THE POWER OF DIFFERENCE
An anthology of expert perspectives on how boards can build cultures of equity and inclusion.
CONGRATULATIONS

—to—

the 2021 Diversity, Equity, and Inclusion honorees. AMN Healthcare is proud to stand together in our increased values for creating a stronger, more positive force for all humanity.

At AMN, our diversity, equality, and inclusion philosophy is grounded in the belief that we should respect all voices and seek diverse perspectives.

AMN Healthcare is committed to actively engaging in building an organization and society where equality is the norm, equity is achieved, and inclusion is universal so that we may all thrive.

Learn more about our diversity program at
AMNHEALTHCARE.COM/DIVERSITY-EQUALITY-INCLUSION
Contents

The 2021 Power of Difference
Cover photo by John Schaidler, Unsplash

4
Into Action
By Cari M. Dominguez

5
NACD Launches Center for Inclusive Governance
Introducing the Center’s Goals and Advisory Council Members
By NACD Editors

6
Three Companies Awarded Top NACD Prize in DE&I
Meet the 2021 NACD DE&I Award Recipients
By Mandy Wright

8
Boards Expand Racial and Ethnic Diversity Disclosure
By Annalisa Barrett and Susan M. Angele

12
Board Diversity: Turning Aspirations Into Action
By Lauren E. Smith and Dale E. Jones

16
Advancing Equity in and Beyond the Workplace
By Janet Foutty

19
How Can We Expand Our Health Equity Footprint?
By Kim Griffin-Hunter
Annaly Capital Management, Inc. is proud to see our Board of Directors selected as a finalist for the NACD DE&I AWARDS™.

Annaly believes that fostering diversity, equity and inclusion (DE&I) at all levels of the organization is a business imperative and a governance best practice. Our DE&I initiatives drive innovation, strengthen performance and create long-term value for our shareholders.
INTRODUCTION

Diversity, equity, and inclusion (DE&I) have become useful bywords for boards’ commitment to increasing long-term company value by creating organizations that are diverse in their composition, fair in their processes, and inclusive in their culture—all through action.

Action—that is what DE&I today is all about, and it’s why NACD gives its annual DE&I Awards. As such, I would like to congratulate Cascade Public Media, FHLBank San Francisco, and The Progressive Corp., the trio of visionary companies that received the 2021 NACD DE&I Awards. Well done!

Action—this is the reason for the NACD Center for Inclusive Governance™, which directors, management, and others can depend on to challenge their conventional thinking about DE&I practices. The Center houses the most current NACD research on DE&I issues and highlights events, thought leadership, and tools that members and nonmembers can access to advance DE&I at their organizations. Ultimately, it creates pathways to advance diverse talent, empowers boards to build a more inclusive culture, and “emboldens the ecosystem” by convening board members, regulators, corporations, and other partners to execute our commitment to boardroom diversity.

The Center features resources such as the outsert you are now reading, and I commend your attention to the action-oriented articles within. Each one is a fresh take on the important and emerging topic of DE&I.

Janet Foutty, US executive chair of the board of Deloitte, notes in her article that when we focus only on the “D” and “I” in DE&I, “we sometimes mistake steps in the right direction for measurable change.” Corporate boards have traditionally devoted much of their time and attention to such areas as finance, operations, product and service quality, risk, and competition. How many also look at the health of their employees and communities? And within that, how many look through the lens of equity? Deloitte’s Kim Griffin-Hunter suggests that boards seek “opportunities to partner with management in creating a culture and business approach that promote health (and overall) equity within the organization.” Recent events have elevated discussions of these issues to the full-board level in many instances. But we need to accelerate the pace, systematize the process, and engage in active oversight to ensure sustainable progress.

As for building a racially diverse board, Lauren E. Smith and Dale E. Jones of Diversified Search Group advise boards to expand thinking, build bridges, and speed processes. This last point deserves emphasis, as it’s a real-world problem that many boards face. “Slower search processes and lengthy interview timelines can cause high-demand candidates to fall out and accept opportunities with other companies that move quickly—maybe even competitors,” warn Smith and Jones.

Racial diversity, in particular, is becoming a normative goal for major companies today. In their detailed analysis of public company disclosures, Annalisa Barrett and Susan M. Angele of KPMG report that 97 percent of S&P 500 companies consider race and ethnicity in their board-building. While disclosures of diversity in aggregate are most common, the percentage of S&P 500 companies that disclose individual director race and ethnicity more than doubled from January (16 percent) to September (36 percent) of this year. This trend, while encouraging, will not fully capture the scope of DE&I and its importance in elevating board performance until it includes people with disabilities, people who are LGBTQ+, and those who possess other characteristics, all of whom have been historically absent or underrepresented in the workplace. Yes, we have made progress, but there is still much progress to be made.

Diversity, equity, and inclusion. D, E, and I. When corporate America has accomplished these goals, these terms will fade from use, much like “e-commerce” did. For now, we must embrace the language of DE&I, and much more importantly, put it into action. This annual outsert from NACD and the new NACD Center for Inclusive Governance help with exactly that.
NACD Launches Center for Inclusive Governance

For more than 40 years, NACD has worked with its members to empower directors and transform boards. Integral to that mission is advancing diversity, equity, and inclusion in boardrooms and within the organizations that NACD members serve.

As the pandemic took root and continued unabated, and social inequities rose to the surface more clearly than ever, NACD staff have had a number of conversations—internally and externally—surrounding one key question: How can we help America’s boardrooms become more diverse, equitable, and inclusive? Over the course of these conversations, it became clear that NACD was uniquely placed to bring together our members’ and partners’ expertise, resources, and influence to create systemic change in American boardrooms.

The result: the NACD Center for Inclusive Governance™. The Center is based on a shared understanding that diverse, equitable, and inclusive boardrooms not only create long-term value for every organization but also are vital to society more broadly. The Center has three specific goals:

1. Create pathways for diverse talent through the NACD Accelerate™ program.
2. Build an inclusive boardroom through thought leadership, events, and credentialing.
3. Embolden the ecosystem by convening members, regulators, corporations, and other partners to work together to execute our commitment to boardroom diversity.

To inform and advance the Center’s goals, NACD has convened a group of directors, subject matter experts, leaders from underrepresented groups, and allies to discuss ways to strengthen diversity, equity, and inclusion in the boardroom and beyond. The Hon. Cari M. Dominguez, NACD board member and former chair of the US Equal Employment Opportunity Commission, serves as the Center’s chair.

“Boards have made slow progress on increasing diversity over the past decade. I’m hopeful that with efforts like the establishment of the NACD Center for Inclusive Governance we’ll see progress sooner than we were initially expecting,” Dominguez said during an email interview for an NACD BoardTalk blog on the subject. “But I’d like to remind boards that all of us in the corporate governance space have a role to play in championing inclusion. Enhancing inclusion is not just the job of our diverse directors. It’s not just the job of the nominating and governance committee chair or the board leaders, though they all play a key role in this. It’s up to each one of us in the corporate governance community to engage in these conversations about inclusion. It’s up to each one of us to remember that when we join our virtual board meetings or walk into the boardroom, we are the ones who determine—through our words and actions—how inclusive our boardrooms are. Let’s agree to move forward a step at a time. And the work of the Center will help light the way.”

To learn more about the Center, its advisory council, and related research and resources, visit inclusion.nacdonline.org. —NACD Editors
Three Companies Awarded Top NACD Prize in DE&I

By Mandy Wright

What sets a board apart when it comes to diversity, equity, and inclusion (DE&I)? It’s an all-encompassing commitment to a fairer, more inclusive organization—with a vision that extends beyond the office.

The boards of Cascade Public Media, FHLBank San Francisco, and The Progressive Corp. received this year’s NACD Diversity, Equity, and Inclusion Awards (formerly known as NACD NXT), presented in collaboration with Deloitte. The three boards were honored on Nov. 9 at the 2021 NACD Directorship Awards Virtual Gala.

NACD staff closely examined 40 nominations for the DE&I Awards before choosing 10 finalists based on how each board’s composition, culture, and practices align with its company’s DE&I objectives, and on how DE&I approaches impact the organization and stakeholders. A panel of independent judges comprising directors and governance experts then selected the three winners. This year’s judges were:

- Philip D. Amoa, partner, McCarter & English; chair, development and governance committee, Board of Pensions of the Presbyterian Church (2020 NACD NXT Award winner); director, NACD Philadelphia Chapter
- Romulo L. Diaz Jr., chair, nominating and governance committee, Philadelphia Museum of Art; director, FHLBank Pittsburgh, Pennsylvania Energy Development Authority, Center City District of Philadelphia
- Matthew Fust, Quorum senior advisor, Out Leadership; chair, audit committee, Atara Biotherapeutics, Crinetics Pharmaceuticals, Ultragenyx Pharmaceutical; director, ArsenalBio
- Michele Hooper, chair, audit committee, United Airlines Holdings; chair, nominating and corporate governance committee, UnitedHealth Group
- Anne Simpson, managing investment director, board governance and sustainability, California Public Employees’ Retirement System

The gala also celebrated the 2021 NACD Directorship 100 and featured musical interludes from Jon Batiste, an Academy Award-winning and Grammy-nominated musician. NACD president and CEO Peter R. Gleason and Bonnie Hill—president of B. Hill Enterprises, a director of Banc of California, and the 2015 NACD...
B. Kenneth West Lifetime Achievement Award recipient—also spoke at the event, which was hosted by Emily Chang, anchor and executive producer of Bloomberg Technology and author of Brotopia.

The three DE&I Award winners use externally focused work alongside internal efforts to promote DE&I. For example, FHLBank San Francisco funds affordable housing projects for low- and moderate-income families, people with disabilities, and more. Progressive’s insurance offerings can be tailored to meet communities and their occupants, such as young homebuyers, where they are. And Cascade strives to put out content that helps the community and its diverse audience. Below are additional ways the winners focus on DE&I.

**CASCADE PUBLIC MEDIA**

Cascade Public Media believes, as its nomination letter states, that DE&I is “inextricably linked to fulfilling [its] mission to ‘inspire a smarter world’ where residents of the Pacific Northwest can learn, grow, and participate in effective civic dialogue and make a difference for one another and for the region.” The organization has made several key commitments:

- To recruiting and retaining future-focused and diverse employees and board members
- To an inclusive culture that encourages all staff and directors to fully contribute and innovate
- To governance that holds DE&I at the center of its makeup, vision, actions, and results

The business defines diversity broadly, considering not only race and gender but also aspects of identity such as physical ability, national origin, religion, veteran status, sexual orientation, and age. The board’s DE&I strategic plan has included key performance indicators related to board demographic metrics and board culture objectives. Thirty percent of the board’s members are BIPOC (Black, Indigenous, and people of color), and 40 percent are women.

**FHLBANK SAN FRANCISCO**

This year, FHLBank San Francisco began implementing an ambitious three-year DE&I plan focused on the following:

- Engaging responsibly in honest conversations that deepen allyship and sponsorship
- Assessing and improving access to opportunity across all business activities
- Developing new or enhanced programs that tackle housing, jobs, and economic equity in the bank’s diverse communities

Within its office of the president, FHLBank San Francisco recently established its DE&I office. In conjunction with the board and its DE&I committee, also created in 2021, the DE&I office has set performance targets for workforce diversity, diverse supplier spend, diverse dealer transactions, and treasury discretionary activity. Additionally, the chief diversity officer reports directly to the CEO and the board’s DE&I committee.

The board has also made great efforts to diversify itself. In 2020, it conducted dedicated outreach to qualified, diverse board member candidates. Today, 7 of the 15 board members are from diverse racial groups, and 6 of the 15 are women. In March, Teresa Bryce Bazemore was named to the roles of president and CEO of the bank and is the first Black woman CEO in the FHLBank system.

**THE PROGRESSIVE CORP.**

The name says it all. The Progressive Corp. has made waves in the DE&I space by committing to four primary objectives: maintaining a fair and inclusive work environment, having employees that reflect the company’s customers, having leadership that reflects the company’s employees, and contributing to the communities in which the company operates.

Additionally, Progressive recently committed to doubling the representation of people of color in senior leadership positions by the close of 2025. In 2020, 56 percent of leadership promotions were awarded to women, and 25 percent of such promotions went to people of color. The company is relatively rare in the Fortune 500 as it has both a woman CEO (only 41 Fortune 500 companies do, as of June) and a separate woman as chair. The board has achieved gender parity, and 17 percent of the board is ethnically diverse. Progressive also hosts an annual “Inclusion Week” that supports employees in building inclusive skill sets and implementing them in a business context.

OTHER 2021 AWARD FINALISTS

- AGNC Investment Corp.
- AMN Healthcare
- Annaly Capital Management
- Arcora Foundation
- Discover Financial Services
- FNB Corp.
- Popular
Boards Expand Racial and Ethnic Diversity Disclosure

By Annalisa Barrett and Susan M. Angele

Pressure continues to intensify for corporations to increase and disclose their boards’ diversity. The murder of George Floyd and other Black Americans in the spring of 2020 and the subsequent social unrest accelerated corporate efforts around diversity, equity, and inclusion, as well as stakeholder and regulator demands for faster progress and greater transparency.

A growing patchwork of regulations encourages board diversity in terms of gender, race and ethnicity, and sexual orientation and gender identity. However, the only board demographic information that all US public companies are currently required to disclose is the age of each director.

Nasdaq’s board diversity rule is poised to have the most widespread impact to date on this issue. Approved in August, the rule will require most companies listed on its US exchange to annually disclose board diversity statistics using a standardized template and to have at least two diverse directors (or explain why they do not). This includes one director who self-identifies as female and one director who self-identifies as an “underrepresented minority” or as LGBTQ+. (As a note, different entities use different terminology around sexual orientation and gender identity—LGBTQ+, LGBT, and others; this article’s use varies depending on the source language.) Nasdaq’s rule follows the passage of California SB 826 and AB 979, which require board diversity for public companies headquartered in that state. But California isn’t alone. Maryland, New York, and Washington also have board gender diversity reporting requirements or mandates, while Illinois has legislation aimed at promoting both gender and racial or ethnic diversity on boards through reporting requirements.
Diverse boards are more effective, and disclosure drives action. Stakeholders have been especially focused on racial and ethnic diversity and disclosure over the past year. To get a sense of the current disclosure landscape, the KPMG Board Leadership Center analyzed board racial and ethnic diversity disclosure among Russell 3000 and S&P 500 companies from January to September 2021, reflecting changes made during proxy season. The analysis was based on the KPMG Board Diversity Disclosure Benchmarking Tool, powered by ESGAUGE, which compares board diversity disclosure practices by index, sector, and company size.

The data show a large increase in disclosure at US public companies during this period. The following are key takeaways from this analysis.

The percentage of companies disclosing the board’s aggregate racial and ethnic diversity more than doubled between January and September—from 25 percent to 57 percent among S&P 500 companies, and from 8 percent to 25 percent among Russell 3000 companies. Organizations that disclose their boards’ racial and ethnic diversity may do so in aggregate, by individual director, or both. As State Street Global Advisors describes, aggregate data might include the total number or percentage of directors who are racially and ethnically diverse (e.g., “seven of our directors are people of color”) or who are within each racial or ethnic category (e.g., “5 percent of our directors are Black”).

More companies disclose director race and ethnicity in aggregate than individually. Among those boards publishing their racial and ethnic composition, disclosing such diversity in aggregate predominates in both indices. While 73 percent of S&P 500 companies disclose the board’s racial and ethnic diversity in some manner, only 36 percent disclose this information on an individual director basis. In the Russell 3000, 36 percent of firms disclose board racial and ethnic diversity, and 17 percent disclose it on an individual basis.

That said, the percentage of S&P 500 companies that disclose individual director race and ethnicity more than doubled from January (16%) to September (36%). While fewer Russell 3000 companies have adopted this practice, the percentage of companies disclosing individual director race and ethnicity more than tripled during this time frame, from 5 percent to 17 percent.

Nonetheless, it is not a widespread practice. Some observers caution that individuals may be sensitive about publicly disclosing personal information or may have difficulty identifying with a single race or

---

**PRESSURE MOUNTS FOR BOARDS TO REPORT ON RACIAL AND ETHNIC DIVERSITY**

August 2020: The Diverse Corporate Directors Coalition published a call to action encouraging boards to disclose their demographic composition disaggregated by gender, race and ethnicity, disability status, LGBT+ identity, and veteran status.

September 2020: California AB 979 was signed into law, requiring public companies headquartered in California to submit an annual report to the California secretary of state that indicates the total number of directors that are on the board from an “underrepresented community,” defined as individuals who self-identify as racially and ethnically diverse or self-identify as LGBT.

October 2020: The Russell 3000 Board Diversity Disclosure Initiative, led by the Illinois state treasurer, sent letters to Russell 3000 companies asking them to consider including board racial and ethnic data in their 2021 proxy statements.

November 2020: Institutional Shareholder Services released its 2021 US proxy voting guidelines, stating that for meetings on or after February 1, 2022, it would recommend a vote against the nominating and governance committee chairs of boards in the S&P 1500 or Russell 3000 with “no apparent racially or ethnically diverse members.”

January 2021: State Street Global Advisors released new guidance on racial and ethnic diversity disclosure, indicating it would vote against nominating and governance committee chairs of S&P 500 boards that do not disclose the board’s racial and ethnic diversity (either individually or in aggregate).

February 2021: The New York State Common Retirement Fund expanded its voting policies to vote against board chairs and audit committee members on S&P 500 boards that do not disclose individual directors’ race and ethnicity.

April 2021: A survey of over 3,000 US adults by JUST Capital and The Harris Poll found that 73 percent believed it is important for large companies to publicly report on the demographic makeup of their boards and workforce.

August 2021: The US Securities and Exchange Commission approved Nasdaq’s board diversity rule, which will require most companies listed on its US exchange to have at least two diverse directors (or disclose why they do not), with one director self-identifying as either racially and ethnically diverse or LGBTQ+. Such demographic data must be disclosed in a board diversity matrix.

*This list is not exhaustive and focuses specifically on recent actions related to board racial and ethnic diversity disclosure.*
ethnicity. However, other stakeholders argue that asking each director to individually identify their demographic data aligns with the personal information already requested in existing directors’ and officers’ questionnaires and fulfills requests from stakeholders. Out Leadership, which advocates for LGBTQ+ board inclusion, recommends providing annual disclosures in a matrix that includes demographic data for each board member. Similar to asking directors to self-identify race and ethnicity, Out Leadership argues that many LGBTQ+ directors would choose to self-identify if given the chance. (Three percent of S&P 500 and 1 percent of Russell 3000 firms disclose individual directors who identify as LGBTQ.)

The percentage of firms disclosing that they consider racial and ethnic diversity in director qualification criteria increased. Larger S&P 500 companies, which typically adopt leading governance practices more quickly and face greater investor scrutiny, may be more likely to consider racial and ethnic board diversity than the smaller Russell 3000 firms. Of the companies disclosing that they consider diversity in director selection, 97 percent of S&P 500 and 76 percent of Russell 3000 boards reported that they specifically include race and ethnicity, up from 89 percent and 61 percent, respectively, in January.

Also, under US Securities and Exchange Commission rules, public firms must describe if and how they incorporate diversity into director search criteria. All S&P 500 and 98 percent of Russell 3000 firms refer to diversity generally in such disclosures. But disclosing that diversity is considered doesn’t necessarily translate to action or progress.

Overall, a growing number of companies are demonstrating their commitment to racial and ethnic diversity through disclosure of board demographics. Disclosure informs stakeholders of the board’s actual diversity metrics and also allows them to better measure progress on board diversity broadly.

**SHARE OF S&P 500 COMPANIES DISCLOSING INDIVIDUAL DIRECTOR RACE AND ETHNICITY**

<table>
<thead>
<tr>
<th></th>
<th>January 2021</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=496</td>
<td>n=494</td>
</tr>
<tr>
<td>Yes</td>
<td>16%</td>
<td>36%</td>
</tr>
<tr>
<td>No</td>
<td>84%</td>
<td>64%</td>
</tr>
</tbody>
</table>

**SHARE OF RUSSELL 3000 COMPANIES DISCLOSING INDIVIDUAL DIRECTOR RACE AND ETHNICITY**

<table>
<thead>
<tr>
<th></th>
<th>January 2021</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=2,980</td>
<td>n=2,984</td>
</tr>
<tr>
<td>Yes</td>
<td>5%</td>
<td>17%</td>
</tr>
<tr>
<td>No</td>
<td>95%</td>
<td>83%</td>
</tr>
</tbody>
</table>

**SHARE OF S&P 500 COMPANIES DISCLOSING AGGREGATE RACIAL AND ETHNIC BOARD DIVERSITY**

<table>
<thead>
<tr>
<th></th>
<th>January 2021</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=496</td>
<td>n=494</td>
</tr>
<tr>
<td>Yes</td>
<td>25%</td>
<td>43%</td>
</tr>
<tr>
<td>No</td>
<td>75%</td>
<td>57%</td>
</tr>
</tbody>
</table>

**SHARE OF RUSSELL 3000 COMPANIES DISCLOSING AGGREGATE RACIAL AND ETHNIC BOARD DIVERSITY**

<table>
<thead>
<tr>
<th></th>
<th>January 2021</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=2,980</td>
<td>n=2,984</td>
</tr>
<tr>
<td>Yes</td>
<td>8%</td>
<td>25%</td>
</tr>
<tr>
<td>No</td>
<td>92%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Source: KPMG Board Diversity Disclosure Benchmarking Tool, powered by ESGAUGE
Diversity of board perspectives.
Precision of business insights.

Seeing differently enables broader views of key issues.

KPMG’s Board Leadership Center helps connect directors who bring cognitive diversity and informed perspectives to the boardroom. Learn more at kpmg.com/us/BLC

Anticipate tomorrow. Deliver today.
Does your board reflect the world in which you operate? The value of board diversity has been touted for years but has recently gained new momentum. Racial diversity on Fortune 500 boards is growing, for example, with people of color now representing 18.5 percent of board seats, up from 16.1 percent two years ago, according to the Alliance for Board Diversity, though still not reflecting the diversity of the US, let alone the global population.

The US Securities and Exchange Commission’s recent approval of Nasdaq’s board diversity rule is driving companies to actively seek diversity of gender, race, ethnicity, and sexual orientation. However, some boards are struggling with the concept of adding diversity and wrongly believe they need to make a trade-off between directors who bring diversity and those who bring value. At Diversified Search, we know you can do both. We have seen that value and diversity go hand in hand because our clients have been proving it for years.

The best boards consider multiple dimensions to create the right team to maximize their effectiveness: industry and functional background, race and ethnicity, age, geography, board experience, and active versus retired executive status are key considerations when building a board or thinking about director succession. In today’s world, ensuring that racially diverse directors have a voice in the boardroom has never been more important.
We believe that racially diverse candidates should be included in all director searches. High-performing boards seek directors that both enhance the skill sets of the board and bring different perspectives and lived experiences that enable the board to deal with today’s complicated world.

The three approaches below can help your board put its diversity aspirations into action, as our clients’ experiences have shown:

1. **Expand your thinking.** By broadening how you think about the competencies, functional backgrounds, and industries that could add value to your board, you will expand the potential candidate pool and enrich your board’s depth of talent. Go beyond a current-state, skills-gap analysis of your board when identifying your needs. Instead, analyze the company’s strategy and opportunities, and identify the missing skills that are needed to get you where you want to go.

   How is your industry changing? What new markets do you want to enter? What new kinds of competition are emerging? Consider candidates from industries that have gone through the transition that you are about to make or from sectors of new target customers. It’s important to think beyond profit-and-loss leaders and those with experience in your industry. Consider entrepreneurs who have leveraged technology in new ways, professional service providers who know your space, chief information officers who have implemented digital transformation, chief human resources officers who have shaped more progressive cultures, and general counsel who have been the right-hand person to a CEO during bet-the-company mergers and acquisitions activity.

2. **Build bridges to candidates.** Diverse candidates are in high demand. To increase your odds of being able to attract them, spend time up front assessing where your organization is on its diversity journey and how diverse candidates can add value to your board. Diverse candidates will question why you are interested in them and how you think they can contribute to the success of the company. Before engaging with them, it is important for you to know the answers.

### CASE STUDY

**WYNN RESORTS**

Expanding its thinking is exactly what Wynn Resorts did when we worked with the company on a recent board search. Wynn sought candidates with stellar personal reputations, strong financial acumen, strategic thinking, fresh perspectives, and the ability to infuse the board with new ideas. Instead of focusing on candidates who held specific roles or came from a certain-sized company, Wynn Resorts focused on adding someone who could offer insight into the intersection of technology and entertainment, as this is a critical part of how Wynn’s industry is evolving.

After considering many profiles of racially diverse candidates, Wynn selected a new director that was not a chief financial officer, a CEO, or even a public company executive. The company selected a partner from a professional services firm that brings together entertainers and technology companies in new and creative ways. This new board member is at the nexus of all that is novel in entertainment and technology and has a tremendous network in both worlds. Although he did not have public company executive or board experience, Wynn Resorts knew it could train him on the governance aspects of his role. He hit the ground running with his industry insights and has added tremendous value.

### CASE STUDY

**JACOBS ENGINEERING GROUP**

Building bridges to candidates was a critical success factor for our client Jacobs. The organization was going through a total company transformation when we conducted a board search that brought the first woman of color onto its board. The placed candidate—a chief information officer of one of the world’s largest private equity firms—had many options for board service, and wanted to be sure that the company of any board she joined was forward-thinking, was fully committed to diversity, and would leverage her strong digital strategy skills. Jacobs and Diversified Search were able to captivate her with the story of the company’s cultural shift, diversity results, and digital vision.

We talked about the CEO’s passion for diversity at every level of the organization and the company’s vision for being a leader in digitally enabled technology. Then, we facilitated a meeting in which the CEO flew out to meet with her in order to demonstrate his high level of interest in her and to tell her the Jacobs story in person. She got her questions answered and became convinced that Jacobs was a place where she would have an impact. Our ongoing relationship with her throughout the process made sure her questions were addressed at every step and that she was prepared to accept the offer.
Your recruiting story should articulate how candidates bring the specific background and skill sets you seek, how the board plans to listen to their voices, and how you envision that they can have an impact on your company. Additionally, most diverse candidates want to ensure that you are committed to increasing diversity, equity, and inclusion (DE&I) at all levels of the organization.

It is important that the board be self-reflective and can articulate the company’s DE&I successes and objectives. Be prepared to talk about how DE&I is reflected in your metrics, your purchasing practices, and your philanthropy. Teaming up with a search firm that reflects the diversity you are seeking can help build authentic connections with candidates and surface concerns throughout the process so that you can address the issues and be successful in closing on the candidate.

3. Speed up your process. By creating a thorough but relatively swift process, you will enhance your ability to attract the right diverse candidates and will avoid missing out on outstanding candidates. While some board searches can take six months or more, diversity-focused searches benefit from a company’s willingness to be nimble and decisive. Be ready to move quickly on the right candidate when you find them. Don’t settle for someone that you don’t think is right—and expedite the process if you identify the right person early on.

We’ve found that companies that get excited about a candidate and move quickly through the search process can land their dream candidate. Slower search processes and lengthy interview timelines can cause high-demand candidates to fall out and accept opportunities with other companies that move quickly—maybe even competitors.

Leverage these successful tactics to build an exceptional value-added board—one that reflects your employees, your customers, your partners, and your community, and that prepares you to face the challenges of today and tomorrow.

Expand how you think about the value that new board members can bring. Build bridges to engage candidates and be prepared to address what’s on their minds. Speed up your process and be nimble and decisive. Then you can be successful at adding members with both the competencies and diversity to enable your company to thrive.

---

CASE STUDY

**PERFORMANCE FOOD GROUP CO.**

One of our clients, Performance Food Group, a customer-centric food service distribution leader, had a clear picture of what it wanted from a new board member and was ready to move fast. The company sought to add industry expertise and racial diversity to its board. Within a couple of weeks of launching the search, we presented profiles of 15 racially diverse potential candidates. The company was most excited about the owner and chair of the largest minority-owned food service and facilities management company in the United States. His extensive management experience and deep food service industry knowledge were an excellent fit. However, he was considering an offer to join another board. Performance Food Group moved at lightning speed—clearing schedules for board and management members to have multiple conversations and assess fit. Once everyone agreed, the company swiftly moved to offer, and that top candidate happily accepted.

---

Diversified Search is a founding partner, advisor, and facilitator of the Alliance for Board Diversity. The alliance was created to enhance shareholder value in Fortune 500 companies by promoting the inclusion of women and people of color on corporate boards.
Popular is honored to join the NACD in celebrating all finalists for the 2021 Diversity, Equity, & Inclusion (DEI) Awards.

We thank our Board of Directors for their dedication and support to the DE&I mission, which is core to our corporate values.

www.popular.com
Advancing Equity in and Beyond the Workplace

By Janet Foutty

Business leaders have come to understand the importance of cultivating inclusion while simultaneously increasing diversity. But too often we downplay the most important part of the equation: equity.

When we focus only on the “D” and “I” in DE&I (diversity, equity, and inclusion), we sometimes mistake steps in the right direction for measurable change. As a boardroom example, the latest Missing Pieces report (published by the Alliance for Board Diversity, in collaboration with Deloitte) documents a notable increase in gender diversity on Fortune 500 boards.

White women made the largest strides in overall board seats held, gaining 209—or a 20.6 percent increase—from 2018 to 2020. But their success seems to have come at the expense of larger, more intersectional board diversity: Black women’s board representation grew by only six seats from 2018 to 2020, down from the 13-seat increase between 2016 and 2018. There was also minimal progress for most other race, ethnicity, and gender combinations.

As a measurable, meaningful outcome of dismantling systems of bias, oppression, and racism, equity is key to making progress, in addition to pursuing diversity and inclusion. As Deloitte recently explored in The Equity Imperative, equity can also create business value.

Boards hold an incredible amount of influence in driving equity—which means that bold, sustainable progress is possible when board leaders commit to action. They can get started by exploring how to advance equity within each of their organizations’ spheres of influence: the workforce, the marketplace, and society.
THE WORKFORCE
There’s a common misconception that workplaces struggle with diversity due to a lack of available talent. For many workplaces, this appears at odds with data showing non-white workers are more likely to be underemployed than their white counterparts.

To actively build systems that drive equity, boards need to take a hard look at their talent data—and then disaggregate it. They should ask meaningful questions that can give them an accurate picture of DE&I in their workplaces and that can help them identify the sources of the inequities they find. It’s not enough to know how many members of marginalized communities are in leadership positions; boards must also ask themselves: What are the demographics of the people in positions of influence? Where and why is our company falling short in the retention and career advancement of specific demographic groups? Boards can then encourage management to orchestrate transformative change that will result in real gains in equity throughout the cultures and value chains of their organizations.

THE MARKETPLACE
Less than one-fourth of businesses invest in products and services that promote racial equity, according to a Fortune and Deloitte survey of more than 125 leading CEOs representing more than 15 industries. When companies leave equity out of their financial decisions, the products and services they deliver can inadvertently perpetuate systems of bias. Take, for example, unintentional bias that may get baked into artificial intelligence applications.

Boards can challenge the way organizations spend their dollars in the supply chain, in mergers and acquisitions (M&A), and in the products and services they deliver to create solutions that promote equity. This year, my own board created a subcommittee to review M&A activity by asking questions such as: Will these acquisitions be accretive or dilutive to our DE&I goals?

SOCIETY
While governments can set the standards for social change that companies adhere to, it’s up to businesses to break the ceilings and actively drive this change. Industry coalitions can have a large impact on policy and allow companies to make relatively quick progress in their communities.

For example, research has shown that economic inequities lead to distinct health, financial, and educational impacts on the lives of Black individuals. Organizations can make intentional investments in Black communities and businesses through coalitions such as OneTen, which is working to hire, advance, and upskill one million Black people over the next 10 years.

Boards can shift their focus from driving shareholder returns to driving value for all stakeholders, including customers, employees, shareholders, and society, while increasing company value—and social good. They should approach DE&I with an integrated, continuously supported strategy and a measurable, rigorous approach. Expanding the notion of board responsibility can drastically improve outcomes for historically and systemically marginalized individuals. That’s equity-supportive governance.

As used above, Deloitte refers to a US member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (DTTL). This article contains general information only and Deloitte is not, by means of this article, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This article is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this article. Copyright © 2021 Deloitte Development LLC
Congratulations to our Board of Directors!

We thank the NACD for recognizing the myriad ways our Board of Directors leverages the power of Diversity, Equity, and Inclusion to strengthen FHLBank San Francisco, and extend our congratulations to our fellow winners and all the nominees for the 2021 award.

The vision and support of our Board is vital to FHLBank San Francisco’s ability to pursue innovative and sustainable ways of fostering DE&I in all aspects of how we engage with our member financial institutions, our workforce, our business and community partners, and our other stakeholders.

At FHLBank San Francisco, we work hard to cultivate a culture in which each of our 300 employees feels valued and respected, has a sense of belonging, and is inspired to promote DE&I throughout the organization.

We are very proud that because of our DE&I efforts, our cooperative reflects the diversity of the communities that we and our more than 330 member institutions serve.
How Can We Expand Our Health Equity Footprint?

By Kim Griffin-Hunter

In virtually every industry, environmental, social, and governance risks are demanding attention from board members. The threat of climate change, for example, has prompted many industries to develop environmental strategies to reduce their carbon footprints.

Along these lines, a growing number of organizations, and their boards, are beginning to discuss ways to define and expand their health equity footprints. But what exactly does “health equity” mean, and why is it vital for companies to assess their own impact?

Health equity simply means that everyone—regardless of race, ethnicity, gender, sexual orientation, socioeconomic status, or other aspects of identity—has the same opportunity to achieve their full potential in all aspects of health and well-being. The health equity footprint reflects an organization’s progress toward ensuring that no one (inside or outside of the organization) is unable to reach this potential because of their social position or other circumstances.

Many boards are just beginning to focus on this issue. Health inequities are apparent across a broad range of illnesses—from COVID-19 to diabetes and heart disease to mental health issues. Black and Hispanic individuals, for example, are exposed to about 60 percent more air pollution than they produce, on average. White people, by contrast, experience an average of 17 percent less air pollution than they generate.

Moreover, structural and systemic barriers may mean that people who live in low-income or minority-majority neighborhoods don’t have
access to a grocery store (or to affordable healthy foods), or to green space or safe outdoor areas where children can play. Health outcomes and life expectancy still map to the geographic boundaries established generations ago through the practice of redlining. No one should be surprised that low-income populations and communities of color have been hit particularly hard by COVID-19, as Deloitte’s Elizabeth Baca noted in a blog post last October.

THE BUSINESS CASE FOR HEALTH EQUITY

Health inequities tied to race and ethnicity translate to about $93 billion in excess medical care costs and $42 billion in lost productivity annually. At the company level, health inequities mean employers are “investing health-care dollars in a system that does not administer services equally to diverse workforces. . . . In many cases they are paying for inappropriate or inadequate care,” according to a publication from the Association of State and Territorial Health Officials. Some employees may be receiving excess care and others not enough.

Beyond the strong business case for health equity, there are moral and ethical issues to consider. Health equity is strongly linked to diversity, equity, and inclusion (DE&I), which are vital to our overall well-being as a society, in addition to companies’ ability to survive and thrive.

Change needs to start at the top, and talking about health equity is often the first step. Silence in the boardroom is no longer an option, and board members should get more comfortable initiating uncomfortable conversations.

Boards can work with management to identify areas that can be improved in terms of health equity—both internally among employees and externally in terms of clients and other stakeholders. They can then set goals and track progress.

Goals can start out small, but progress toward meeting those goals should be measured and shared. The Deloitte Health Equity Institute recently worked with the National Association of Health Services Executives to survey Black health-care executives who are leading DE&I initiatives. Half of the survey respondents said leadership is not meaningfully measuring and tracking progress.

There are four critical steps that directors can take to improve health equity inside and outside of their organizations:

1. **Organization.** Consider opportunities to partner with management in creating a culture and business approach that promote health (and overall) equity within the organization.

2. **Offerings.** Ask management to assess whether the organization’s products and services are designed and delivered with health equity in mind.

3. **Community.** Consider the impact that health equity has in the communities where the company recruits, operates, and invests. Partner with management to consider the needs of everyone directly or indirectly affected by the business.

4. **Ecosystem.** Collaborate with management to encourage vendors, partners, and other stakeholders to prioritize health equity.

Expanding the organization’s health equity footprint—thereby accelerating DE&I—is a moral imperative that requires both a business solution and a commitment from executives and directors.

The good news is that nobody is in competition around health equity. We are all in this together, and together, achieving true health equity is possible.
Our purpose is to make an impact that matters.

An organization’s purpose imperative has never been more critical to help ensure the long-term prosperity and resilience of our economy, society, and business community. How can your organization lean into its own purpose journey and generate meaningful impact within and outside of your business?

www.deloitte.com

Copyright © 2021 Deloitte Development LLC. All rights reserved.