

Diversity Discussion Guide for Directors

In light of new global trends and business imperatives, the need for diversity of experience, background and perspective has become an important board mandate. Boards have a responsibility to prepare for the future of their organizations and to take the strategic actions necessary to meet shifting stakeholder demands and adapt to the rapidly changing environment in which their companies compete.

This tool—a discussion guide by the National Association of Corporate Directors (NACD)—intends to help boards in the earliest stages of conversation about board diversity. Initially published in the *NACD Report of the Blue Ribbon Commission on The Diverse Board: Moving From Interest to Action*, it can help jump-start a healthy, helpful dialogue.

This guide can also be helpful to boards that have already begun discussing diversity but need to refocus their conversation.

1. Prepare For Diversity Discussion

- Place diversity on the meeting agenda as a discussion topic.
- In advance of the meeting, send out copies of reference materials, such as the *Blue Ribbon Commission report* and any others deemed important by the chair of the governance and nominating committee.
- Also in advance of the meeting, send out a list of questions and/or topics to be discussed. The outline below lists questions that may be discussed.

2. Hold Diversity Discussions

Sample questions to help a board prepare to discuss, select and implement, and disclose diversity goals.

Define Diversity

- How does this board define diversity? Does our definition include gender and race/ethnicity? If not, why not? Do we wish to change our definition of diversity?
- What type of perspectives or backgrounds will help in the formulation and fulfillment of our strategic objectives?
- Do we understand the (shifting) expectations of our most important stakeholders regarding diversity?
- Does our company value diversity as a means to competitiveness?
- Do our board's current diversity definitions and practices differ significantly from those employed by management to run the company?

Discuss Desired Objectives

- Given an agreed upon definition of diversity, is our board sufficiently diverse according to how we understand diversity?
- How does our board's diversity compare to the diversity of boards of our competitors?
- What goals will we set for diversity?

Decide Process

- If we are sufficiently diverse according to our definition, what processes do we have that will ensure continued diversity?
- If we are not sufficiently diverse according to our definition, what processes do we have in place that will bring about and maintain the desired level of diversity?
- What milestones will we set to measure progress?

Assess Progress

- How have we advanced in diversity since our last discussion?
- What milestones have we met?
- What are the challenges for “retention of diversity” or “sustaining the progress achieved?”

Discuss Disclosures

- What kinds of disclosures should we make about our board's diversity?
- Where should the disclosures be presented?
- Proxy statements? Shareholder and other constituent meetings? Other forums and reports?

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