

Session: Leading the Way: American Business with Purpose

Breakout: Monday, September 20, 2021

Sponsors: Capital One, Prudential Financial, Google, and LPL Financial

Panel Chair: Rep. Ruben Gallego (AZ-7)

Moderator: Carolina Gonzalez, Reporter, Bloomberg News

Panelists: Andrea Guendelman, CEO and Co-founder, Wallbreakers
Heather Randolph Carter, Executive Vice President; Chief Communications and Marketing Officer, LPL Financial
Andres L. Navarrete, Executive Vice President, Head of External Affairs, Capital One
Hector Mujica, Economic Opportunity Lead, Google.org

The increased focus on Corporate Social Responsibility (CSR) in 2020 has led to a wave of change and accountability across most corporate sectors. Simultaneously, there has been a movement towards Environmental, Social, and Corporate Governance (ESG) in investing. This session was a candid discussion with some of the nation's corporate leaders on how to move the needle on social and racial equity.

Rep. Ruben Gallego opened with a call to have buy-in from the private sector, in addition to the public sector, in order to fully achieve climate change and reach our nation's racial justice goals. That is why he is encouraged that so much of the business world is increasingly looking at environmental, social and corporate governance as areas of focus, especially as more and more investors take these factors into account when deciding which companies deserve their investment.

René Deida, Director, Inclusive Solutions, Social Responsibility & Partnerships at Prudential Financial provided sponsor remarks. René opened by looking forward to exploring the role that finding community partners has on companies and corporations' CSR/ESG mandate. He discusses how now more than ever companies are being asked to meet the needs of multiple stakeholders, including "legislators, regulators, employees, customers, and communities and to do this in an authentic and impactful way." He continued, "companies need a new set of skills and resources and require them to do some soul searching to identify the role that companies have played in either creating or sustaining some of these issues and social injustices that we are living through." He closed by admitting that companies are going to be required to create new strategies, and build new partnerships, and even stronger coalitions.

An Ever Evolving CSR/ESG Landscape

Corporate Social Responsibility has been evolving over the years; it may have started off as a "risk-mitigation" practice, but now is focused on social movements - on things that are more community-driven, like an emphasis in diversity, equity and inclusion efforts. These now seem to be synonymous with 'doing good' becoming embedded into the fabric of corporations'

organizational charts. Additionally, CSR/ESG links corporations to communities while also serving as a key function of best business practices in an ever evolving society.

Panelists asserted that philanthropy in many ways is about creating a two-way street. Reaching people from a philanthropic perspective through grant making and reacting to them with products, and also by building a pathway into the company and listening to the expectations and opinions that consumers have about the company.

What Barriers Exist?

Panelists shared that several years ago, efforts around Diversity, Equity and Inclusion were not something very well addressed or even front of mind for corporations. In many ways this felt like “window dressing”, and not being as important many years ago. The concept of “shared value” is spoken more of from corporate board seats, unions, and other organizations as they keep adding pressure in this regard.

The acceleration of gaps in the economy due to the pandemic is something to note. Remote learning and a higher demand for digital skills that are disproportionately leaving communities behind is causing more and more of a gap for Latinos. 35% of the Latino workforce lacks digital skills. Panelists believe we must break this issue down in two ways, the tactical or supply side: how do we strengthen our ecosystems that provide our communities with the essential services that prepare them for learning digital skills and from the demand side: how do we remove structural barriers that are keeping our communities from these spaces, things like: grade inflation, degree requirements, and addressing unconscious bias in hiring processes.

How Has CSR/ESG Evolved, Especially During COVID

According to the panelists, employees now have a different type of power than they had 10 years ago. Employees are starting to make demands of their employers that would have never been asked before. The ESG landscape evolved in this way to address how companies care about their employees. For example, right now, there is a heavy emphasis on health and safety and emotional needs during the pandemic, instead of things like product and environmental safety.

What Are the Greater Commitments You Are Making In This Space

- **Capital One Initiative** - (\$200 million dollar, 5 year program that was started this year) that focuses on underrepresented workforce development, small business incubation, and digital access.
- **Capital One, Year Up partnership** - digital skilling, internships, and job placements for underrepresented communities for youth in the DC area. Invests in individuals for long term career path opportunities.
- **Capital One, Affordable Housing for Employees** - their business operations are in high cost of living areas, so housing costs can be an impediment for attracting talent.

This program turns the obligation of offering affordable housing to employees and turns it into growing a positive 'do good' profitable business offering.

- **Google is working on creating greater accountability, transparency, and having support structures** to bring on greater diversity and inclusion that the company and consumers demand. 2020 was Google's largest year for hiring Blacks and Latinos, they have doubled retention rates with underrepresented Googlers, and they plan to triple this investment by 2022. Continue to work with partners that have a pulse with the community issues and their needs.
- **LPL Financial's Sustainability Report:**
<https://www.lpl.com/about-Us/social-responsibility/lpl-financial-corporate-sustainability-report.html>

How is CSR/ESG Success Measured?

A robust process for CSR/ESG could follow this model: transparency, accountability, and analysis on how the process can be improved. Incorporating core values into the fabric of your organization. Making an initial assessment of what consumers, employees, and shareholders value most and setting some target for what 'good' looks like is important. If there are clearly set targets that meet those standards then there will be no need to cut them out or worry about them going out of fashion as years pass.

As industry leaders, panelists expressed that they, along with the business community, should be asking what is the role of the government in helping create a common set of standards around transparency and effectiveness of operational outcomes. Companies that are starting out in CSR/ESG efforts can find it more difficult to navigate the space without common standards. Rather than having a myriad of options, it would be useful to at least have common criteria for what makes a solid ESG portfolio or what a strong ESG performing company would look like. Having that better understanding and common language would help mitigate any challenges during any economic or political instabilities that lay ahead.

Parting words for the audience: (optional - if there is space and interest in calling out one quote - may also add visual interest to lay out)

Hector: "The business community and consumers ought to be careful to not have the "perfect be the enemy of the good." Celebrating when organizations are making their way through getting to better CSR and ESG positions rather than only focusing on their shortcomings."