



# African American representation on Fortune 1000 boards



# Introduction

A wide range of corporate stakeholders, including business leaders, institutional investors, customers, and global stock exchanges, have publicly acknowledged the underrepresentation of African Americans in the boardroom and the need for diverse voices in corporate leadership. Board diversity has been acknowledged through both the business case and through the lens of equity and social justice. An effective board has directors who not only appear diverse but also bring diverse thoughts, opinions, and experiences to the boardroom discussion.

The urgent need to increase the number of African American voices in the boardroom has perhaps never been greater. While we have seen progress over the last year, we note that there is still much more work to be done. Despite the acknowledgment of the need for diverse perspectives and diverse directors in the boardroom, we know that there are still misconceptions about the lack of “board-ready” African American candidates. To the contrary, this is not a pipeline issue. There is an impressively robust pool of qualified African American business leaders of all genders with expansive business experience ready and willing to contribute in the boardroom. Corporations are realizing—at the prodding of stakeholders or of their own accord—that a robust board search process includes top African American talent in the pool.

It has been said that sunshine is often the best disinfectant. Disclosure and facts are important. We all

know that what gets measured gets managed. To date, studies of the racial and ethnic backgrounds of directors and executives have been limited by a lack of consistent data since disclosure of these demographics is not mandatory in regulatory filings. That is why the KPMG Board Leadership Center (BLC) collaborated with the African American Directors Forum (AADF) to publish this study.

This study is based on a determination by AADF of directors of public Fortune 1000 companies who are African American. Dr. Darlene Motley—AADF’s cofounder and distinguished business school professor and dean—led a team of MBA students in the research. We would like to thank Arturo E. Amadeo, Jerome E. King II, Bianca J. Payton, and Hensley Sejour for their research assistance. We are also thankful for the assistance and insights of Annalisa Barrett, Melissa Aguilar, Katie Keally, and David Lahire of KPMG.

We are excited to continue to contribute to this important research as part of our ongoing efforts to advance diversity and inclusion in U.S. boardrooms. The robust collaboration between AADF and the BLC is one of several deep relationships the BLC has with diverse director affinity groups such as the Latino Corporate Directors Association (Latino), Ascend Pinnacle (Pan Asian), Quorum (LGTBQ+), and WomenCorporateDirectors.



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# Prevalence of African American directors on public Fortune 1000 boards

This study, conducted by the AADF and the KPMG BLC, examines the representation of African American directors serving on public Fortune 1000 boards. Although African Americans comprise 12 percent of the U.S. population, only 8 percent of board seats of public Fortune 1000 companies were held by African Americans as of December 31, 2020.<sup>1</sup>

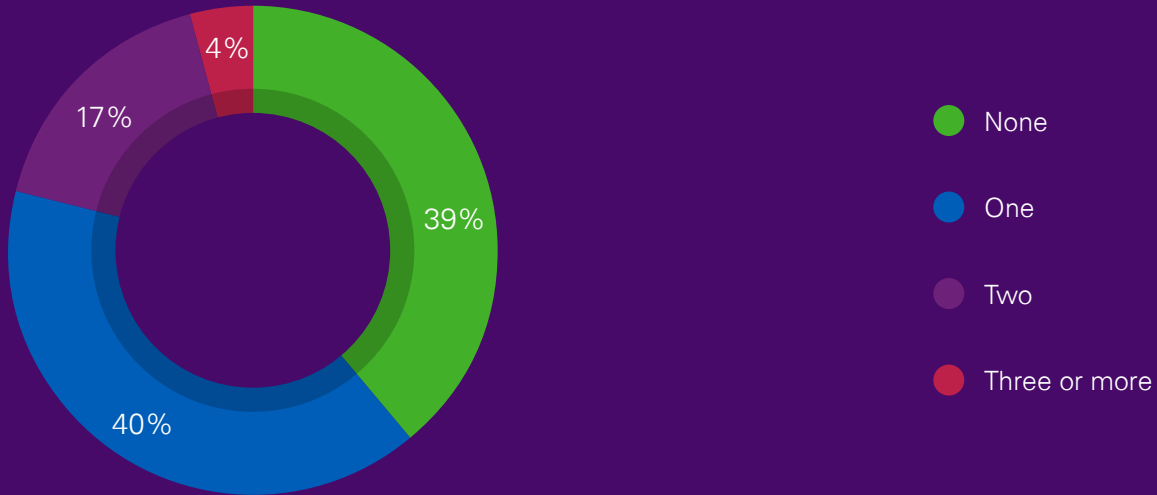
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<sup>1</sup> The 2020 U.S. Census finds that 12.4 percent of the U.S. population identifies as “Black or African American alone” and 14.2 percent identifies as “Black or African American in combination with another race group.” See Nicholas Jones, Rachel Marks, Roberto Ramirez, and Merary Ríos-Vargas, “2020 Census Illuminates Racial and Ethnic Composition of the Country,” United States Census Bureau, August 12, 2021.

Nearly two out of five (39 percent) public Fortune 1000 companies did not have an African American director serving on the board. While a majority (61 percent) of the public Fortune 1000 companies had at least one African American board member by the end of 2020, only 21 percent had more than one.

### Number of African American directors on public Fortune 1000 boards

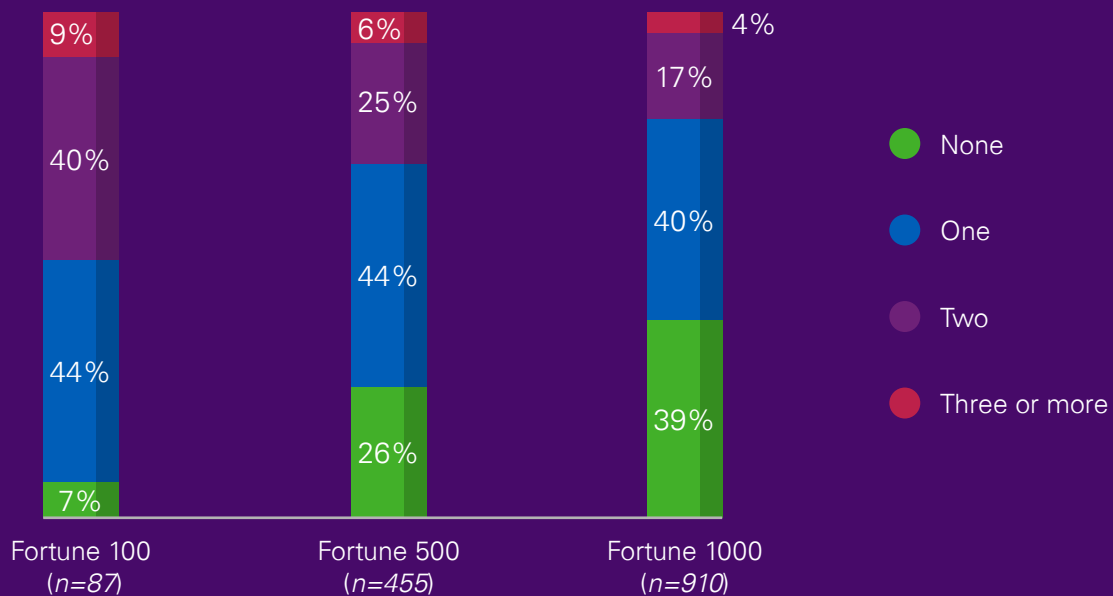
n=910



Larger companies are more likely to have African American directors than smaller companies. Nearly all (93 percent) of the largest U.S. public companies based on revenue—those on the Fortune 100 list—have at least one African American director, and almost half (49 percent) have two or more.

### Number of African Americans on public Fortune 1000 boards

Comparison by company size (Fortune rank)



Note: Does not equal 100% due to rounding.

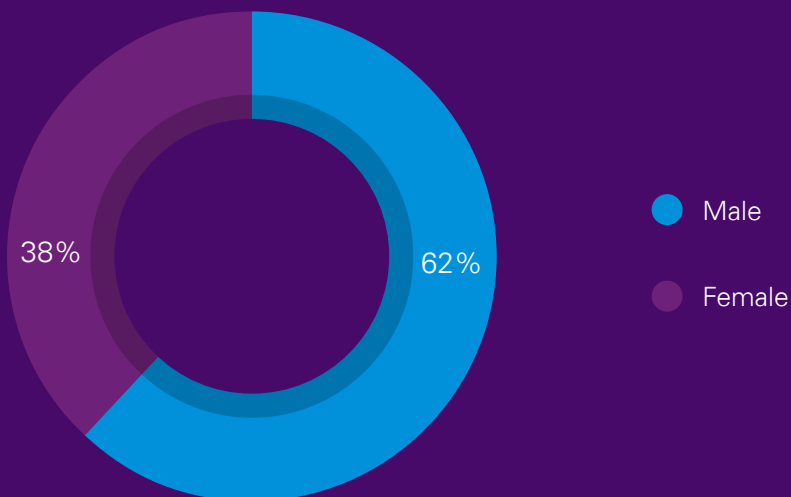
## Director gender

The important deliberations that take place in the boardroom benefit from all aspects of diversity. Gender was historically the most common focus of discussions on diversity in corporate boardrooms, but the conversation has broadened to include other aspects of diversity, including race, ethnicity, and sexual orientation.

While progress has been made on increasing the number of female directors serving on corporate boards, many have voiced concerns that women of color were not included in this advancement. Therefore, it is not surprising that most of the African American directors serving on Fortune 1000 boards are men. However, there is evidence that boards are seeking out African American directors who are female, as a higher proportion of African American Fortune 1000 directors are women when compared to all directors serving on these boards.

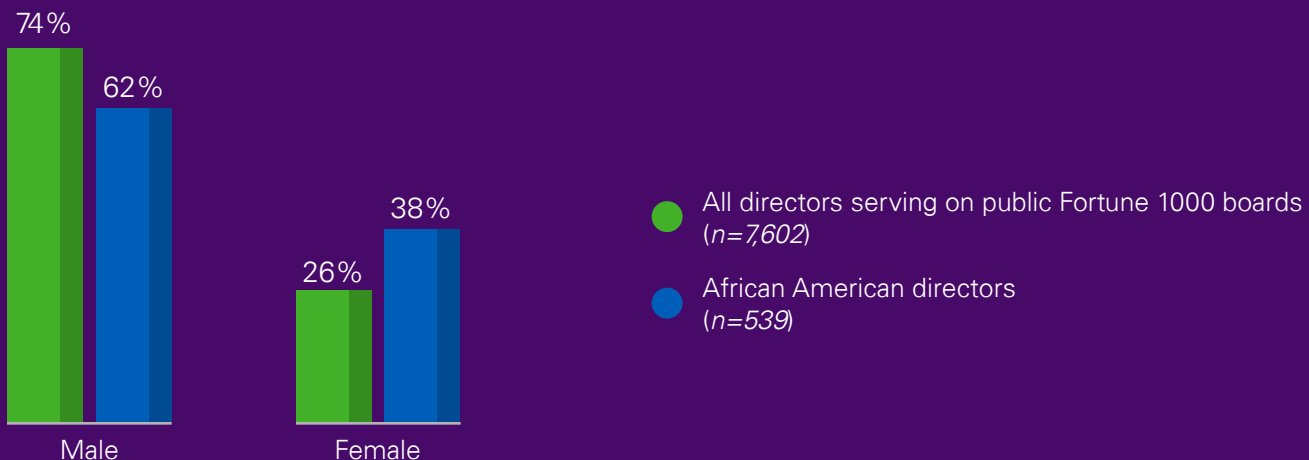
## Gender of African American directors serving on public Fortune 1000 boards

As of December 31, 2020; n=539 directors



## Director gender

Comparison of African American directors to all public Fortune 1000 directors



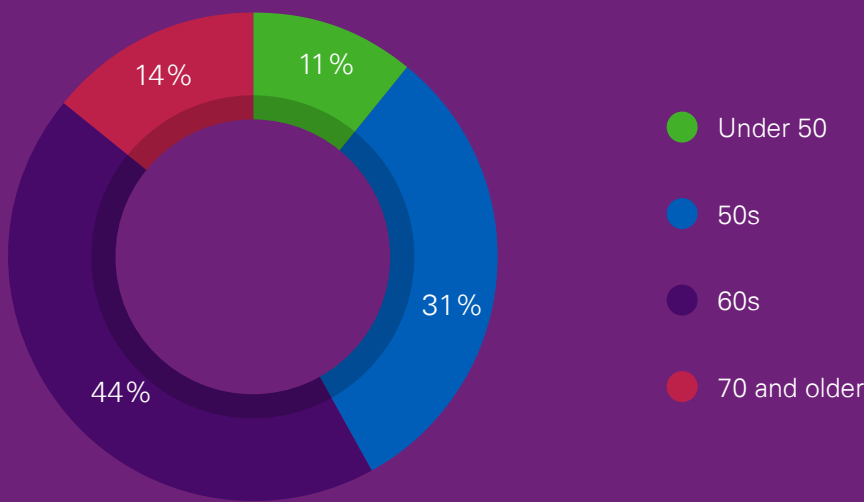
## Director age

Having directors from different generations brings a broader range of perspectives and life experiences to boardroom discussions. While serving on a corporate board used to be seen as a role taken on late in one's career or after retirement, it is becoming more common for accomplished senior executives—such as those running large corporate divisions or entrepreneurs who have launched successful businesses—to be sought after for board seats.

The average age of the African American directors serving on Fortune 1000 boards is 60. While three-quarters (75 percent) of African American directors are in their 50s or 60s, it is notable that just over 1 in 10 (11 percent) are under age 50.

### Ages of African American directors serving on public Fortune 1000 boards

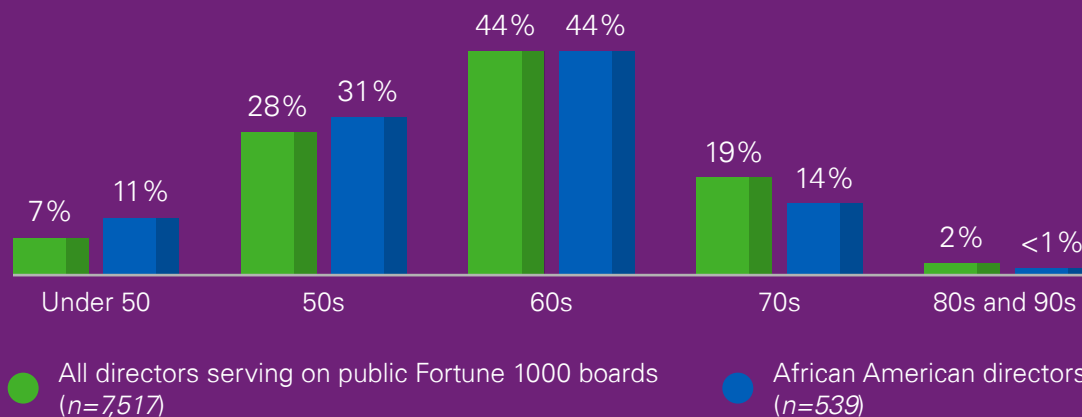
As of December 31, 2020; n=539 directors



Compared to all public Fortune 1000 directors, there is a higher proportion of African American directors under age 50, and a lower proportion over age 70.

### Director ages

Comparison of African American directors to all public Fortune 1000 directors



Note: Ages were not available for 85 Fortune 1000 directors.

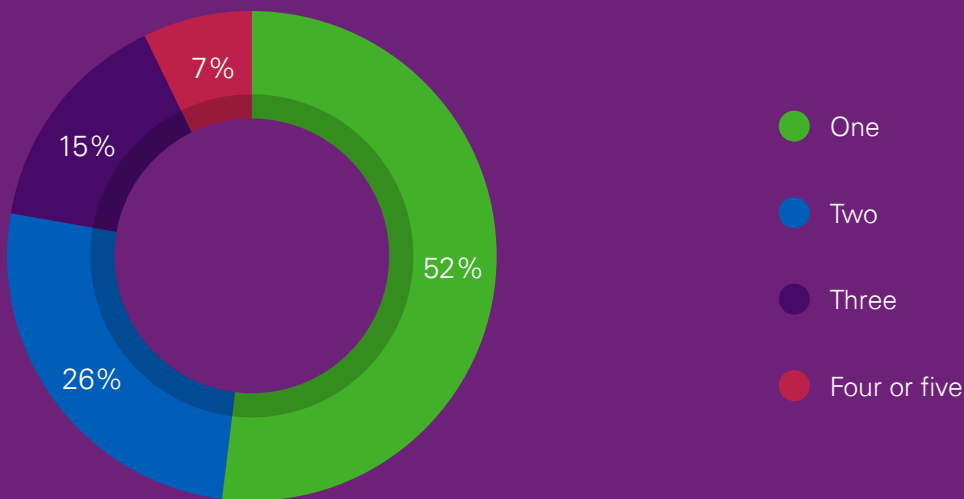
## Board service

While there are benefits to having directors with experience serving on multiple boards, such as the sharing of effective corporate governance practices and experience serving on a board during a circumstance similar to that facing the company, overboarding concerns may arise when a director serves on several corporate boards simultaneously.

While a majority (52 percent) of the African American directors studied serve on only one public company board, nearly one-quarter (22 percent) serve on more than two public company boards. African American directors are more likely to serve on more boards when compared to all Fortune 1000 directors.

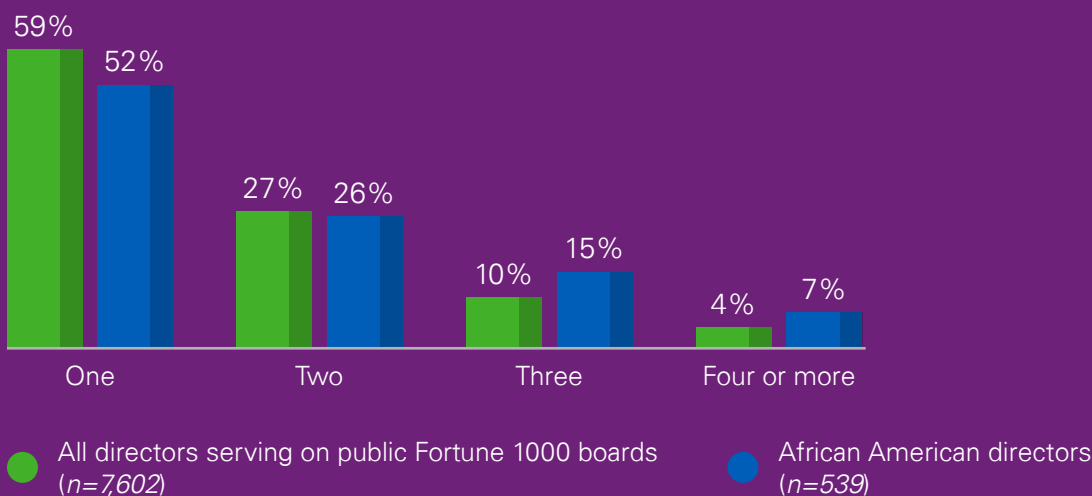
### Number of public boards on which African American directors serve

As of December 31, 2020; n=539 directors



### Number of public company boards on which directors serve

Comparison of African American directors to all public Fortune 1000 directors



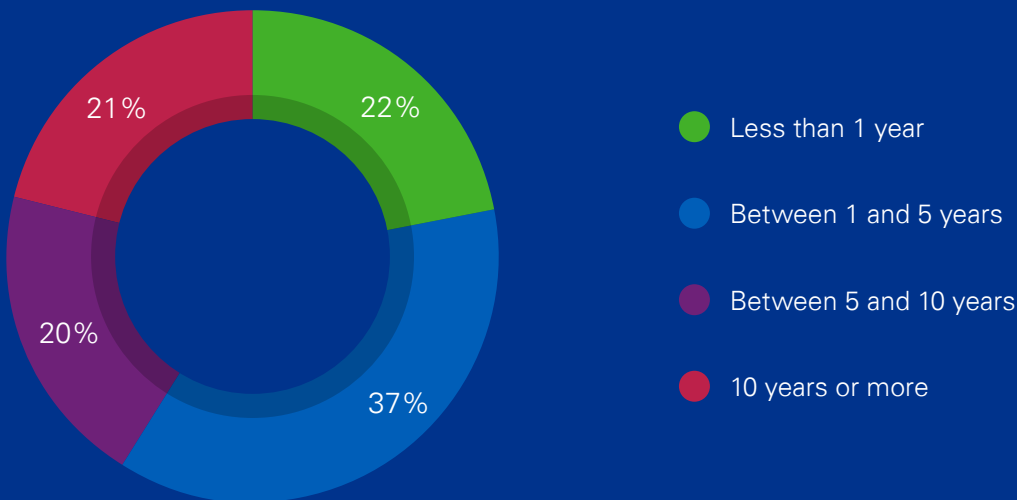
## Board tenure

Boards often strive for a balance of tenures among their board members. While it is helpful to have some directors with longer tenures to provide historical context to the issues deliberated, it is also important to ensure that fresh ideas are brought into the boardroom.

Analyzing the tenures of the African American directors studied provides an understanding of how they are contributing to this balance. It also provides insight into trends in board refreshment and director search patterns. Therefore, it is notable that nearly a quarter (22 percent) of the African American directors serving on public Fortune 1000 boards as of December 31, 2020, joined those boards within the last year.

### Tenure of African American directors serving on public Fortune 1000 boards

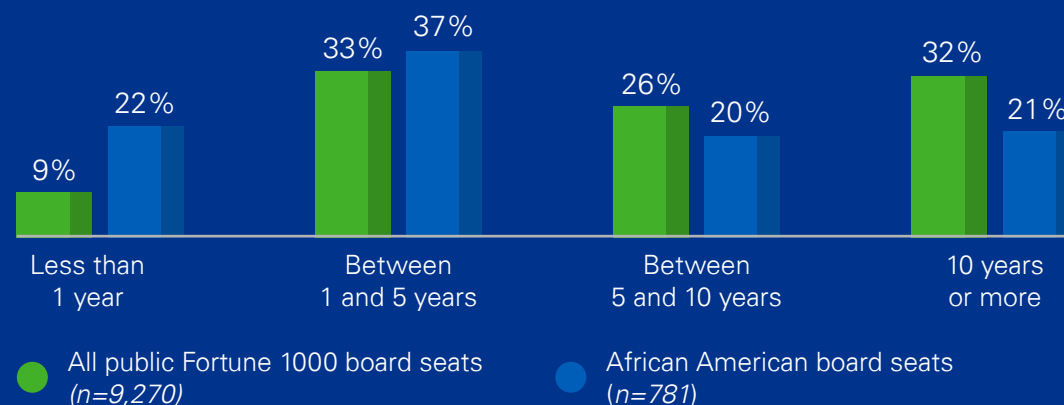
As of December 31, 2020; n=781 board seats



African American directors were more likely to have served on their boards for less than one year when compared to all Fortune 1000 directors. Only 9 percent of all Fortune 1000 board seats had been held for less than one year, compared to 22 percent of the board seats held by African American directors. Long tenures—those of 10 years or more—were more prevalent among Fortune 1000 directors than among African American directors.

### Director tenure

Comparison of board seats held by African American directors to board seats held by all public Fortune 1000 directors

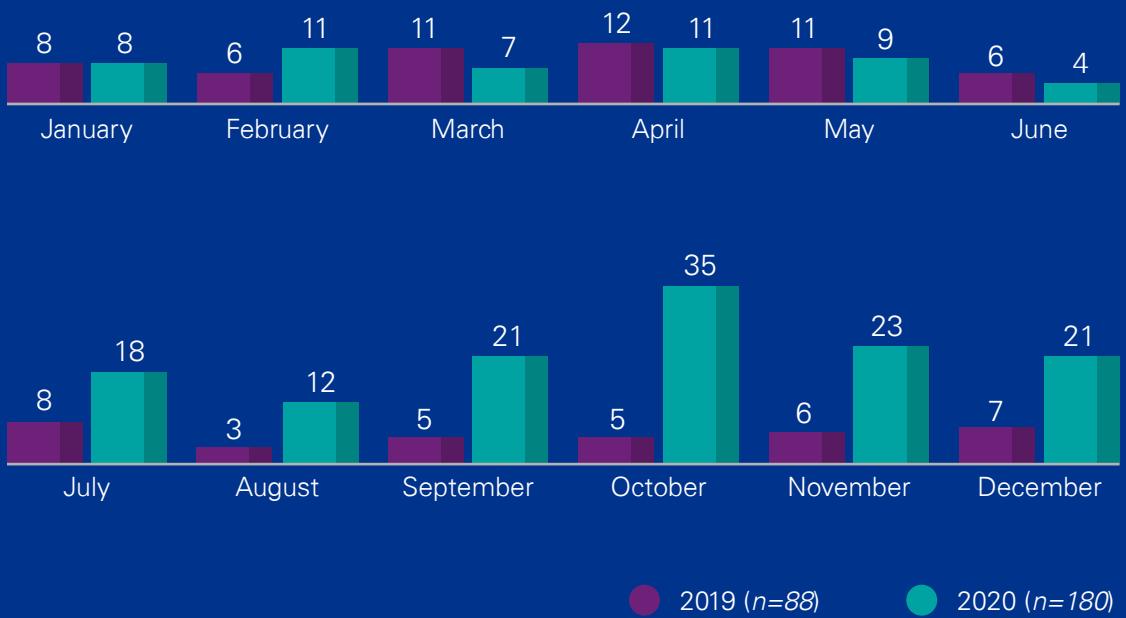




Analyzing when African American directors were added to the board during the year provides further insight. The vast majority of African American directors who joined boards in 2020 did so during the second half of the year—such timing was very different from the prior year. After the murder of George Floyd in May 2020 and the subsequent focus on addressing racial inequity in corporate leadership, many companies initiated or accelerated their recruitment of African American directors to ensure that the perspectives of this community were considered in their boardrooms.

### Number of African American directors who joined public Fortune 1000 boards in each month

2019 compared to 2020



# African American board leaders



An African American director served as board chair at **12** public Fortune 1000 companies as of December 31, 2020.

**2** of these African American board chairs also held the CEO role of the company.

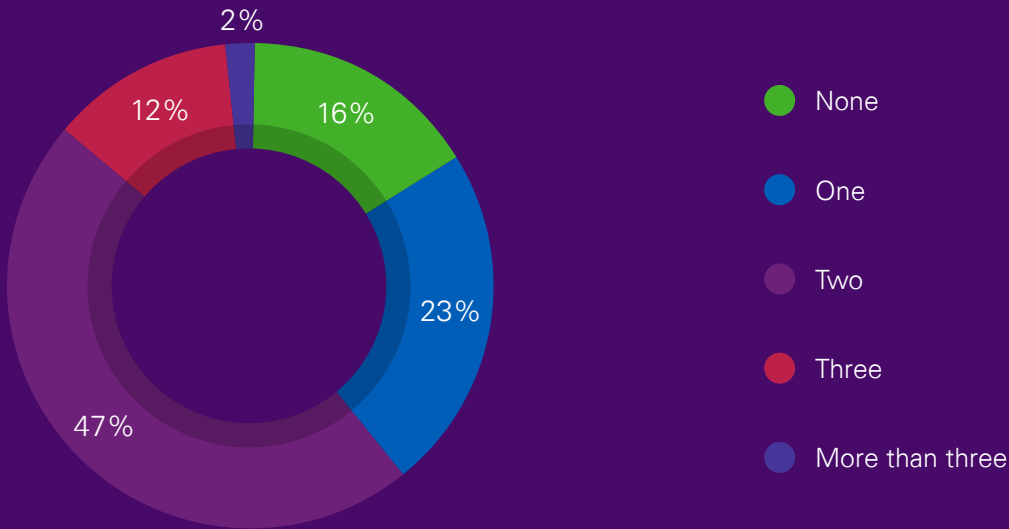
African Americans served as lead independent director on **23** public Fortune 1000 boards.

## Committee service

Serving on a committee is an important way for directors to contribute to the work done by the board. A majority of the board seats held by African American directors are held by those who serve on at least one committee, with two committees being the most common. In general, African Americans serve on a similar number of committees when compared to all public Fortune 1000 directors.

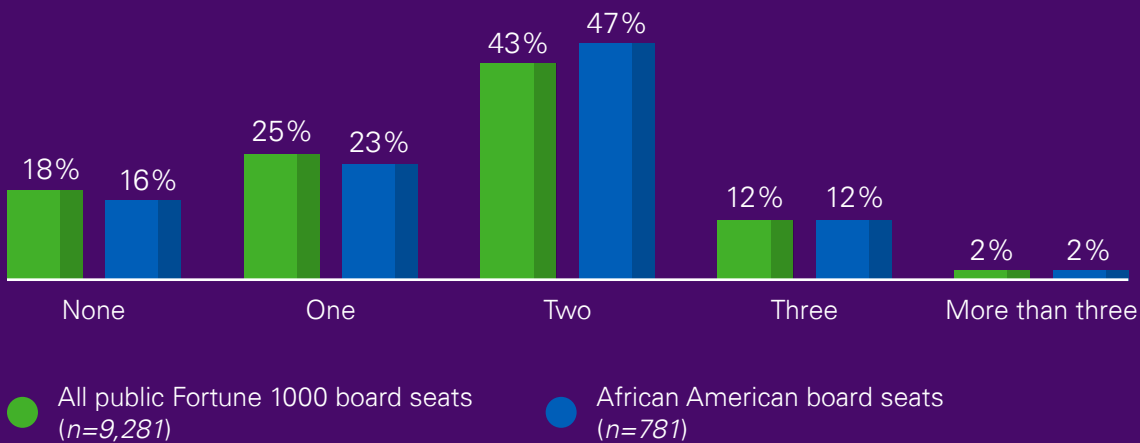
## Number of board committees on which African American directors serve

As of December 31, 2020; n=781 board seats



## Number of board committees

Comparison of board seats held by African American directors to board seats held by all public Fortune 1000 directors



The African American directors studied who serve on board committees most commonly sit on the nominating and governance committee (55 percent) and audit committee (48 percent).

### Board committees on which African American directors serve

*n=655 board seats; multiple committees possible*

55%

Nominating/governance

48%

Audit

42%

Compensation

12%

Finance

7%

Executive

5%

Public policy

5%

Risk

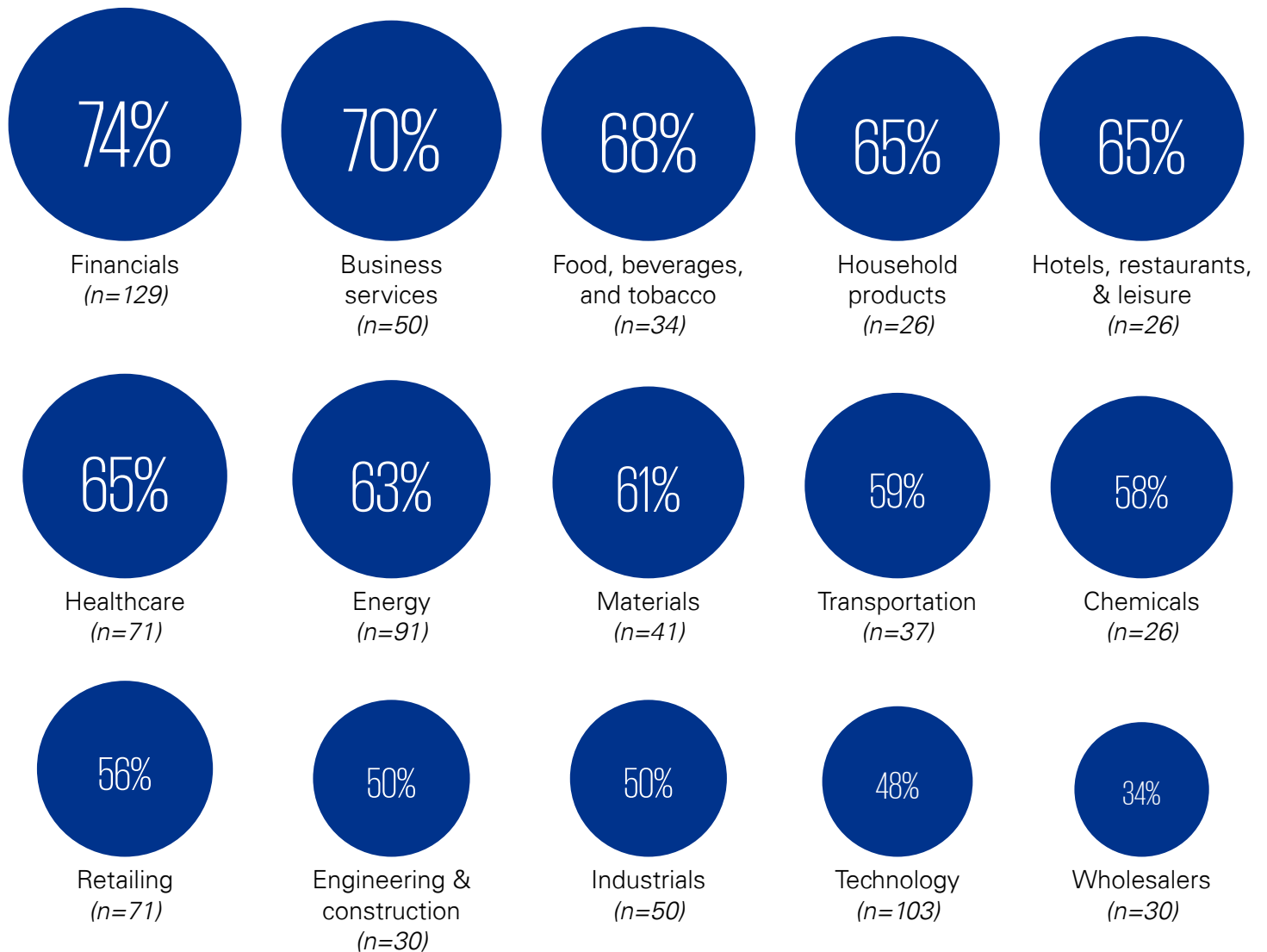
## Comparison by industry<sup>2</sup>

As nominating committees consider the mix of skill sets and backgrounds represented on their boards, industry expertise is among the most important criteria included in the evaluation of board composition. In addition to a professional background in the industry, it is often important for directors to be knowledgeable users of the company's products or services.

Fortune 1000 financial companies are the most likely to have at least one African American director, with nearly three-quarters (74 percent) of financial companies having the benefit of the African American perspective in their boardrooms. In both the financials and food, beverage, and tobacco industries, 10 percent of board seats are held by African American directors—more than any other industry. At the other extreme, in the wholesalers and technology industries, more than half of the public Fortune 1000 companies have no African American directors.

### Percentage of public Fortune 1000 companies with at least one African American director

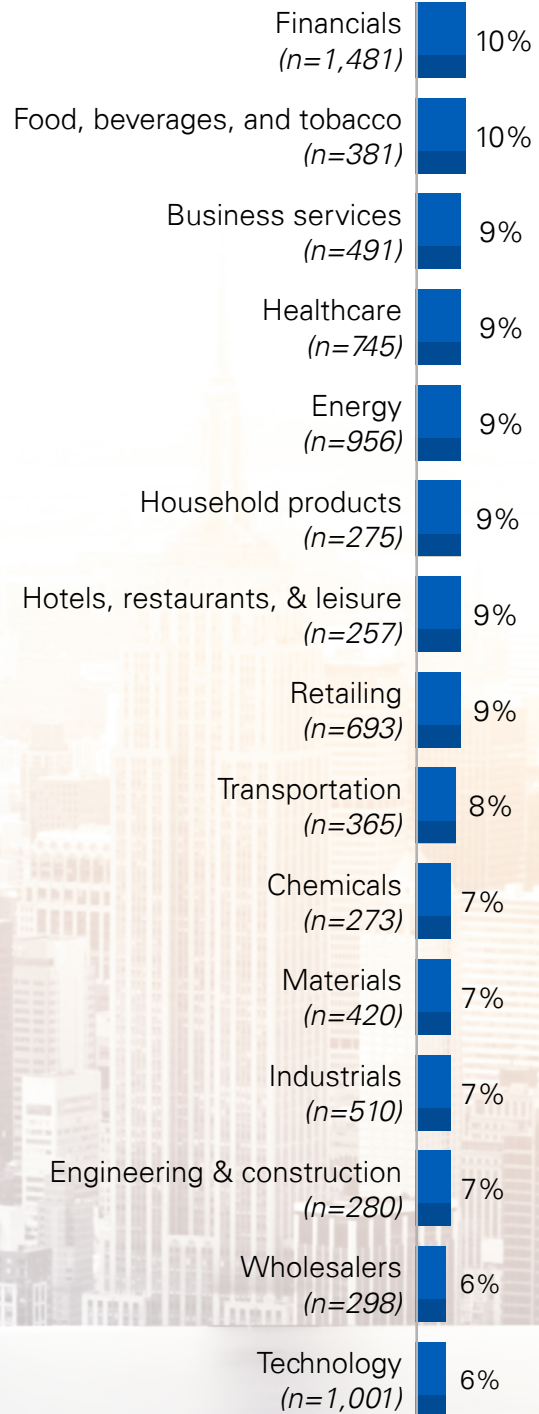
Comparison by industry



<sup>2</sup> Industry classifications are taken from the Fortune ranking website. Charts do not include industries that do not have at least 25 public Fortune 1000 companies.

## Percentage of public Fortune 1000 directors who are African American

Comparison by industry

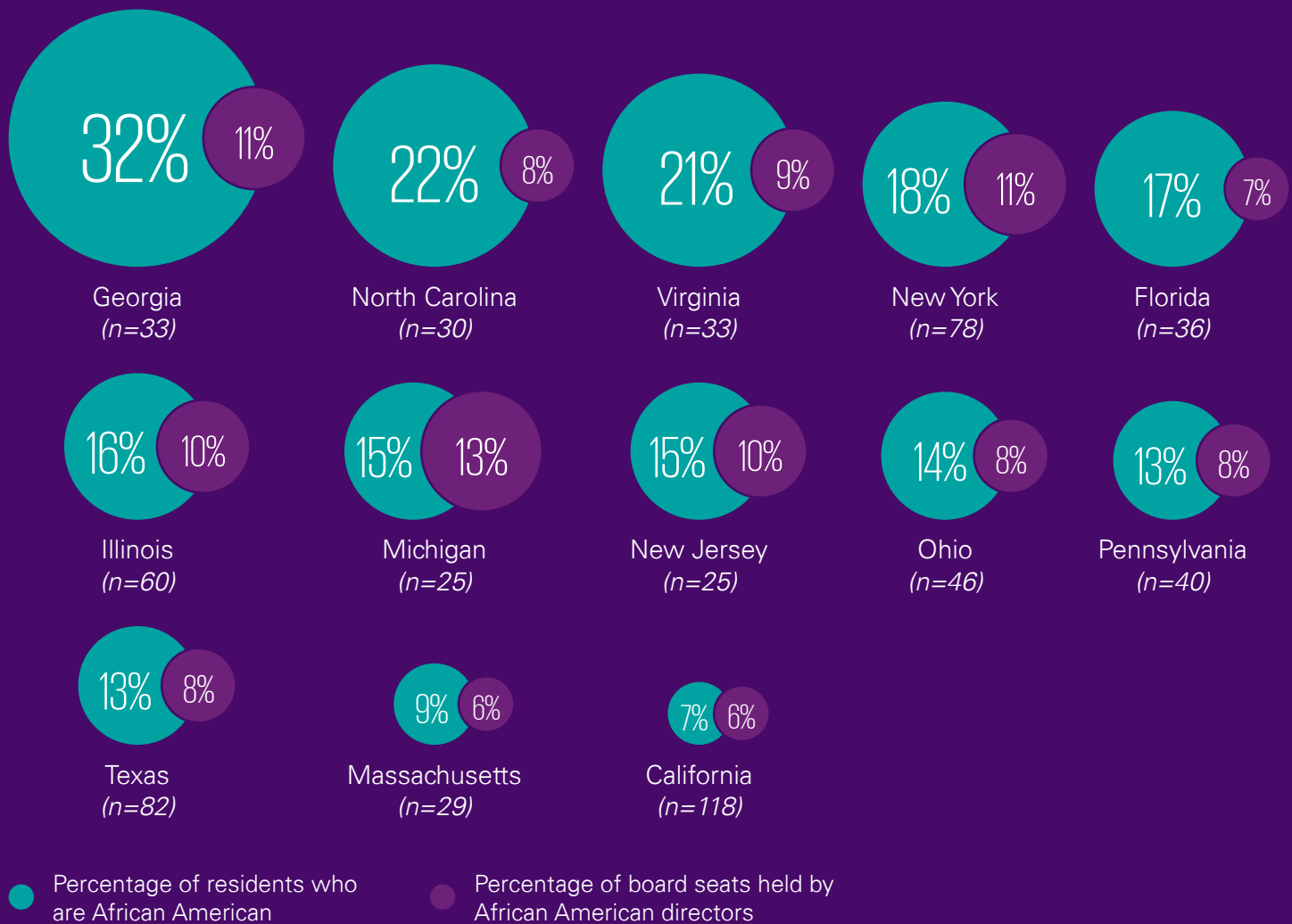


## Comparison by state of corporate headquarters

The geographic location of a company's headquarters can impact its employee base and expectations regarding contributions to the surrounding community. Additionally, some state legislatures are imposing mandatory or aspirational board diversity standards for companies headquartered in their state.

The chart below presents the African American population<sup>3</sup> in states in which at least 25 public Fortune 1000 companies are headquartered. This is shown in contrast to the percentage of public Fortune 1000 board seats held by African American directors. The largest contrast is in the state of Georgia, where nearly a third (32 percent) of the residents are African American while only 11 percent of the board seats of public Fortune 1000 companies are held by African American directors. In no state analyzed does the percentage of board seats held by African American directors exceed the percentage of residents who are African American.

### African American population compared to percentage of public Fortune 1000 directors who are African American



<sup>3</sup> World Population Review, "Black Population by State," 2020

# Methodology

This report presents analyses of the African American directors serving on the boards of the 910 publicly traded companies on the 2020 Fortune 1000 list as of December 31, 2020. Data for the companies, board seats, and directors analyzed throughout the report were provided by Equilar, an executive and director data firm, and the KPMG BLC based on 2020 proxy statements and other publicly available information.

African American directors were identified by AADF. AADF compiled this data based on personal knowledge of the individuals, directors' self-reported information in proxy statements and other company documents, and by reviewing publicly available information. In some cases, these analyses were confirmed by reviewing directors' self-reported race or ethnicity in the Equilar Diversity Network, available from Equilar's BoardEdge platform. Using this process, 539 individual African American directors were identified as serving in 781 public 2020 Fortune 1000 board seats as of December 31, 2020.<sup>4</sup>

Throughout the report, comparisons are made to board practices and composition of the 901 companies on the 2020 Fortune 1000 list that were publicly traded and in business as of July 31, 2020, and the 7,602 individual directors serving in the 9,281 board seats of these companies.

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<sup>4</sup>The number of board seats exceeds the number of individual directors because many directors serve on multiple Fortune 1000 boards.



## About the author

Annalisa Barrett is a senior advisor with the KPMG BLC where she plays a key role in the development of research and thought leadership and advises directors on emerging trends in corporate governance.

## About the African American Directors Forum

The African American Directors Forum (AADF) has established itself as one of the country's most respected forums for African American board directors. It hosts forums across the country that focus on knowledge sharing, community-building board placements, and preparing for leadership roles on boards. Now in its fifth year, the AADF community includes many of the most prominent African American executives and the most iconic companies in the country supporting these efforts.

## About the KPMG Board Leadership Center

The KPMG Board Leadership Center (BLC) champions outstanding corporate governance to drive long-term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC—which includes the KPMG Audit Committee Institute and close collaboration with other leading director organizations—promotes continuous education and improvement of public and private company governance. BLC engages with directors and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and ESG to data governance, audit quality, proxy trends, and more. Learn more at [kpmg.com/us/blc](https://kpmg.com/us/blc).

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