



Clark College

Board of Trustees Retreat

Wednesday, July 28, 2021 at 8:30am
Clark Tech Center
Room #144

Board of Trustees Retreat Packet
Wednesday, July 28, 2021 at 8:30am via Zoom

- I. (8:30-9:00) Coffee/Breakfast**
- II. (9:00) Call to Order/Agenda Review - Chair Strong**
- III. (9:00-9:30) Warm Up Exercise – Chair Strong**
- IV. (9:30-11:45) Allyship Part 2 – Rashida Willard, Vice President of Diversity Equity and Inclusion**
- V. (11:45-Noon) Reflection on the Workshop – Chair Strong**
- VI. (12:00-12:30) Lunch**
- VII. (12:30-1:15) Executive Session –Performance Review of the President**
An Executive Session may be held for any allowable topic under the Open Public Meetings Act.
- VIII. (1:15-2:00) Review of Board Goals and Goal Setting for 2022 – Chair Strong**
- IX. (2:00-2:15) Appointment of Board Officers and Committee Assignments – Chair Strong**
- X. (2:15-2:30) Break**
- XI. (2:30-4:30) Facilitated Discussion – Dr. Andrea Cook**
- XII. Public Comment – Chair**
Public comment will be limited to two minutes each.
- XIII. Next Meeting**
The next regular meeting of the Board of Trustees is currently scheduled for Wednesday, August 25, 2021 at 5pm via Zoom.
- XIV. Adjournment – Chair**

Board of Trustees Goals

(Adapted from September 23, 2020 Board of Trustees Meeting Minutes)

- (a) That Chair Strong, with support from President Edwards or as delegated, lead the development and recommendation of a board equity statement. (end of fall 2020 quarter)
- (b) That Vice Chair Bennett and Trustee Speer, with support from President Edwards or as delegated, lead a review and recommend updates to the Clark College Board of Trustees Policies and Procedures Manual to include the equity statement as well as specific language around onboarding, training, accountability of board members, and any other edits as it relates to equity. (Jan 27, 2021 board meeting)
- (c) That Trustee Speer, with support from President Edwards or as delegated, recommend updates to College Administrative procedure 610.025 APPOINTMENT PROCEDURES FOR PRESIDENT reflecting best practices from our most recent Presidential Search. (EC approval no later than end of fall 2020 quarter)
- (d) That Chair Strong, with support from President Edwards or as delegated, include the Equity Growth Assessment as part of board self-review at future board retreats. (next board retreat)
- (e) That Chair Strong and Vice Chair Bennett, with support from President Edwards or as delegated, schedule a quarterly equity training workshop for the board aligned with training being offered to the college (begin fall 2020)
- (f) That the Board direct President Edwards or as delegated, to research and act on opportunities to utilize external resources to accelerate progress on College policy review per 200.001 - Administrative Policies and Procedures Process, particularly as it relates to equity and anti-racism. (immediate)
- (g) That the full board commits to meaningful attendance at the Northwest Regional Equity Conference. (Feb 24-26, 2021)

Board Equity Statement

The Board of Trustees of Clark College, in united solidarity, explicitly affirms the college's identity as an anti-racist institution. We commit to the development and implementation of strategies and best-practices that dismantle racism and other forms of oppression within all aspects of our college. As the college's leading governing body, policy- setting group, and fiduciary agents, we commit to champion diversity, equity, and inclusion in all aspects of our work. We also commit to intentional actions, continued learning, and acknowledgement that there will be missteps during our journey. Nonetheless, we will persist and accept that responsibility for meaningful cultural change and progress on diversity, equity, inclusion, and anti-racism rests on the shoulders of the college's top leaders and the Board of Trustees.

DRAFT

**Nomination of Board Officers and Committee
Appointments**

Board policy 100.C20 states that in June of each year the Board shall elect from its membership a chair and vice-chair to serve for the ensuing year. The chair and vice-chair of the Board are elected for a term of one year and assume office on July 1.

1. Chair
2. Vice Chair

Committee appointments to be made for (academic year) include:

3. Clark College Foundation Board of Directors
 - A. Foundation Board (Position #1):
 - B. Executive Committee (Position #2):
 - C. Board Chair/Vice Chair (BOD/BOT) Committee:
4. Legislative Action Committee Representative to Washington State Association of College Trustees (ACT)
 - Primary:
 - Alternate:
5. Facilities Master Plan
6. Guided Pathways Committee
7. Onboarding of the New President
8. Budget Committee

**BOT WORK SESSIONS, EXECUTIVE SESSIONS & EQUITY TRAININGS
2020-2021**

MONTH	WORK SESSION/EXECUTIVE SESSION & EQUITY TRAINING
JULY	RETREAT (3 Sessions)
AUGUST	No Work Session
SEPTEMBER 24	Topic 1: Financial Aid (Bill Belden & Chippi Bello) Topics 2: Spring COVID-19 Student Experience Survey Results (Rosalie Roberts)
OCTOBER 23	Topic 1: Transforming Lives Nominee Interviews
NOVEMBER 3 Trustee Equity Training	Topic 1: Equitable Decision Making (Rashida Willard & Alyssa Voyles)
NOVEMBER 13	Topic 1: Equitable Decision Making Tool (Rashida Willard) Topic 2: Board Reports/Scorecards (Rosalie Roberts)
DECEMBER 9	No Work Session
JANUARY 27	Topic 1: Boschma Farms Easement (Sabra Sand) Topic 2: Legislative Update (Kelly Love) Topic 3: Diversifying IT Student Workforce (Val Moreno)
FEBRUARY 10 Trustee Equity Training	Topic 1: Critical Race Theory (Rashida Willard)
FEBRUARY 24 Executive Session	Topic 1: Tenure Candidate Interviews (Dr. Sachi Horback)
MARCH 10	Topic 1: 2020-2021 New Budget Procedure and Process (Sabra Sand) Topic 2: Guided Pathways (Dr. Michele Cruse)
APRIL 28	Topic 1: Data Requests and Accreditation Update (Rosalie Roberts) Topic 2: Update on CLASS Unit (Dr. Michael Brown) Topic 3: Overview of eLearning (Dr. Kathy Chatfield)
MAY 20 Executive Session	Topics 1: Tenure Candidate Interviews (Dr. Genevieve Howard)

MONTH	WORK SESSION/EXECUTIVE SESSION & EQUITY TRAINING
MAY 26	Topic 1: Strategic Enrollment Plan (Dr. Michele Cruse & Dr. Genevieve Howard) Topic 2: Budget Update (Sabra Sand)
JUNE 9 Trustee Equity Training	Topic 1: Allyship in Action (Alyssa Voyles & Melissa Williams)

FOUNDATION OPERATING AGREEMENT

AGREEMENT
between
CLARK COLLEGE
and
THE CLARK COLLEGE FOUNDATION

This Foundation Operating Agreement (this “Agreement”) is entered into by and between Clark College, Community College District No. 14 (the “College”), and the Clark College Foundation, a Washington nonprofit corporation under RCW 24.03 (the “Foundation”).

WHEREAS, the College, pursuant to RCW 28B.50.140(8), may receive such gifts, grants, conveyances, devises and bequests of real and personal property from private sources, as may be made from time to time, in trust or otherwise, whenever the terms and conditions thereof will aid in carrying out College programs; and

WHEREAS, the College has, from this express power to receive property, the implied power to solicit the same; and

WHEREAS, the College has the authority to enter into contracts for these and other lawful purposes; and

WHEREAS, the Foundation as a tax-exempt nonprofit corporation is organized and operated to receive and administer property for the exclusive benefit of the College and to make contributions, grants, gifts, and transfers of property to the College; and

WHEREAS, the Foundation is empowered by the College to solicit and receive contributions, grants, gifts, and property in the name and on behalf of the College and receive property and to make contributions, grants, gifts and transfers of property to the College; and

WHEREAS, the Foundation and College agree that the Foundation may, under prescribed conditions, accept Committed Gifts and Expectancies that have a primary purpose of benefiting the College and Completed Gifts that qualify for the exception to the exclusive benefit requirement (as set forth in the Gift Acceptance Policy); and

WHEREAS, the Articles of Incorporation of the Foundation set forth in Article 3 state the purpose of the Foundation to be as follows:

The Corporation is organized in order to: Operate exclusively for the purposes of promoting, supporting, maintaining, developing, increasing, and extending educational offerings and the pursuit thereof at or in connection with state community colleges operated by Clark Community College District No. 14, State of Washington, hereinafter referred to as ‘District No. 14’, except as provided in the Foundation Operating Agreement pertaining to Completed Gifts,

Committed Gifts, and Expectancies; and, in furtherance of the foregoing, to conduct any and all scientific, literary, charitable, and educational activities permitted both to an organization exempt under Section 501(c)(3) of the Internal Revenue Code, (hereinafter “Code”), or acts amendatory thereof or supplementary thereto, and by chapter 24.03 RCW, as now or hereafter amended.

The phrase “educational offerings” as used in this article shall be construed to mean and include all activities designed to: facilitate and/or enhance the cultural, educational, living, and operational conditions at District No. 14; establish, acquire, maintain, enlarge, and expand the curriculums, services, faculty, staff, and the real and personal properties of District No. 14; and, provide financial or other assistance to the students, faculty, and staff of District No. 14 in their efforts to acquire and/or provide an education.

The terms “Completed Gift, Committed Gift and Expectancy” shall be defined as follows:

1. “Completed Gift” means a transfer that is irrevocable, accepted by the Foundation and is used for wholly charitable purposes. Such gift may be outright, in trust or otherwise and may (or may not) be subject to terms and conditions.

2. “Committed Gift” means a transfer that is irrevocable, accepted by the Foundation and non-charitable and charitable beneficiaries each hold an interest (e.g., charitable remainder trust wherein a non-charitable beneficiary holds the present interest and the charitable beneficiary holds the remainder interest). In addition, such gift will be in trust or otherwise and will be subject to terms and conditions. Such gift will become a Completed Gift upon the occurrence of an event (e.g., death of a non-charitable beneficiary).

3. “Expectancy” means a revocable written plan to make a transfer to a charitable beneficiary in the future upon the occurrence of an event (e.g., death of the donor). Upon such event, the Expectancy will become a Completed Gift or a Committed Gift. And;

WHEREAS, the Foundation and College recognize that close collaboration and cooperation is necessary to (a) appropriately serve the educational mission and priorities of the College; and (b) to avoid competition for funds or unproductive duplication of effort;

NOW, THEREFORE, the parties hereby agree as follows:

I. SEPARATE OBLIGATIONS

A. The Foundation shall:

1. Expend its best efforts to seek to accrue gifts, grants, conveyances, devises, and bequests of money and real and personal property for the benefit of the College and in alignment with the College’s established development priorities. For this purpose, it will design and implement a Gift Acceptance Policy approved by the College Board of Trustees to solicit and receive such money and property and also to acquire such property by purchase, lease, exchange or otherwise, all to further the purposes of the educational mission of the College as determined by the Board of Trustees in stated goals, objectives, and priorities;

2. Comply with all applicable federal and state laws. For this purpose, the Foundation will establish rules and procedures for the management of all affairs of the Foundation in accordance with (a) the requirements for tax-exempt entities under the federal Internal Revenue Code, including its section 501(c)(3), and (b) the laws of the State of Washington applicable to the Foundation including, but not limited to, those governing charitable solicitations (e.g., RCW 19.09), nonprofit corporations (e.g., RCW 24.03, RCW 23.95), trusts holding property for charitable purposes (e.g., RCW 11.110), serving as Trustee (e.g., RCW 24.03.035(18) and RCW 11.36.021), and the authority of state agencies (e.g., RCW 43.09);

3. Tender to the College immediately all gifts and donations it may receive wherein the College is designated as recipient, and properly account and be responsible for all donations which designate the Foundation as recipient;

4. Accept, hold, administer, invest, disburse, and dispose of such funds and properties of any kind or character as from time to time may be given to it, in accordance with the terms of such gifts. However, any restricted or conditional gift which in any way obligates the College shall not be accepted by the Foundation unless acceptance is (a) consistent with the Gift Acceptance Policy previously approved by the College, or (b) approved in writing by the College President or other College official specifically delegated with written authority to approve such gifts on behalf of the College;

5. Make contributions, grants, gifts, and transfers of property, both real and personal, either outright or in trust, to or for the benefit of the College;

6. Use all assets and earnings of the Foundation for the exclusive benefit of the College or for payment of necessary and reasonable administrative expenses of the Foundation, except as provided in Section I.A.9 pertaining to Completed Gifts, Committed Gifts, and Expectancies. No part of such assets and earnings shall accrue to the benefit of any director, officer, member, or employee of the Foundation or of any other individual, except for appropriate payment of reasonable compensation for services actually rendered or reimbursement of reasonable expenses necessarily incurred;

7. Not merge, consolidate, or change the Foundation's Articles of Incorporation without the written consent of the College;

8. Act in cooperation with the College faculty and staff and Foundation staff shall conduct themselves in accordance with the College's operational policies and procedures as determined by the College Board of Trustees.

9. Notwithstanding any other provision of this Section I.A., may establish or accept and administer Completed Gifts, Committed Gifts, and Expectancies, subject to the applicable provisions of state law. Completed Gifts, Committed Gifts, and Expectancies will be accepted only pursuant to and consistent with a Gift Acceptance Policy adopted by the Foundation. Provided, such Gift Acceptance Policy shall be approved in writing by the College Board of Trustees.

B. The College shall:

1. Allow the Foundation to continue to use the College's name in fundraising activities providing that Foundation activities are consistent with the terms of this Agreement and with the Foundation's Articles of Incorporation, as now on file with the Secretary of State or as later amended, following approval of amended Articles of Incorporation by the College.

2. Provide the Foundation with use of supplies and services as reasonably required for its operation as outlined in the annual budget developed on **Schedule 1** as described in Section III.E herein.

3. Make College employees available, as necessary and appropriate, to assist the Foundation in executing its development programs. The time allocated to services to the Foundation shall not be full-time for any College employee.

II. ACCOUNTING AND AUDITING

To provide proper accounting and auditing for the property and services provided by each party under Article I of this Agreement:

A. Accounting and fiscal functions for the Foundation are performed by the Foundation.

B. The Foundation is a separate entity from the College, and it shall be periodically audited by a reputable independent accounting firm.

C. The College is a state institution of higher education, and it shall be audited by the State Auditor's Office.

D. The Foundation shall annually confirm to the College (1) that it has fully complied with its obligations to expend its best efforts to seek to accrue gifts, grants, donations and endowments for the benefit of the College; and (2) that it has used all assets and earnings of the Foundation for the exclusive benefit of the College or the payment of necessary and reasonable administrative expenses of the Foundation, except funds held pursuant to Section I.A.9. For this purpose, the Foundation will list its accomplishments for the preceding year and share with the College its revenue and expense statements for the preceding year and its end-of-year balance sheet.

E. Notwithstanding the independent status of the Foundation and the College, the parties agree that in order to fully accomplish their respective missions, the Foundation and the College must cooperate and support each other. The Foundation and the College agree that each entity will provide the other with certain services, facilities, equipment, personnel, or other items of value to carry out the purpose of this Agreement. The value exchanged by the Foundation and the College constitute in part the consideration for this Agreement. The value of all space and equipment, supplies, personnel, and other services which the College provides to the Foundation shall not exceed the total amount agreed upon by the College and the Foundation in **Schedule 1** in any fiscal

year. Schedule 1 shall be negotiated annually. The College business office will annually prepare, and the Foundation Executive Director and the College President and/or their authorized designees will annually review, a post-closing summary of the transactions between the two parties to assure that this maximum has not been exceeded.

F. The Foundation shall cooperate fully with any request for review of the Foundation financial records for the sole purpose of ensuring compliance with this Agreement, including permitting the College President or designee to inspect and copy financial records.

G. The College President, on an annual basis, shall provide evaluation and feedback to the Foundaion Board Chair on the performance of the Foundation Executive Director. The College President shall participate in any committee of the Foundation's Board of Directors created to recruit and/or hire the Foundation Executive Director.

III. OTHER AGREEMENTS

A. Trade Secrets – The parties agree that the Foundation's donor list and donor information constitute "trade secrets" as these (i) are fundamental to the Foundation's purpose and business, (ii) are not known or readily accessible by competitors including other institutions of higher education, (iii) have commercial value, (iv) provide the Foundation with a competitive advantage in the marketplace for grants and donations, and (v) the Foundation makes reasonable efforts to not disclose and maintain the secrecy of this information.

B. Data Sharing and Security Agreement: The parties each acknowledge that they may be provided access to the other party's confidential data, including trade secrets and FERPA protected student information; and each agrees that it and its vendors shall abide by a Data Sharing and Security Agreement (**Attachment A**), which may be amended from time to time. For any data shared with the Foundation, the Foundation agrees to manage student records obtained from the College in accordance with the Family Educational Rights and Privacy Act (FERPA), 20 USCA §1232g, guidelines and will not disclose student records to third-party vendors for those entities' further commercial use of the information. The Foundation further agrees that employees accessing student records shall abide by the same policies that the College requires of its employees using similar student records.

C. Independent Capacity: At all times and for all purposes of this Agreement, each party shall act in an independent capacity and not as an agent or representative of the other party.

D. No Indemnification: Each party shall be responsible for the actions and inactions of itself and its own officers, employees, and agents acting within the scope of their authority.

E. No Assignment: This Agreement is not assignable, by either party, in whole or in part.

F. Governing Law and Disputes: This Agreement shall be governed by the laws of the State of Washington. Before instituting any legal action hereunder, a party, through its President, shall meet with the President of the other party and attempt in good faith to resolve the disagreement. Venue of any action hereunder shall be in Clark County Superior Court.

G. Entire Agreement: This Agreement constitutes the entire agreement of the parties, including all oral understandings, on the subject of their general and overall relationship. However, the parties may enter into other stand-alone agreements on specific subjects. All such other agreements shall also be in writing, signed by the parties, and approved as to form by the Attorney General or designee.

H. Modification: No alteration or modification of any term of this Agreement shall be valid unless made in writing, signed by the parties, and approved as to form by the Attorney General or designee.

I. .

J. Termination: This Agreement shall expire four years from the date this Agreement is fully executed and shall automatically renew unless otherwise terminated as provided herein. This Agreement may be terminated by either party only at the end of a State fiscal biennium, upon written notice to the other party given at least ninety (90) days in advance. However this Agreement or a successor overall agreement with the College shall be necessary for the Foundation to operate.

IN WITNESS WHEREOF, this Agreement has been executed by and on behalf of the parties on this ____ day of _____, 20__.

<p>CLARK COLLEGE FOUNDATION</p> <p>By _____ _____, Chair _____ Foundation Board of Directors</p>	<p>CLARK COLLEGE</p> <p>By _____ _____, Chair _____ College Board of Trustees</p>
	<p>Approved as to form: _____ Assistant Attorney General</p>

Dr. Andrea Cook, Ph.D.

Dr. Cook was named President Emerita of Warner Pacific University (WPU) upon her retirement in 2020. During her 12-year tenure leading WPU, Dr. Andrea Cook was a driving force behind the institution embracing its identity as an urban institution dedicated to serving the city of Portland and students historically underserved by higher education.

Through specially tailored programs, WPU students who identify as first-generation college attenders were successful in achieving their higher education goals. Dr. Cook was instrumental in the University becoming a Hispanic Serving Institution (HSI) and a Minority Serving Institution (enrolling more than 60% students of color), with scholarship and academic programs focused on access and success for under-represented students, with the objective of earning a WPU degree preparing them to lead and serve in their community.

In addition to focusing on the diversity, equity, and inclusion for students, Warner Pacific dramatically increased the ethnic diversity of faculty, staff and Board members during the same period.

For more than 40 years, Dr. Andrea Cook served in various higher education leadership roles, holding positions at Judson Baptist College, University of Oregon, George Fox University, and Goshen College before assuming the role of Vice President of Institutional Advancement at Warner Pacific. She was selected as WPU's seventh and first female President in 2008. Cook holds a baccalaureate degree from Northwest Nazarene University and both a master's degree and a Ph.D. from the University of Oregon.



The inclusion imperative for boards

Redefining board responsibilities to support
organizational inclusion

About the Deloitte Diversity & Inclusion Client Service Center of Excellence

Deloitte LLP's Diversity and Inclusion (D&I) consulting practice serves clients through cutting-edge marketplace solutions that engage diverse talent; build inclusive leaders; and foster innovative, courageous, and equitable cultures. Our work in D&I strategy, bias mitigation, and inclusive leadership engages board- and C-suite-level executives in strengthening inclusive cultures and diverse workplaces in pursuit of business outcomes. Read more about [Deloitte's D&I services](#) on [Deloitte.com](#).

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Yes, boards do matter for inclusion

CORPORATE AND NONPROFIT boards of directors—spurred by a mix of persuasive research; pressure from shareholders, employees, customers and business partners; and their own intuitive sense of what’s right—have been working for years to improve diversity in their own ranks. For example, the percentage of women on Fortune 500 boards rose to 22.5 percent in 2018, up from 15.7 percent at the start of this decade. People of color on Fortune 500 boards increased from 12.8 percent in 2010 to 16.1 percent in 2018.¹

There’s little debate that driving diversity should continue to be an important priority for all organizational leaders; nevertheless, it is becoming increasingly evident that focusing on diversity without also focusing on inclusion is not a winning

strategy.² Management teams—their efforts often led by chief diversity, inclusion, or human resources officers—have started to recognize this, and some have taken concrete action to develop and execute inclusion strategies that go beyond diversity to create inclusive cultures at their organizations.

Inclusion, however, is an issue whose importance touches leaders beyond the C-suite. So, what can *boards* do to further promote and solidify an inclusive culture at the organizations they oversee? A great deal, it turns out. Although boards of directors remain one step removed from the C-suite’s execution focus, they have a meaningful role to play in building an inclusive enterprise, and they can govern in ways that put C-suites and organizations on a positive path.

DEFINING DIVERSITY AND INCLUSION

While diversity and inclusion may be inextricably linked, they are not one and the same.

- **Diversity** refers to the presence of people who, as a group, have a wide range of characteristics, seen and unseen, which they were born or have acquired. These characteristics may include their gender identity, race or ethnicity, military or veteran status, LGBTQ+ status, disability status, and more.
- **Inclusion** refers to the practice of making all members of an organization feel welcomed and giving them equal opportunity to connect, belong, and grow—to contribute to the organization, advance their skill sets and careers, and feel comfortable and confident being their authentic selves.

The main difference between the two is that diversity is a state of being and is not itself something that is “governed,” while inclusion is a set of behaviors and can be “governed.”

Therefore, this report emphasizes the board’s role in governing *inclusion*. This by no means diminishes the importance of diversity and the need to continue to drive progress. On the contrary, boards should engage in conversations with management about improving diversity, and this in itself is an inclusive practice.

Why should boards care about inclusion?

“THE BOARD SETTING an example is important,” states a director of a Fortune 500 industrial products manufacturer. “If the board is not both diverse and inclusive, it lacks credibility with management”—as likely as well with investors, customers, employees, and other stakeholders.

Yet boardroom conversation around the board’s influence over inclusion is often scarce. A review of some charters for board committees in areas with potential diversity and inclusion implications—such as nominating and governance, human resources, and compensation—revealed that while more than half mentioned diversity and inclusion, these references most often only pertained to demographic composition (diversity). A small minority of these charters made direct references to the board’s oversight of inclusive organizational culture, practices, or strategy (inclusion).³ Additionally, while many boards use tools such as board competency matrices in their succession planning efforts, most of these tools do not provide detailed insight into board members’ experiences and capabilities, including their experience or capability in practicing inclusive behavior.⁴

Qualitative research further reinforces the need for additional board focus on inclusion. Interviews with board members and executives of organizations across the marketplace reveal that a large majority of boards may not consider diversity and inclusion as separate concepts. Indeed, most boards’ current efforts in these areas focus mostly on diversity.⁵

Boards have an interest in encouraging inclusion as well as diversity, however. The uplift organizations receive from having an inclusive



culture, and not just a diverse workforce, is substantial. Where an inclusive culture exists, employees are much more likely to see themselves as part of a high-performing organization in which teams collaborate and consistently meet client and customer needs. Teams also perform better when they are both diverse *and* inclusive—there is less groupthink and more innovation.⁶ In fact, the board, as a team, can also exemplify this pattern. When comparing low- and high-performing boards, high-performing boards are more likely to exhibit gender balance and inclusive behaviors.⁷

These outcomes of inclusion can translate into financial results. When operating under an inclusive culture and inclusive talent practices, organizations generate up to 30 percent higher revenue per employee, are more profitable than their competitors,⁸ and become eight times more likely to achieve positive business outcomes.⁹

In short, because diversity alone does not ensure that organizations are able to bring a wide variety of insights, life experiences, and perspectives to

bear on their challenges and opportunities, boards should also value and promote *inclusion* as a separate yet connected priority.

It is time for boards to recognize both their potential for influencing inclusion and their responsibility to do so, not only for the sake of their own



organizations and employees but, where relevant, also for the sake of their various stakeholders. “Shareholders ask about diversity and inclusion because they know [diversity and inclusion] add to long-term shareholder value,” says Kosta Kartsois, chairman and CEO, Fossil Group. Furthermore, as markets and customer preferences shift, boards and executives benefit from recognizing that prioritizing the inclusion of diverse customers and stakeholders is key to staying competitive in the marketplace.¹⁰

How can boards shift into an inclusion governance mindset? While it may seem an amorphous undertaking, it is possible for boards to chart a clear way forward that embeds inclusion into every facet of the organization’s work, workforce, and workplace.

Influencing inclusion: The board's responsibilities in five key areas

"It all starts at the board to set the tone for inclusion as a priority both internally and externally."

— *Ken Denman, governance & nominating committee chair, Motorola Solutions*

Past research reveals, and our interviews confirm, that boards of directors traditionally own five key areas of organizational oversight:¹¹

- Strategy
- Governance
- Talent
- Integrity
- Performance

As these responsibilities evolve to account for changes in regulations, the business environment, and society in general, the role boards play in influencing inclusion within each of these five areas is becoming even more important.

Strategy

"Boards don't run the company—they govern. Boards can ask questions about the culture, whether or not it's inclusive, and how to support an inclusive culture with the business strategy. That's the board's job."

— *Director, various Fortune 500 organizations*

In the most inclusive organizations, inclusion is seen by all employees as critical to business strategy.¹² However, building an inclusive culture does not happen overnight. Boards can expedite progress by helping management define a common vision for what inclusion means and embed that vision directly into the business strategy.

In defining the vision for inclusion, the board and management will want to consider how individual, organizational, and societal biases may interfere with reaching inclusion goals. For example, if individuals with different identities are hired or promoted, or leave the organization, at unequal rates, what could this indicate about the level of inclusion employees might experience at the organization? If community partners and vendors do not have inclusive policies within their own firms and operations, what signals might a partnership or contractual relationship send to employees and the marketplace? If products and services are not designed to meet the needs of a diverse set of customers, how might this affect the company's bottom line?

Additionally, the definition of inclusion should tie into the organization's objectives, vision, mission, and strategy, perhaps using language directly from the organization's mission statement. The tighter the alignment, the more deeply the inclusion message will resonate with board members, executives, and the broader workforce, and the more likely it will be to elicit behavior changes that contribute to a more inclusive culture.

FIGURE 1

How boards can ingrain inclusion into their organizational strategy

What should boards ask?	What should boards do?
What is the organization’s active working definition of “inclusion,” and what is its vision for an inclusive culture?	Align with management on the definition of “inclusion.” Validate management’s inclusion vision, strategies, and goals. Proactively provide input to shape or enhance the inclusion vision, strategies, and goals when relevant or necessary.
How does the business strategy reflect inclusion?	Provide input for improvements to the organization’s business strategies to best align with the organization’s inclusion vision, strategies, and goals, as needed.
What is the organization doing to advance its inclusion agenda, and where is it making progress?	Seek to understand the organization’s high-level diversity and inclusion maturity levels and efforts. Request information from management to inform the board’s guidance for addressing the organization’s significant gaps.
What are the existing enablers (such as business resource groups) and barriers (such as unconscious bias) to creating an inclusive culture? How can the enablers be promoted and the barriers broken down?	Stay aware of the organization’s inclusion enablers and barriers (which may also likely impact the organization’s diversity). Evaluate and approve major solutions toward promoting enablers and breaking down barriers as recommended by management.

Source: Deloitte analysis.

Governance

“To truly embody and govern inclusion, the board should reflect the diversity of [the organization’s] customer base in its composition, create an inclusive culture within the boardroom itself, and integrate inclusive thinking and behaviors into all of the ways that the board operates.”

— *Trudy Bourgeois, founder and CEO, Center for Workforce Excellence*

It is incumbent upon boards to govern and operate with an inclusion lens—particularly as they preside over shifts in strategy, advise on major investments, and monitor risks. Boards that demonstrate inclusive governance practices integrate

inclusive thinking in all board proceedings and understand how their actions and decisions may lead to inclusion-related implications. Consider these potential boardroom scenarios:

- As an example of how board members interact, when having heated discussions or discussing sensitive topics in board meetings, are all board members able to contribute equally and do they feel welcome to do so? If not, how can the board operate differently to create an open and authentic environment for all of its members?
- As an example of governing business strategy, when the board is helping to evaluate whether to acquire another organization, does the board consider how the target’s level of inclusion—informed in part by the diversity of its workforce—compares to the organization’s

FIGURE 2

How boards can embed inclusion into the way that they govern

What should boards ask?	What should boards do?
How are decisions made by the board? If relevant, how is inclusion, and not just diversity, explicitly factored into those decisions?	<p>Consider both diversity and inclusion implications when making decisions, even those in areas that are not traditionally associated with diversity and inclusion.</p> <p>Ensure that all board members involved in the decision-making process are heard and respected.</p>
Do board committee charters lay the foundation for inclusive behaviors in all relevant board processes?	Embed inclusive language, thinking, and actions into all relevant proceedings and practices.
If inclusion is not already practiced, how can the board best begin to foster inclusion through its operating principles and behaviors?	<p>Conduct a self-assessment of inclusion governance practices and develop a plan to embed inclusion into all board processes.</p> <p>Consider forming an inclusion-specific committee or designating an inclusion champion within the board as a starting point.</p>
Does the data informing the board's operations and decision-making come from a diverse and inclusive set of sources and perspectives?	Avoid confirmation bias by challenging management to seek out accurate information and research from multiple, diverse sources and perspectives.

Source: Deloitte analysis.

own? If the target is not as advanced in these areas, what risks could the organization thereby assume, and how can they be mitigated?

Similarly, inclusive board committees consider inclusion as a key element when crafting and executing their separate charters, perhaps going so far as to explicitly detail expectations for operating in an inclusive manner.

As a first step in holding itself accountable for inclusive governance practices, boards may even consider establishing a committee, temporary or permanent, focused specifically on inclusion. This inclusion committee's mandate would be to elevate inclusion's visibility in the boardroom and promote inclusive governance practices across all board committees and procedures.

Talent

"Where the board can influence inclusion is in asking questions like, 'What is [management] doing to ensure that people at all levels and of all backgrounds have an opportunity to be developed and mentored into the senior management levels?'"

— General Lester Lyles (USAF retired), Chairman, USAA and director, General Dynamics and NASA

It is often said: Tone starts at the top. Boards can best advance the inclusion agenda not just by embodying inclusive leadership traits among their own members, but also by holding management accountable for developing the organization's talent—executives, managers, and front-line employees—into inclusive leaders.

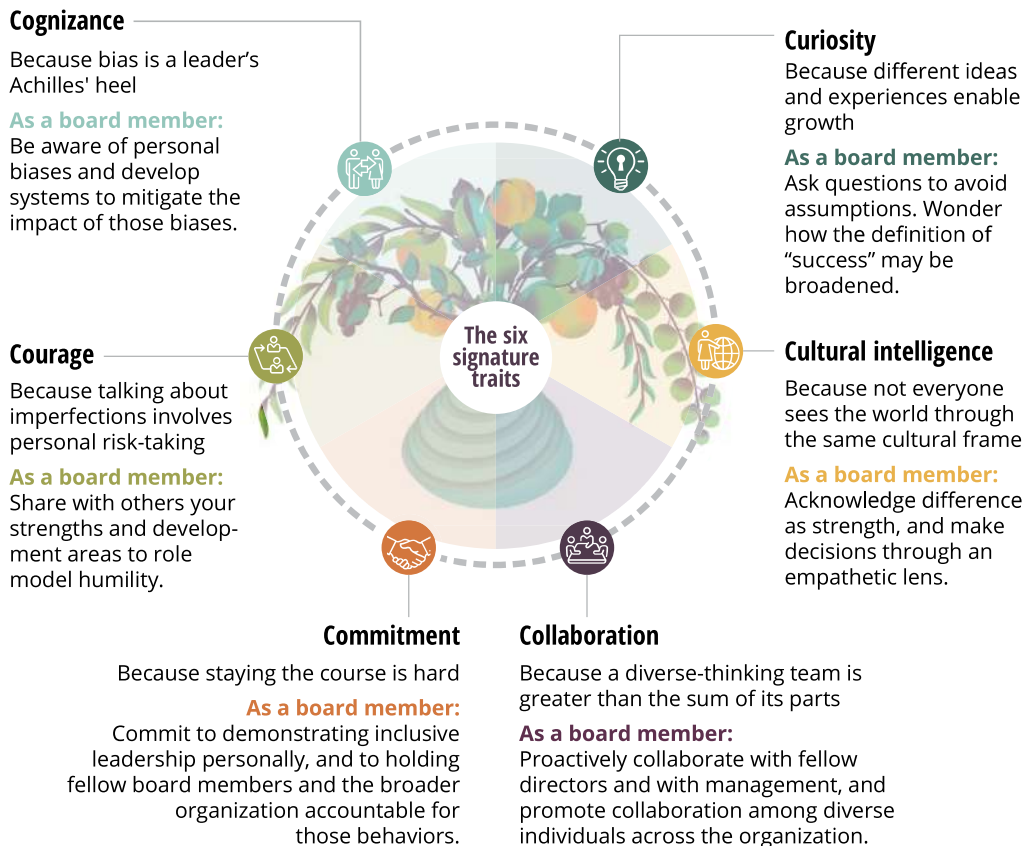
In general, inclusive leaders recognize and value people and groups based on their unique characteristics and learn to mitigate biases stemming from stereotypes. They also leverage the thinking of diverse groups of individuals for smarter ideation and decision-making, reducing the odds of being blindsided by up to 30 percent, increasing innovation by up to 20 percent, and fostering a sense of trust.¹³

Deloitte has identified six signature traits of inclusive leadership: commitment, courage, cognizance, curiosity, cultural intelligence, and collaboration (figure 3).¹⁴ Board members can use these traits as a starting point for modeling inclusive leadership in all of their daily interactions and behaviors, both inside and outside of the boardroom.

To promote a pipeline of inclusive leaders, boards can encourage management to set these same six traits as formal competencies for senior leaders by embedding them into the organization’s performance management, professional development, and succession planning processes. “Organizations would rarely promote business leaders who don’t demonstrate a level of financial knowledge, and this same thought process should be applied for demonstration of inclusive behaviors,” says Trudy Bourgeois, founder and CEO of the Center for Workforce Excellence. “Inclusion is, in fact, a business imperative. So, if you are being considered for a top leadership position, then you should have already demonstrated competency as an inclusive leader.”

FIGURE 3

Inclusive leadership for board members



Sources: Juliet Bourke and Bernadette Dillon, *The six signature traits of inclusive leadership: Thriving in a diverse new world*, Deloitte Insights, April 14, 2016; Deloitte analysis.

FIGURE 4

How boards can help foster inclusive talent

What should boards ask?	What should boards do?
How are inclusive leadership traits and characteristics clearly built into the roles of and expectations for senior and executive leaders?	<p>Challenge management to set clear expectations for and to evaluate senior and executive leaders around inclusive leadership.</p> <p>Use similar criteria to evaluate the CEO and board members themselves.</p>
How is inclusion built into the organization's leadership succession plans?	<p>Prioritize an inclusion lens in succession planning (which includes considering the importance of diverse representation).</p> <p>Select inclusive leaders for key positions and encourage management to do the same.</p>
How are inclusion goals built into leadership and workforce development?	<p>Support management in promoting experiences and resources that train leaders and the broader workforce to practice inclusiveness, and help management identify experiential gaps in the leadership ranks that require correction.</p> <p>If needed, suggest development of new positions within the organization specifically focused on accomplishing inclusion goals as they relate to leadership and workforce development.</p>
How are the organization's professionals at all levels, including the board itself, becoming educated on diversity and inclusion and trained on inclusive behaviors?	<p>Influence diversity and inclusion education strategy, including a focus on bias mitigation, and set the tone for the importance of such education by having board members participate in education initiatives.</p>

Source: Deloitte analysis.

Finally, boards have a role in challenging management to cultivate inclusive leadership skills throughout the enterprise. Employees see inclusion as one of the most important factors in deciding where to work, and they want inclusion to be fundamental to their daily work experiences.¹⁵ To achieve this, boards, as well as middle management and other employee groups, also play a critical part in championing and driving inclusive behaviors and practices. Collective accountability from all employees for fostering an inclusive culture is key to a successful and sustainable long-term inclusion strategy.

Integrity

“When boards think and act inclusively, it sends a very clear message [about] what’s important to the company.”

— *Billie Williamson, director, Kraton Corporation, Cushman & Wakefield, and Pentair*

By setting the tone for inclusion and prioritizing it both internally and externally, a board has an opportunity to hold itself accountable for maintaining the integrity of its inclusion vision and to improve public perception of the organization and its brand.

FIGURE 5

How boards can frame inclusion as a matter of integrity

What should boards ask?	What should boards do?
What is the organization's inclusion brand externally, and how is it manifested (such as what diverse stakeholders and clients say about their experience with the organization's culture, products, and services)?	Help management strengthen the organization's external inclusion brand, and advise management on any associated risk and areas for improvement.
How do the board, management, and other leaders speak about and embody inclusion, both internally and externally?	Actively embody inclusive leadership behaviors and traits in all personal and professional interactions.
What are employees' perceptions of inclusion?	Understand that employee perception is a critical business driver, and challenge management to implement ongoing measures to effectively assess employee perception of inclusion at the organization.
What could the organization's alliances, clients, or vendors convey about its stance on inclusion?	Understand how key stakeholders within the organization's value chain approach, manage, and promote inclusion, and consider how that aligns with, and may affect, the organization's own commitment to inclusion.

Source: Deloitte analysis.

Board members can advance a commitment to inclusion by leveraging their unique social and political capital to be a champion and role model, while looking for opportunities to directly acknowledge and formally promote their commitment to inclusion: in communications to shareholders, in public appearances, in interviews and conference presentations, and informally in networking and professional conversations.

Elsewhere, the board can guide management to consider how the organization itself talks about or represents inclusion in communications—whitepapers, press releases, marketing materials—and what the organization's people say in the media. Finally, the board can encourage management to consider the integrity of the prospective partner's inclusion vision when entering into alliances with other organizations or contracts with supply chain partners.

Performance

"[Driving] inclusion has to be a shared responsibility, but the roles are different. Management executes and advances the [inclusion] mission, and the board holds management and the organization accountable to that mission."

— *Sheila Penrose, chairman, Jones Lang LaSalle Inc. and director, McDonald's Corporation*

Transformations of any kind are subject to fatigue and failure unless someone is held accountable for outcomes. Building and maintaining an inclusive culture is no exception, which requires the board to hold the entire organization—management, all employees, and the board itself—accountable.

It is the board's role to monitor diversity and inclusion metrics at a high level, while requesting

that management collect and analyze the relevant data (see the sidebar, “Measuring diversity and inclusion”). For instance, roughly 32 percent of respondents to a 2017 human capital survey indicated their organizations do not measure or monitor diversity and inclusion in their recruiting efforts.¹⁶ Boards can play a significant role in closing the gap in this as well as in other areas. With data, the board can not only track the organization’s progress, but also guide its own efforts to operationalize the board’s multifaceted role in embedding inclusive thinking and behavior in strategy, talent, governance, integrity, and performance.

Boards can enhance management’s accountability for progress in inclusion by purposefully rewarding good inclusion performance. While 78 percent of respondents to the aforementioned survey believed inclusion to be a competitive advantage, a mere 6 percent of respondents indicated that their organizations actually tie diversity and inclusion outcomes to performance management

MEASURING DIVERSITY AND INCLUSION

To measure diversity, organizations can track the rate at which they hire and employ people in various demographics, which may be characterized by gender identity, race or ethnicity, military or veteran status, LGBTQ+ status, or disability status, among other traits.

To measure inclusion, which can often be more challenging, organizations can compare the rates of retention, promotion, and attrition among the various demographics used to track diversity. Beyond measuring these factors, organizations should go further to understand the reasons for any differences and whether a lack of an inclusive culture is an underlying cause. Additionally, organizations can field ongoing pulse surveys that ask employees about their perceptions of the work environment, levels of engagement, and overall employee experience.

FIGURE 6

How boards can monitor the organization’s inclusion performance

What should boards ask?	What should boards do?
What metrics are in place to measure the effectiveness of the organization’s inclusion efforts and to identify gaps?	Influence the types of metrics used to track the progress and outcomes of inclusion efforts and the order of priority of these metrics. Prioritize inclusion on the board agenda by regularly scheduling time during board meetings to discuss and monitor diversity and inclusion progress and goals.
How are inclusive behaviors and outcomes rewarded, recognized, and celebrated at the individual and organizational levels? How are noninclusive behaviors and outcomes corrected or mitigated?	Publicly and purposefully celebrate improvements in inclusion, and reward individuals who embody inclusive leadership. Develop corrective actions and plans in concert with management to correct or mitigate noninclusive behaviors.
How is the organization pursuing continuous improvements to enhance its own inclusive practices and outcomes?	Help management identify best-in-class peers to measure the organization’s inclusion maturity against them.

Source: Deloitte analysis.

and compensation.¹⁷ Therefore, at the most senior levels of the organization, boards should consider linking some percentage of performance-based compensation to meeting inclusion objectives. For the rest of the workforce, boards may also encourage management to develop ways to hold all employees accountable for inclusive behaviors. These may include tactics such as developing formal performance expectations or creating monetary incentives, awards, or recognition programs.

Finally, boards should also evaluate their own performance in individually embodying inclusive leadership traits and collectively conducting inclu-

sive governance practices. This evaluation can be incorporated into annual board self-assessments or, if a board decides to form an inclusion-specific board committee, through the inclusion committee members' due diligence.

Where organizational inclusion objectives are not being met, the board can work with management to develop plans for corrective action. Such plans may include deployment of additional awareness and education for areas in need of improvement, or removal of employees who exhibit actions contrary to an inclusive culture.

What can boards do now?

“The endgame is inclusion, and that is how you come up with better results and better solutions for shareholders.”

— *Director, Fortune 500 petroleum company*

Creating and sustaining an inclusive culture may be one of the most difficult challenges an organization’s leadership, including its board, can undertake. Unlike engineering a better product or rooting out process inefficiencies, it can require teaching people how to rethink or eliminate deeply ingrained and even subconscious perceptions and behaviors. But the potential rewards are too dramatic, the moral imperatives too strong, and the risks of failure too great for boards not to lead on this issue.

The concepts outlined in this report are not intended to serve as a one-size-fits-all solution. Each organization should adapt its inclusion governance approach to reflect its own characteristics: its size and geographic reach; the complexity of its organizational structure; whether it is public, private, or nonprofit; the industry in which it competes; its current levels of diversity and inclusion maturity; and the size and complexity of its board.

Nonetheless, taking steps to cultivate inclusion in the board’s five key areas of responsibility can help lay a path for boards to:

- Articulate the current state of the board’s approach to inclusion governance
- Assess that approach against leading practices
- Identify what can be done to achieve inclusive governance goals
- Implement the changes necessary to accomplish those goals

By setting an example of inclusion in the boardroom, by advocating for an inclusive culture both internally and externally, and by holding management accountable for taking concrete measures to embed a culture of inclusion throughout the enterprise, boards can move a needle that’s been advancing far too slowly for far too long.

AN INCLUSIVE GOVERNANCE STARTER LIST

☑ Strategy

Understand the organization’s current diversity and inclusion environment

☑ Talent

Educate yourself on inclusion and inclusive governance

☑ Governance

Begin embedding inclusion into all board processes

☑ Integrity

With management, concretely define what inclusion means and what behaviors support it

☑ Performance

Begin prioritizing inclusion as a strategic imperative on the board’s agenda, and monitor relevant metrics

Appendix

Research methodology

THE IDEA THAT boards of directors have a role in governing inclusion, or in promoting an inclusive culture within their organizations, has not been widespread across the marketplace. A recent and thorough review of existing governance, diversity, and inclusion literature uncovered no material works on the subject. The topic's novelty was further confirmed by an analysis of board committee charters, which found little to no direct mention of inclusion governance as a board responsibility. Similarly, interviews with current governance, diversity, and inclusion thought leaders uncovered little previous or current work in board governance of inclusion, though most demonstrated support for the concept.

Deloitte Governance Framework

This report outlines five key areas that boards can influence in governing inclusion. The recommendations are shaped both by Deloitte's understanding of the traditional responsibilities of corporate boards and by the insights of seasoned board members and governance leaders. They represent an evolution, through an inclusion lens, of the five key board governance elements, where the responsibility of the board is typically heightened, first introduced in *Framing the future of corporate governance: Deloitte Governance Framework*.¹⁸ This framework and its elements are largely supported by existing governance literature.

Interviews

As part of the research for this report, the authors interviewed 14 executives and board members, as

well as two diversity and inclusion subject matter experts. These interviewees currently sit on the boards of or hold executive management positions at 45 organizations, 19 of which are Fortune 500 companies (data collected via BoardEx).

The interviewees were identified either by Deloitte professionals or by board members at the organizations with which they are or had been associated. All of the interviewees met one or more of the following criteria:

1. The individual currently serves or had served on the board of a Fortune 500 company.
2. The individual is or had been an executive at a Fortune 500 company, where he or she has or had close ties to or knowledge of governance matters.
3. The individual's organization has demonstrated leadership in diversity and inclusion efforts, with accomplishments such as receiving a nomination from the National Association of Corporate Directors NXT initiative annual awards, which recognizes boards of directors that promote greater diversity and inclusion.
4. The individual has demonstrated expertise in the areas of governance, diversity, and inclusion.

The interviews were conducted by phone and were semi-structured. They covered questions that included, but are not limited to, how the interviewees' organizations define diversity and inclusion; how the interviewees saw the role of the board in governing inclusion; and which inclusion governance practices already were in place at their organizations. Two researchers reviewed the transcripts to capture key themes.

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