

DIRECTOR ESSENTIALS: Diversity, Equity & Inclusion

# ▶ THE INCLUSION-DRIVEN BOARDROOM:

Incorporating Inclusion  
to Help Realize the  
Benefits of Diversity

In partnership with **Deloitte.**

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The National Association of Corporate Directors (NACD) is the premier membership organization for board directors who want to expand their knowledge, grow their network, and maximize their potential.

As the unmatched authority in corporate governance, NACD sets the standards of excellence through its research and community-driven director education, programming, and publications. Directors trust NACD to arm them with the relevant insights to make high-quality decisions on the most pressing and strategic issues facing their businesses today.

NACD also prepares leaders to meet tomorrow’s biggest challenges. The NACD Directorship Certification® is the leading director credential in the United States. It sets a new standard for director education, positions directors to meet boardroom challenges, and includes an ongoing education requirement that prepares directors for what is next.

With an ever-expanding community of more than 23,000 members and a nationwide chapter network, our impact is both local and global. NACD members are driven by a common purpose: to be trusted catalysts of economic opportunity and positive change—in business and in the communities we serve.

▶ To learn more about NACD, visit [nacdonline.org](http://nacdonline.org).

## About the NACD Center for Inclusive Governance®



NACD believes that it, its members, and partners have a unique opportunity to bring together their expertise, resources, and influence to create systemic change that will shape the American boardroom. The Center for Inclusive Governance® (the Center) is based on a shared understanding that a diverse and inclusive board is critical to long-term value creation for every organization and to society more broadly. The Center aims to create pathways for diverse talent, build a more inclusive boardroom, and convene members, regulators, corporations, and other partners to execute our commitment to boardroom diversity.

▶ To learn more about the Center for Inclusive Governance® visit [inclusion.nacdonline.org](http://inclusion.nacdonline.org).

## About the Deloitte Center for Board Effectiveness

Center for Board Effectiveness

Deloitte’s Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or has extensive board experience, the Center’s programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession.

▶ To learn more about the Deloitte Center for Board Effectiveness, click [here](#).

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### CONTRIBUTORS:

#### Deloitte

**Lara Abrash**, Chair of the Board, Deloitte US

**Natalie Cooper**, Senior Manager, Deloitte LLP, Center for Board Effectiveness

**Carey Owen**, National Managing Partner, Deloitte & Touche LLP, Center for Board Effectiveness

#### NACD

**Mallory Bucher**, Associate Director, Corporate Governance Content, NACD

**Lana Dargan**, Sr. Analyst, Content – DE&I, NACD

**Tracy Gee**, Chief People Officer, NACD

**Hannah Geyer**, Associate Director, Chapter Networks, NACD

### ACKNOWLEDGEMENTS

#### Deloitte

**Robert Lamm**, Independent Senior Advisor, Deloitte LLP, Center for Board Effectiveness

**Jaime McCall**, Manager, Deloitte LLP, Center for Board Effectiveness

**Caroline Schoenecker**, Senior Manager, Deloitte LLP, Center for Board Effectiveness

#### NACD

**Ellen Errico**, Art Director, NACD

**Margaret Suslick**, Manager, Copy Editing and Knowledge Management, NACD

We extend our gratitude to the NACD members that participated in interviews as we developed this playbook; their perspectives are quoted throughout.

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## Foreword

To deliver valuable insights and oversight in today’s ever-evolving business environment, boards—now more than ever—need members with broadened perspectives. To optimize the full potential of directors and their skill sets, boards should encourage a culture that not only welcomes diverse backgrounds and perspectives but creates an environment where everyone—no matter their point of view—is seen, heard, and valued.

Deloitte’s Center for Board Effectiveness, in collaboration with the National Association of Corporate Directors (NACD), articulates the importance of an inclusion-driven boardroom for organizations. This publication shares valuable, actionable insights for board members and leaders to consider in driving an inclusive culture to realize the benefits of a diverse board.

While collective examination and agreement on the board’s definition of inclusion is foundational, it is the shared responsibility of each board member to develop tangible and meaningful ways to foster an inclusive boardroom environment. The board and committee chairs have the responsibility to create opportunities for board members to share their authentic selves in a psychologically safe environment and enable them to build personal connections inside and outside the boardroom. Sustaining an inclusive board requires instilling a culture of timely accountability for all board members. Establishing measures of accountability that each board member subscribes to enables each member to play a vital role in maintaining the culture of inclusivity.

A board sets the tone at the top and the expectations for an organization’s inclusive culture. It is through active listening and creating space and time for each board member’s voice that organizations will begin to see a shift toward a more inclusive board, and then the impact can continue to multiply throughout.

### Lara Abrash

Chair of the Board, Deloitte US



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Lara Abrash is the Chair of Deloitte US, the largest professional services organization in the United States with more than 170,000 professionals. Lara stepped into this role in June 2023 after serving four years as the Chair and Chief Executive Officer of Deloitte & Touche LLP, where she was responsible for overseeing the US Audit & Assurance business. Lara is a member of Deloitte Global’s Board of Directors and Chair of the Deloitte Foundation.

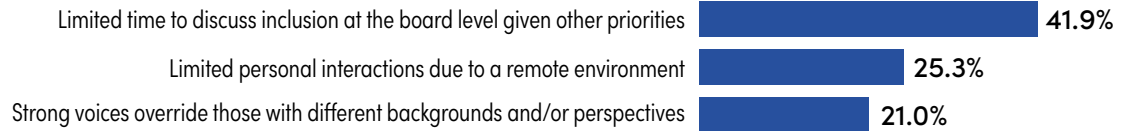


# Introduction

Having a diverse board is only valuable to the extent that it is also an inclusive board. An NACD survey of board directors finds that the top benefits diversity can bring to a board include broadened perspectives and expertise, the ability to better identify blind spots, improved board performance, enriched stakeholder relationships, and enhanced oversight of strategy and risk. But these benefits may go unrealized without an inclusive boardroom culture and practices that aim to intentionally draw out these advantages.

US board diversity is experiencing significant focus from regulators, investors, and other stakeholders, spurring some boards to assess the effectiveness of their inclusion practices and leading others to establish those practices for the first time. Yet based on feedback from NACD membership and survey data (see Figure 1), it seems this is still an area that some boards struggle to “get right” or to implement. This can be attributed to various factors, including inauthentic efforts to enhance diversity and inclusion; not implementing measures of accountability; a lack of understanding of what inclusion means (and how it is different from diversity); and not realizing the need for, or appreciating the value of, a cultural shift. It is important to note that it often takes time to see progress, particularly when it means breaking habits and changing behaviors and norms.

**FIGURE 1:**  
Which of the following issues do you feel may be hindering your board’s ability to be inclusive of varying facets of identity, backgrounds, and perspectives?



Source: 2023 NACD Board Trends and Priorities Survey, p. 4. (n=229).

In 2020, Deloitte and NACD published the [Board Inclusion Framework](#) to help boards assess their organizations’ inclusion maturity and explore their role in governing inclusion. To effectively govern inclusion, boards should look internally and evaluate their own diversity, equity, and inclusion (DE&I) practices. The purpose of this playbook is to provide some points of reflection and tactical ways in which directors and boards can help drive inclusion in the boardroom. This guide aims to offer insight on attributes possessed by inclusive directors and provide practical perspectives drawn from interviews with directors on their experiences with inclusion in the boardroom. While designed to be applicable to all boards with an interest in this topic, this playbook may be particularly valuable for those who may feel uncertain on how best to approach the path toward creating a more inclusive boardroom.

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## What is inclusion?

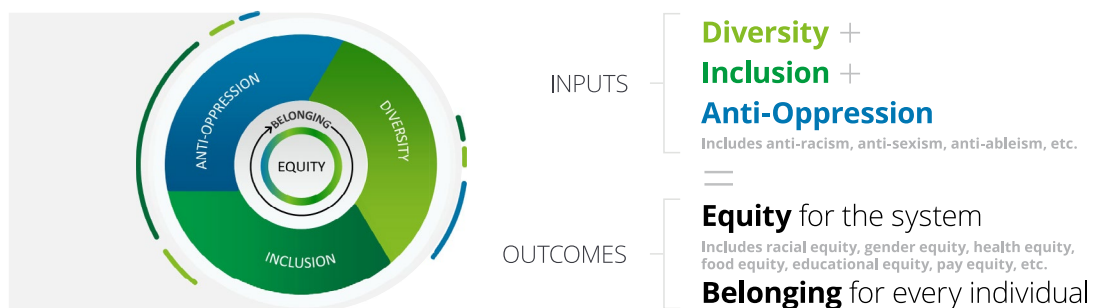
The diversity and inclusivity parts of “DE&I” are sometimes used interchangeably. Diverse organizations strive to bring an array of lived experiences to the table, but inclusive ones also focus on amplifying the voices who are most unheard. Strategies to support diversity are clearly important, but fostering inclusivity can often require a different (if complementary) approach.

Every board should consider defining what inclusion means for its members; a shared understanding of this can serve as a foundation for actions and accountability. For purposes of this toolkit, Deloitte’s definition of “inclusion” is this: the actions taken to understand, embrace, and leverage the unique strengths and facets of identity for all individuals so that all feel welcomed, valued, and supported.

To reiterate, inclusion is generally derived from actions. There are tangible steps that directors can take to help foster an inclusive boardroom environment. Inclusion, together with diversity, can lead to a sense of belonging, where all directors feel they can show up as their full, authentic selves (see Figure 2). A board, through its culture and verbal and nonverbal behaviors, can demonstrate that being authentic is respected, desired, and valued. This can be particularly important for directors from underrepresented groups, as they may be more likely to feel excluded.

FIGURE 2:

Diversity, Equity, and Inclusion can be considered as distinct but very much related concepts. They can each exist without the others, but to drive truly sustainable and equitable outcomes, all three must be mutually reinforcing. Diversity and Inclusion can be represented as part of an equation where together, they form the inputs that can lead to equity and a sense of belonging.



Source: Deloitte, *Equitable talent mobility*, p. 3.

### REFLECTION POINTS

- ▶ Does my board have a shared definition for inclusion?
- ▶ Are there times when I have felt excluded? Have I observed times when other board members may have felt excluded? What were the primary drivers?



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## Actions to help drive boardroom inclusivity

Boards that want to be intentional about how they approach inclusion can consider a number of actions. As a start, a board can revisit how it defines and thinks about its diversity. For example, engage in an optional identity trait exercise. This could help a board recognize a broader set of diverse attributes that its directors possess, including those that may not necessarily emerge in the workplace (e.g., member of the LGBTQ+ community, disabled, neurodiverse, parent/caretaker status, religious/spiritual affiliations, languages spoken, ethnicity, first-generation college student, etc.). When this happens, a board can more deeply appreciate “the what and the why” for inclusion and the value of the diverse perspectives in the room. Another starting point could be to formalize a shared definition of “inclusion”, and then determine tangible ways in which that definition can be lived through board behaviors and processes.

From a board operations and process standpoint, determining early on where oversight of board inclusion resides is important. This can help to facilitate measures of accountability and help to keep inclusion prioritized and distinguished from diversity-related initiatives. Some boards place this oversight at the full board level, while others delegate this role to a board committee. This oversight should be documented in appropriate governance documents, such as charters or corporate governance guidelines. Regular reporting to the full board on feedback, progress to agreed-upon goals, and other updates should occur.

One director interviewed expressed the importance of considering the impact of board meeting agendas on inclusion; specifically, ensuring that ample time is built in to hear all perspectives around the table. This can be particularly helpful for newer directors who may be hesitant to participate. Agendas can also incorporate time for chairs to briefly check with directors after meetings to gauge individual perspectives on how things are going.

***“The board chair plays such a critical leadership role relative to inclusion and full board functionality. They must set the tone themselves and model the right behaviors. In terms of running the meetings, the chair has the opportunity to play traffic coordinator and steer the conversation in such a way that all voices are heard. There’s a lot of things both big and small pre-meeting, during meeting, and after meeting that can help to drive inclusion.”***

The director onboarding and orientation process is another area that could embed aspects of inclusion. For example, as directors—particularly first-time directors—are appointed, consider ways to maximize their contribution, such as assigning them a board buddy to serve as their year-one mentor, sounding board, and offline support.

***“It can be lonely and intimidating to be “the only” or “the first one,” which is why I find a lot of value in serving as a board buddy to help accelerate acclimation of new board members. And, as a nominating/governance committee chair, I know my work isn’t done after we seat a director. I make sure to regularly check-in to see how things are going.”***

Deloitte and NACD conducted interviews with several directors when developing this publication. The interviewees' quotes (italicized) have been anonymized.

Source: 2023 NACD Board Trends and Priorities Survey, p. 4. (n=229).





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When it comes to board succession planning, a matrix can be helpful in keeping the conversation focused on the board's priorities as well as gaps in skills and professional experience in addition to other attributes of diversity to be considered. Taking a thoughtful, robust approach could help mitigate the potential for tokenism, the practice where directors are selected solely on identity diversity rather than their overall value-add to boardroom discussions and decision-making. Further, one aspect of inclusion may also include providing all board members the opportunity to be groomed for and considered for board leadership positions. Data from Deloitte's Missing Pieces Report, 6th edition show that there is room for improvement here, as only 6.4 percent of Fortune 500 board chairs and 11.8 percent of lead director positions are held by women and minorities (as used in the report, "minorities" are members of underrepresented racial and ethnic groups), respectively. The report also finds that the impact of placing women and minorities into the board chair and nominating or governance chair roles can pay dividends for the promotion of board diversity. When a female or minority board member is the nominating or governance chair, a board is generally more likely to have higher percentages of women or minorities after two years.

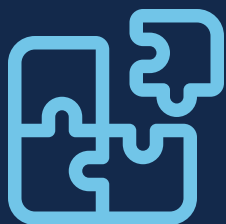
***"A skills matrix is critical to getting at the depth and breadth of experience needed on the board—I pull our matrix out at least two times a year. My boards are sure to give that invited skill a voice at the table. They are there for a reason."***

Establishing measures of accountability can also help make certain that progress is happening and is sustainable. Ideally, a board will reach the point where expectations for inclusion become ingrained in its culture and norms. Directors can commit to ongoing self-regulation and proactive monitoring of their behaviors, body language, and dialogue—and evaluations are a great way to check the pulse on how effective the board and individual directors are at contributing to and receiving an inclusive boardroom experience. Here are some examples of performance statements to incorporate in the board self-assessment and individual director evaluation:

- ▶ All board members take an authentic and intentional approach to board inclusion practices.
- ▶ The board [or a committee] chair facilitates meetings in a way that fosters inclusion of all voices and welcomes different points of view.
- ▶ Board member [X] demonstrates an awareness of and commitment to board inclusion.
- ▶ I feel welcomed and valued, and I have the opportunity to contribute my strengths.
- ▶ I recognize when I need to create space for fellow board members to share their perspectives and to be heard.

Including room for commentary, or conducting private interviews, often gives directors a chance to supplement their responses with more personal and nuanced views, background, and supporting examples. It is important that the opportunity to respond to the results of such evaluations is built into the process, allowing boards to recognize positive actions and efforts as well as to address instances where there are opportunities to improve on behaviors and practices. The process of delivering feedback might best be led by the board chair to demonstrate how inclusion is valued and that non-inclusive behaviors are not tolerated.

To further support performance, boards can consider adding regular director education on DE&I topics to the board calendar. This can help them stay on top of trends and leading practices and can assist them in determining if and how its own practices and performance might be updated.





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## The unique role of the chair

While every director plays a role, here are some ways in which board and committee chairs can help lead on inclusion:

- ▶ **Elevate and listen to all voices**—As a chair, encourage all directors to bring their authentic selves to the boardroom and to share their experiences and perspectives to help impact discussions, decisions, and potential outcomes. This does not mean specifically asking directors to contribute to discussions based on their diverse attributes, but—rather—creating an environment where board members feel comfortable and encouraged to do so. It’s also about creating equity of voice in a room of different communication styles and personalities. As one director interviewed stated, “Just one domineering director can have detrimental impact on board deliberations.”

*“A chair is like an orchestra conductor: you can’t play and conduct at the same time. A chair is there to give their opinion, but they are 80–90 percent facilitator with the job to bring in all voices.”*

- ▶ **Welcome dissent**—Chairs should invite and openly praise constructive dissent in board discussions. This can be particularly necessary when the board is considering something new or unknown where it is important to examine every angle and challenge every assumption.
- ▶ **Integrate disparate insights**—Consider ways in which the board can not only cultivate but also integrate collective insights to generate the best outcomes and decisions.

*“A chair is like being a coach, who must find ways to draw out the best from each player.”*

- ▶ **Set the tone upfront**—The chair, along with the nominating and governance committee, can set expectations around inclusive behavior, ensuring those expectations are clearly communicated and understood during the interview process and new-director orientation and onboarding.

*“The language used when talking about diversity can make a big impact on board tone and culture. Sentiments like ‘leveling the playing field’ and ‘bringing in the best’ set a different connotation of values than ‘looking for a minority.’”*

- ▶ **Create social opportunities**—Board chairs can help to create intentional opportunities for socialization beyond the traditional board dinner. These opportunities to get to know and connect with fellow board members outside of the boardroom can be particularly important for new and first-time directors and can go a long way in helping to make all directors feel welcomed and eliminate any factions.

*“Being a board member is a 24/7 part-time job, and we only meet 4–6 times a year. . . . Time for socializing outside of the boardroom creates opportunity for building both personal connections and my influence. If needed, I can use that influence to drive culture change—for better inclusion.”*

### REFLECTION POINTS

- ▶ Does my board regularly assess our inclusion practices, e.g., related questions are included within our board self-assessment?
- ▶ What other measures of accountability does my board have in place to keep our inclusion practices in check? How does the board track progress toward its goals on matters of inclusivity?



## Traits of an inclusive board member

Every board member can be an inclusive leader and demonstrate how to speak, act, and think with an inclusive mindset in the boardroom. There are traits rooted at the core of being an inclusive leader that, with understanding and self-awareness, one can learn to incorporate both in and out of the boardroom. Deloitte has identified these six tangible traits reflective of an inclusive leader which can serve as a basis for modeling inclusive board interactions and behaviors.

- ▶ **Commitment—Commitment to inclusion should align with personal values and believing in the business case.** As an inclusive board member, commit to demonstrating inclusive leadership personally and to holding fellow board members and the broader organization accountable for those behaviors—even if staying the course becomes difficult.

*“A key question I ask when interviewing for a board seat is ‘Why do you need me on the board?’ Any hesitation in response gives me pause, because I want to know I’m being brought in for my skills not my [diverse attribute] background.”*

- ▶ **Courage—Talking about imperfections involves vulnerability and personal risk-taking.** As an inclusive board member, share with others your strengths and development areas to model humility and willingness to learn. Having courage may also mean being brave and taking a stance to be inclusive of all board members even when others are not.

*“This [being inclusive] is about doing what’s best to improve the lives of all stakeholders and to enrich the organization, even if it knowingly means you’ll face backlash.”*

- ▶ **Cognizance of bias—Bias can be a leader’s Achilles heel.** As an inclusive board member, be aware of personal biases and blind spots and learn ways to mitigate the impact of those biases. Some common types of bias that may show up in boardrooms include stereotyping, affinity bias, confirmation bias, and groupthink.
- ▶ **Curiosity—Different ideas and experiences enable growth.** As an inclusive board member, ask questions to avoid assumptions. Ask how the definition of success may be broadened. Bring an open mindset to boardroom deliberations and a desire to understand how others’ points of view and experiences can positively contribute to decision-making.
- ▶ **Cultural intelligence—Not everyone sees the world through the same cultural frame.** As an inclusive board member, acknowledge differences as a strength and make decisions through an empathetic lens. This might mean taking an active interest in learning about the cultures that comprise the board’s composition, and how that diversity could impact and influence how board members show up.
- ▶ **Collaboration—A diversely thinking board is greater than the sum of its parts.** As an inclusive board member, leverage the thinking of the diverse group by collaborating with all directors and promoting an environment where all board members have a voice and feel willing to share their perspectives.

### REFLECTION POINTS

- ▶ Which trait do I possess that contributes the most to fostering inclusion in my boardroom? How can I leverage this strength to help foster better inclusion in my boardroom?
- ▶ Which trait can I improve upon to help foster better inclusion in my boardroom?

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To truly reap the value of having diversity of experience, voice, and thought in the boardroom, an inclusive environment should also be present. Further, as a board sets “the tone at the top” and expectations for the organization’s inclusive culture, it should demonstrate that it can also “walk the walk.” This reinforces and drives the culture and expectations, including the creation and maintenance of inclusive behaviors within the workforce as well.

The journey to effective and leading inclusion practices—as with all aspects of DE&I—is not a finite one. Rather, it should be ongoing, dynamic, and sustainable. As discussed throughout this toolkit and summarized here, some takeaways to help boards achieve this include these:

- ▶ Establishing and/or enhancing boardroom inclusion works best when done authentically and with intention. It is important to recognize when inclusion is treated as an act or perfunctory exercise, as this may signal the need for a cultural shift.
- ▶ Board leaders can play a prominent role in setting, driving, and modeling expectations for the board behaviors that drive inclusion. Treat inclusion as a strategic imperative at the board level, too. As many companies are embedding DE&I within the organization’s purpose and strategy, these efforts and focus should extend to the board.
- ▶ Have patience; give it time, but also be earnest and diligent in full board accountability for demonstrating inclusion, such as constructively calling each other out and regularly assessing practices through assessments and director evaluations.

***“Seven to 11 people [a board] have the potential to impact millions around the world. . . . So, harness their wisdom [through effective inclusion practices], which is the real currency of the boardroom.”***

### REFLECTION POINTS

- ▶ What one action will most immediately benefit my board’s inclusion practices?
- ▶ What is one action I can commit to taking to help enhance and promote inclusion on my board?

## Additional Resources

- ▶ “How to Create a Board Culture of Inclusion”
- ▶ “The Inclusion Imperative for Boards”
- ▶ “The six signature traits of inclusive leadership”
- ▶ “Belonging - From comfort to connection to contribution”
- ▶ “The diversity and inclusion revolution: Eight powerful truths”
- ▶ *Winning DE&I Practices: Lessons from the 2022 Diversity, Equity, and Inclusion (DE&I) Awards*
- ▶ *The Missing Pieces Report: The Board Diversity Census*

1515 N. Courthouse Road  
Suite 1200  
Arlington VA 22201  
Phone 571-367-3700  
▶ [nacdonline.org](http://nacdonline.org)

