Number of Fortune 500 Boards With Over 40 Percent Diversity Doubled Since 2012

Alliance for Board Diversity (ABD) and Deloitte study shows women and minorities comprise an all-time high of 34 percent of board seats among Fortune 500 companies, up from 30.8 percent in 2016.

NEW YORK and WASHINGTON, Jan. 16, 2019 — The number of Fortune 500 companies with greater than 40 percent diversity has more than doubled from 69 to 145 since 2012, according to the “Missing Pieces Report: The 2018 Board Diversity Census of Women and Minorities on Fortune 500 Boards,” a multiyear study published by the Alliance for Board Diversity (ABD), in collaboration with Deloitte. Fortune 500 board representation of women and minorities saw an all-time high at 34 percent (1,929 board seats), compared to 30.8 percent in 2016 (1,677 board seats). Total minority representation increased to 16.1 percent (912 board seats) from 12.8 percent in 2010, the first year Fortune 500 data was captured. Report findings point to the increase being driven by the Fortune 100 companies, which have 25 percent women and 38.6 percent women and minorities. The Fortune 500 companies lag behind with 22.5 percent women and 34 percent women and minorities. Though still a slow pace in relation to the rapidly shifting demographics in the U.S., the shift points towards greater diversity in America’s boardrooms.

Key findings for the Fortune 500 include:


- Asian/Pacific Islander men gained 25 seats in 2018, an increase of 20.3 percent from 2016. Asian/Pacific Islander women gained 17 seats, an increase of 38.6 percent from 2016.

- The study also showed that boards more frequently will pull from a pool of existing minority board members instead of bringing in new directors. African American/Black women and Hispanic/Latinas hold “recycle rates” – the rate at which individuals serve on more than one board – of 1.39 and 1.36, respectively. The recycle rate of many minority groups increased from 2016 to 2018. African American/Black men hold the highest recycle rate of any group, 1.41 – whereas Caucasian/White men who have a recycle rate of 1.19.

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1 For this census, we measured the top companies by revenue as identified by our research cutoff date (for 2018, the research cutoff date was June 30, 2018). The census compares Fortune 100 or 500 results against results from prior censuses, not against a specific identified set of companies over time (in other words, the composition of the Fortune 100 and 500 groups changes over time, but the methodology to identify them does not).
“The increase in boardroom diversity over the last two years is encouraging, but we must not overlook that Caucasian/White men still hold 66 percent of all Fortune 500 board seats and 91.1 percent of chairmanships on those boards. Not only is this unrepresentative of the country’s current population, the more important issue is that we know from research that having a diverse board leads to better business results. This is a bottom-line issue,” said Linda Akutagawa, chair for the Alliance for Board Diversity and president and CEO, LEAP (Leadership Education for Asian Pacifics). “We encourage corporate boards to continue to embrace the benefits of diverse board composition and further their efforts to match the changing demographics we are experiencing in this country today.”

The Fortune 100 in contrast is leading growth in the boardroom, outpacing the Fortune 500 with 38.6 percent of women and minorities holding board seats, compared with 34 percent in the Fortune 500.

Other key findings for the Fortune 100 include:

- In 2018, 19.5 percent of board seats in the Fortune 100 were held by minorities, though that is still a larger percentage than in the Fortune 500 (16 percent).

- African American/Black women and Asian/Pacific Islander women achieved the largest increase in board seats: 44.8 percent (13 seats) and 30.8 percent (four seats), respectively. Caucasian/White men saw a decrease of 23 seats, a decrease of 3 percent. Regardless of race, the census found an overall decrease of the number of men on boards, at 1.2 percent (11 seats lost).

- The total number of companies with greater than 40 percent diversity increased from 33 companies in 2016 to 46 companies in 2018. With the benchmark ABD has set (40 percent women and/or minorities on boards by 2020), the Fortune 100 is leading in achieving that milestone.

“More and more companies are realizing the significant benefits of having a diverse and highly-skilled board. The 2018 Missing Pieces Report demonstrates that while progress has been achieved, there is still much more work to do,” said Deb DeHaas, vice chairman and national managing partner, Deloitte Center for Board Effectiveness. “Boards can optimize their diversity by taking intentional actions to expand the pool of women and minority candidates, including reaching out to a broader set of professional networks and considering candidates with a variety of skills, backgrounds, and experiences.”


**Research Methodology**
The Alliance for Board Diversity (ABD) and Deloitte utilized a census methodology for the 2018 Board Diversity Census. The Board Diversity Census counts Fortune 500 board directors to provide a measurement of the representation and progress of women and minorities in business leadership and to allow for comparable statistics based not on a discrete list of identical companies but on the Fortune-listed companies in the given years for which the census was conducted.

The Board Diversity Census analyses are based on companies on the Fortune 500 list published in 2018. ABD examined Fortune 500 companies because they are recognized and serve as the most influential businesses in the United States, ranked by revenue each year.

For the purposes of this study, extensive research was conducted to confirm the gender, race and ethnicity of board directors. To ascertain each company’s total number of directors and board composition, Deloitte reviewed Securities and Exchange Commission annual filings submitted as of June 30, 2018, including the proxy statements and Form 10-K or Form 10-K/A. For insurance companies that do not submit annual filings to the SEC, Deloitte obtained information from the National Association of Insurance Companies (NAIC) regulatory database of annual statements submitted as of June 30, 2018. Fifteen certain data fields (e.g., board chair, lead director, committee chair) are not typically identifiable in filings from insurance companies. In addition, the annual shareholder meeting had to have occurred by June 30, 2018. If these two conditions were not met, Deloitte referred to the most recent filing that satisfied those parameters. For additional information on the research methodology, please reference the report’s appendix.

Additional quotes from members of the Alliance for Board Diversity: Catalyst, The ELC, HACR, LEAP, and Diversified Search

"Diverse boards don’t just happen. Smart leaders make them happen. Change can happen if done consciously and deliberately — sponsoring highly qualified women and women of color, and committing to speaking up on their behalf," said Lorraine Hariton, president and CEO, Catalyst. "The Catalyst Women On Board™ initiative, for example, makes powerful connections and brings together women, sponsors and companies to create opportunities and increase diversity in the boardroom."


"We are encouraged by the growing number of women and minorities on Fortune 500 boards, but there is still a long way to go," said Cid Wilson, president and CEO of the Hispanic Association on Corporate Responsibility (HACR). "There are too few people of color serving on corporate boards, with Hispanic women board directors at extremely low numbers. Corporate boards must better reflect the growing diversity of their customers, employees and communities. Companies that champion board diversity are more likely to strengthen their brand, operating performance and ultimately valuations."

"We are pleased by the increase in Asian/Pacific Islander (API) representation on corporate boards. APIs are the fastest growing ethnic group in the United States with..."
purchasing power of $986 billion in 2018, up 257 percent since 2000*,” said Linda Akutagawa, chair for the Alliance for Board Diversity and president and CEO, LEAP (Leadership Education for Asian Pacifics). “There is a clear business case for bringing in more API directors for companies to benefit from diverse perspectives and have continued business growth.”

*API purchasing power was $986 billion in 2018, according to Nielsen’s 2018 Asian American Consumer Report, Asian Americans: Digital Lives and Growing Influence

“We are energized to learn that African American women are one of the two largest growing groups on boards as they represent an untapped leadership potential that corporations need to embrace,” said Skip Spriggs, president and CEO of The Executive Leadership Council. “Learning that African Americans still hold the highest board recycle rates of all demographic groups is disappointing. This is not a talent issue, but an access issue since a wide pool of qualified African American candidates across all industries exists. Boards must cast a wider net and consider these experienced and skilled candidates for open board seats.”

About the Alliance for Board Diversity
Founded in 2004, the Alliance for Board Diversity (ABD) is a collaboration of four leadership organizations: Catalyst, The Executive Leadership Council (ELC), the Hispanic Association on Corporate Responsibility (HACR), and LEAP (Leadership Education for Asian Pacifics). Diversified Search, an executive search firm, is a founding partner of the alliance and serves as an advisor and facilitator. The ABD’s mission is to enhance shareholder value in Fortune 500 companies by promoting inclusion of women and minorities on corporate boards. More information about ABD is available at www.theabd.org.

About Catalyst
Catalyst is a global nonprofit working with some of the world’s most powerful CEOs and leading companies to help build workplaces that work for women. Founded in 1962, Catalyst drives change with pioneering research, practical tools, and proven solutions to accelerate and advance women into leadership — because progress for women is progress for everyone.

About Deloitte
Deloitte provides industry-leading audit, consulting, tax and advisory services to many of the world’s most admired brands, including nearly 90 percent of the Fortune 500 and more than 5,000 private and middle market companies. Our people work across the industry sectors that drive and shape today’s marketplace to make an impact that matters — delivering measurable and lasting results that help reinforce public trust in our capital markets, inspire clients to see challenges as opportunities to transform and thrive, and help lead the way toward a stronger economy and a healthy society. Deloitte is proud to be part of the largest global professional services network serving our clients in the markets that are most important to them.

About Diversified Search
Diversified Search is the largest female-owned and -founded firm in the executive search industry, providing management advisory services focused on talent optimization and leadership. Additionally, of the top 50 executive search firms in the U.S., it is the only major firm with an African-American president & CEO. The firm has offices in nine U.S. cities and worldwide cross sector capabilities as the exclusive U.S.
partner of AltoPartners, an international alliance of independent search firms with 60 offices in 38 countries across the Americas, Europe, the Middle East, Africa and Asia Pacific. In 2018, Diversified Search was ranked fifth in Forbes magazine’s annual ranking of the best 250 executive search firms in the U.S. For more information, please visit http://www.diversifiedsearch.com/.

About HACR
Founded in 1986, the Hispanic Association on Corporate Responsibility (HACR) is one of the most influential advocacy organizations in the nation representing 14 national Hispanic organizations in the United States and Puerto Rico. Our mission is to advance the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions. To that end, HACR focuses on four areas of corporate social responsibility and market reciprocity: Employment, Procurement, Philanthropy, and Governance. For more information, please visit www.hacr.org.

About LEAP (Leadership Education for Asian Pacifics)
Founded in 1982, LEAP’s mission is to achieve full participation and equality for Asian and Pacific Islanders through leadership, empowerment, and policy. LEAP works to meet its mission by: Developing people, Informing society and Empowering communities. LEAP is the only Asian and Pacific Islander organization dedicated to cultivating a robust pipeline of leaders by encouraging individuals to assume leadership positions at work and in the community, and ultimately, to become role models for future leaders.

About The Executive Leadership Council
The Executive Leadership Council, an independent non-profit 501(c)(3) corporation founded in 1986, is the pre-eminent membership organization committed to increasing the number of global black executives in C-suites, on corporate boards and in global enterprises. Comprised of more than 800 current and former black CEOs, board members and senior executives at Fortune 1000 and Global 500 companies, and entrepreneurs at top-tier firms, its members work to build an inclusive business leadership pipeline that empowers global black leaders to make impactful contributions to the marketplace and the global communities they serve. For more information, please visit www.elcinfo.com.

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