

HEIDRICK & STRUGGLES

Record Increase in Black Appointees to Fortune 500 Boards of Directors in 2020, While Multi-Year Upward Trend for Women Takes Rare Step Back

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- **Share of racially and ethnically diverse appointments climbed to 41% of new directors, up significantly from 23% in 2019, driven by increases in new Black directors**
- **New women directors dropped to 41%, down from a record high of 44% in 2019, and new Latinx, Asian and Asian American appointments mostly flat**
- **In a disruptive year, boards sought more varied C-suite expertise with declining appointments of CEOs and CFOs**

CHICAGO, June 8, 2021 /PRNewswire/ -- Navigating an uncertain global pandemic and substantial societal shifts that triggered new leadership and strategic demands, Fortune 500 companies in 2020 appointed a record percentage of racially and ethnically diverse directors, driven by increases in new Black board members. However, new women appointees registered a rare decline from the previous year, according to the [2021 U.S. Board Monitor](#) from [Heidrick & Struggles](#) (Nasdaq: HSII), a premier provider of global leadership advisory and on-demand talent solutions.

Heidrick & Struggles' 2021 U.S. Board Monitor, the firm's twelfth annual analysis of trends in non-executive director appointments at U.S. Fortune 500 companies in the past year, showed that companies filled 425 vacant or newly created board seats with independent directors in 2020, down from 467 in 2019.

The number of new Black directors surged to 28% of the board seats filled by Fortune 500 firms, almost triple the 10% of new directors appointed in 2019 after years of little progress. Last year's intensified focus on social and economic inequity contributed to the strong rise in both Black men and women appointed as directors. Three-quarters of the appointments were made after the May 25, 2020 murder of George Floyd as many major corporations announced renewed commitments to diversity and racial equality.

"Last year, corporate America was forced to take a long look at the issues faced by underrepresented groups that were not widely understood or seen," said Lyndon Taylor, Managing Partner of Heidrick & Struggles' Diversity, Equity & Inclusion Practice and Regional Managing Partner of its North American CEO & Board of Directors Practice. "To their great credit, many leaders took action to articulate a vision and execute a strategy that elevated a long overdue need for greater diversity on boards. We are heartened to see an overall increase in ethnically and racially diverse board members, but the slower progress seen with Latinx, Asian and Asian American representation also illuminates the need for boards to take a wider view on inclusive representation."

Decrease in Women Appointees, and Latinx, Asian and Asian American Appointments Mostly Flat

While Black directors saw significant increases, others were mostly flat – the share of new Latinx directors fell one percentage point from 2019 to 4%, and Asians and Asian Americans only edged up one percentage point to 9%.

New women directors' share of seats dropped to 41% from a record 44% in 2019, reversing the upward trend since the report began in 2009 with the exception of a slight stumble in 2016.

"We consider it crucial that boards not trade one form of diversity for another," said Bonnie Gwin, Vice Chairman and Co-Managing Partner of the firm's global CEO & Board of Directors Practice. "There is clear value to having a variety of voices and life experiences around the table. The most forward-looking boards are looking comprehensively and strategically at board refreshment – which means building the most inclusive board possible."

The report advises boards to explore simple steps to develop a holistic, long-term approach to ensure the best board composition, whatever economic and society disruptions occur. In some instances, simply adding another director would multiply the options for adding diversity of background and thought alongside other essential governance skills. Fully assessing how boards fill their seats also could help meet board composition goals.

Boards Shift from Traditional Director Experience to Deeper Industry Experience and First-Time Directors

While CEOs and CFOs still made up the majority of board appointments, 2020 marked a shift from a slow decline in their prominence among incoming directors to a sudden drop off. The percentage of current or former CEOs and corporate financial officers named to board seats dropped to the lowest mark in the study's history, sliding to 51% from 62% in 2019. At the same time, previous experience within the same industry increased across most industries from the previous year, and boards showed a willingness to bring on first time directors, signifying their desire to seek deep industry expertise during a year of disruption and uncertainty. In fact, more than one-third (38%) of appointees had no previous board experience compared to 28% in 2019.

Excluding CEOs and CFOs, 41% of new directors had previous experience in other C-suite positions; 22% in profit and loss (P&L) leadership posts; 15% as divisional or regional CEOs or leaders; and 11% with military, government or academia experience, among others.

"There were notable rises in the share of new directors from the same industry on the boards in almost every sector," noted Jeff Sanders, Vice Chairman and Co-Managing Partner of the firm's global CEO & Board of Directors Practice. "This likely indicates that when boards look for new directors without operational experience, they often want to find people who bring industry knowledge. Also, during the pandemic, boards were likely seeking new directors who would understand their sector and be able to contribute quickly."

Other key findings in the latest annual study include:

- Fifty-seven percent had active careers and 43% were retired with the average age of 58 versus a 50-50 split and an average age of 59 the prior year.
- As for career experience, those with international roles fell to 60% from 64% in 2019, while those with financial risk/compliance experience climbed to 21% from 12%.
- Those with cybersecurity talent dropped to 8% in 2020 from 14% the previous year, and sustainability experience declined

to 6% in 2020 from 10% the previous year.

- The number of new board seats filled fell 9% to 425 from a record high of 467 the previous year.

Information about executives is gathered from publicly available sources, global data company BoardEx, and Heidrick & Struggles' proprietary database.

About Heidrick & Struggles

Heidrick & Struggles (Nasdaq: HSII) is a premier provider of global leadership advisory and on-demand talent solutions, serving the senior-level talent and consulting needs of the world's top organizations. In our role as trusted leadership advisors, we partner with our clients to develop future-ready leaders and organizations, bringing together our services and offerings in executive search, diversity and inclusion, leadership assessment and development, organization and team acceleration, culture shaping and on-demand, independent talent solutions. Heidrick & Struggles pioneered the profession of executive search more than 65 years ago. Today, the firm provides integrated talent and human capital solutions to help our clients change the world, one leadership team at a time. © www.heidrick.com

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