and municipal policies govern how companies can procure renewable energy or manage their solid waste. The case is growing for more federal-level policies, such as a market-driven price on carbon, the working group agreed.

> ***An effective pricing system should direct revenue to support innovation and technologies that will allow us to get to a carbon-neutral society by 2050.***
> *—Jim Fitterling, CEO Dow*

"Carbon pricing [models], specifically an emissions trading system with an enhanced producer responsibility scheme, can be very effective policies to reduce emissions," said Fitterling. "An effective pricing system should direct revenue to support innovation and technologies that will allow us to get to a carbon-neutral society by 2050." Right now, for example, there is a disparate array of systems trading carbon emissions globally, including two U.S. regional markets, the Western Climate Initiative, and the Regional Greenhouse Gas Initiative.

Collaboration might also come in the form of precompetitive public-private research and development to help de-risk emerging technologies related to carbon removal or fuel alternatives for gasoline and diesel transportation methods, several participants noted.

BIPARTISAN ADVOCACY IS ESSENTIAL

RECOMMENDATION 4: ***In the U.S., we call on the federal government, regardless of the election outcome, to take a bipartisan approach to addressing these problems. Business needs a stable policy framework to make consistent progress between now and 2050, and solutions that are bipartisan will be sustained.***

Working group members said the need for predictable, sensible, and sustainable long-term policies has never been clearer. That need requires businesses to be more vocal about climate-related regulations than they have been in the past and about making specific suggestions—engaging both sides of the aisle. "It's not bad will, it's just a lack of understanding about all the dynamics of what it would take. So, it has to be this working partnership," noted one member.

It's important to focus on centrist policies that are likely to survive administration changes, working group members argued, so businesses aren't whipsawed between zigzagging extremes. New rules created by executive order should be discouraged as a result. When it comes to advocacy, the group committed to backing these specific actions:

- Work with governments to create appropriate incentives for the private sector;
- Where possible, incentivize capital markets to encourage investment into solutions;
  should be encouraged.
- Take a bipartisan approach to address these problems.

> ***The best scenario is to have great companies doing great things in a great regulatory political setting," said Schneider. "If one of these [elements] goes missing, it's pretty hard, then, for the others to take over for that.*** *—Mark Schneider, CEO Nestlé*

Climate-centric Strategies Commitment Examples

IKEA

Become "carbon positive" by 2030, while still growing revenue, by removing more GHG than its value chain emits.

DOW

Enable 1 million metric tons of plastics to be collected, reused or recycled by 2030; "close the loop" by ensuring 100 percent of its packaging will be reusable or recyclable by 2035.

ADDITIONAL RESOURCES

2020 Progress Report (Alliance to End Plastic Waste)

Breaking the Plastic Wave: A Comprehensive Assessment of Pathways Towards Stopping Ocean Plastic Pollution (Pew and Systemiq)

New Plastics Economy initiative (Ellen MacArthur Foundation)

Stakeholder Capitalism Metrics (World Economic Forum)

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