



Asian representation on Fortune 1000 boards



PINNACLE



The Pan-Asian Corporate Board Initiative

kpmg.com/us/blc

Introduction

We are pleased to release this inaugural report on Asian representation on Fortune 1000 boards.

Ascend is the largest nonprofit membership career lifecycle Pan-Asian organization for business professionals in North America. Our corporate board director's network is Ascend Pinnacle, the largest and only network of Asian American corporate board directors on U.S. public company and large private company boards. Our vision is to help corporations enhance their business objectives by increasing the number of Asian American corporate board directors.

The U.S. Asian population grew 72 percent between 2000 and 2015, the fastest growth rate of any major racial or ethnic group.¹ Asian-American consumers' buying power has also grown faster than all other ethnic groups and is projected to be \$1.3 trillion by 2022.² As the most affluent and most educated of any U.S. race or ethnicity,³ Asian Americans are 12 percent of the professional workforce.⁴ According to 2019 U.S. Census data, they make up only 6.1 percent of the U.S. population.

These characteristics contribute to the misperception that Asians are well represented in the corporate boardroom and executive suites and can perpetuate the myth of the model minority. While there is ample Asian talent that is board-qualified, based on our research examining Asian representation on Fortune 1000 boards, comparatively, we find that corporate America needs to increase the board seats held by Asians. Further, despite the importance that Asian Americans play in the U.S. economy, nearly 72 percent of Fortune 1000 companies do not have the benefit of Asian representation and perspective in the boardroom. Of those companies that do have an Asian board director, just over 6 percent have multiple Asian directors.

In today's climate, companies increasingly are evaluated on social impact and responsibility. As business leaders look at the current and future landscape for their employees, customers, consumers, suppliers, and business partners, we strongly believe it is an imperative that Asian and diverse representation in the boardroom increases to represent the demographics.

We express our gratitude to Ascend Pinnacle founding partner KPMG and its Board Leadership Center for their partnership with us on this important, first-of-its-kind report focused on Asians. We especially recognize Susan Angele and Annalisa Barrett, Senior Advisors at the KPMG Board Leadership Center, for their guidance and support.

Janet S. Wong

Lead Executive Advisor,
Ascend Pinnacle

Anna W. Mok

President, Ascend and Ascend Foundation,
Co-Founder, Ascend Pinnacle

¹ Gustavo Lopez, Neil G. Ruiz, and Eileen Patten, "Key facts about Asian Americans, a diverse and growing population," Pew Research Center, September 8, 2017.

² The Nielsen Company, Asian Americans Digital Lives and Growing Influence, 2018.

³ The Nielsen Company, Asian Americans Digital Lives and Growing Influence, 2018 citing Selig Center for Economic Growth, 2017.

⁴ Buck Gee and Denise Peck, "Asian Americans Are the Least Likely Group in the U.S. to Be Promoted to Management," *Harvard Business Review*, 2018.



Marking a path for progress

As boards provide oversight and guidance in a highly complex and increasingly challenging business environment, a diverse set of lenses and relevant experiences in the boardroom are more important than ever. And as boards expand their networks to include highly qualified executives with relevant expertise and diverse backgrounds, opportunities to address Asian American under-representation in the boardroom can be expected to grow.

This study inaugurates what we hope will be a long-standing tradition, tracking the representation of Asians in the boardrooms of the Fortune 1000. We note a few key findings from the report:

- In a business environment that is increasingly dependent on the use of technology for strategic advantage in most industries, Asian business leaders can be looked to as a resource for director candidates with relevant technology experience, and 24.1 percent are already serving on boards in the technology industry.
- The Asian director community is younger than the overall Fortune 1000 director community, with almost 60 percent of Asian directors in their 50s or younger compared to 31.5 percent of Fortune 1000 directors overall.
- Most Asian directors would not be considered overboarded, and in fact a high percentage serve on only one board—63.9 percent for Asian directors compared to 58.0 percent for all Fortune 1000 directors.

This study is based on a determination by Ascend Pinnacle of Fortune 1000 directors who are Asian. Today, only a small number of companies provide disclosure of board demographics based on self-identification; therefore, other data have been considered for making these determinations. We are pleased to participate with others in the Equilar Diversity Network in support of Equilar's recently announced strategic data campaign to collect ethnicity data for executives and board members at all public companies. Ideally, over time, the number of companies disclosing board demographics based on self-identification—as well as the presence of Asian directors in Fortune 1000 boardrooms—will continue to grow.



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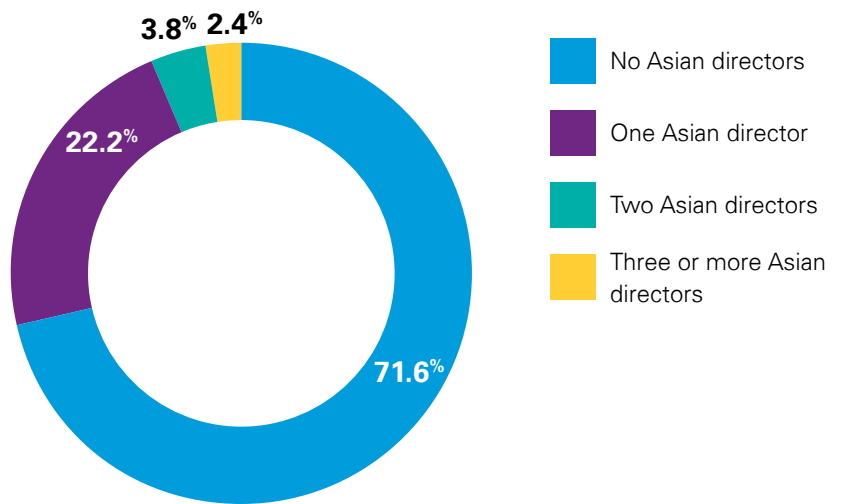
Prevalence of Asian directors on Fortune 1000 boards

Despite the importance that Asian Americans play in the U.S. economy, 71.6 percent of Fortune 1000 companies do not have the benefit of an Asian perspective in the boardroom. Furthermore, it is rare to find more than one Asian director serving on a Fortune 1000 board—only 6.2 percent have multiple Asian directors.

Larger U.S. companies are more likely to have an Asian perspective in the boardroom. Of the 100 Fortune-ranked companies with the highest revenues, 41.7 percent have at least one Asian director.

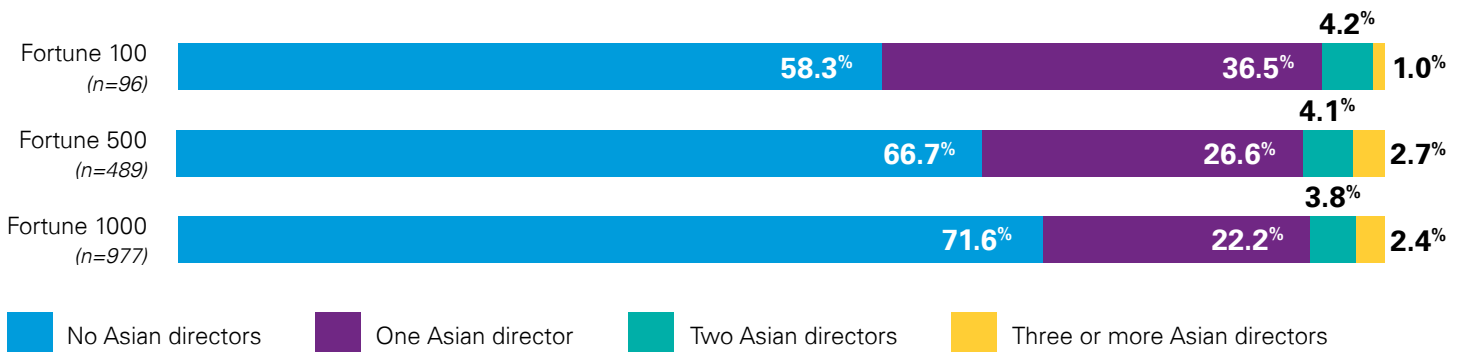
Number of Asian directors on Fortune 1000 boards

n=977



Number of Asian directors on boards

Comparison by company size (Fortune rank)



Note: Does not equal 100% due to rounding.



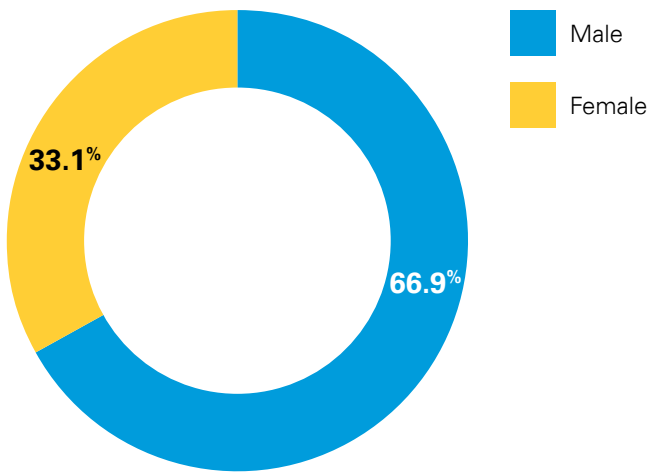
Director gender

All aspects of diversity—including gender, age, tenure, and racial/ethnic background—benefit the important deliberations that take place in the boardroom. Gender is the most common focus of discussions about diversity in corporate boardrooms. Historically, men have held the vast majority of U.S. company board seats. Therefore, it is not surprising that two-thirds (66.9 percent) of the Asians serving on Fortune 1000 boards are male.

However, the balance between the genders is slightly more equal for Asian directors than it is for the broader population of corporate directors: 33.1 percent of Asian directors are female, compared to 23.6 percent of Fortune 1000 directors.

Gender of Asian directors serving on Fortune 1000 boards

n=332

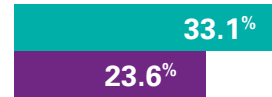


Director gender

Male



Female



Asian directors (n=332)

All directors serving on Fortune 1000 boards (n=7,477)



Director age

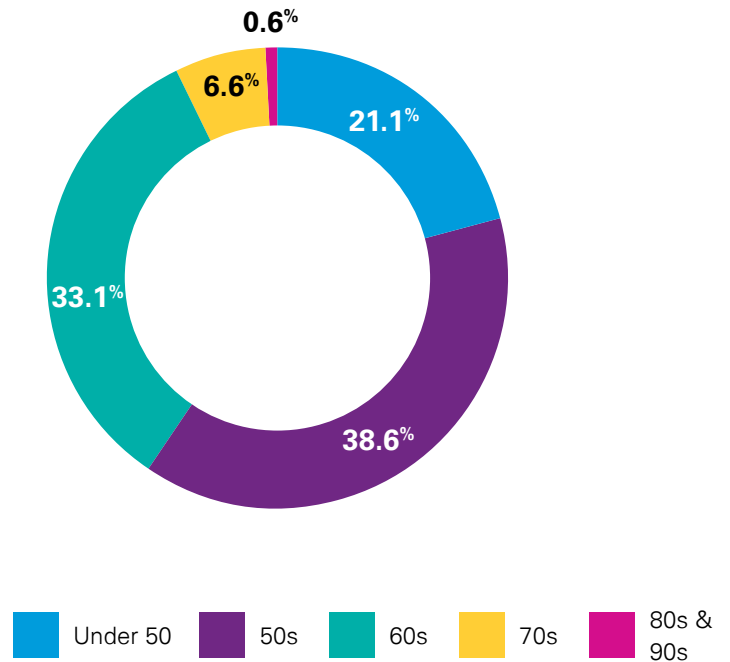
A board composed of directors from different generations allows for a broader range of perspectives and life experiences to be brought into boardroom discussions. While serving on a public company board used to be seen as a role taken on late in one's career or after retirement, it is becoming more common for accomplished senior executives—such as C-suite executives, large division heads, or entrepreneurs—to be sought after for board seats.

The Fortune 1000 Asian directors studied tend to be younger than the directors serving on Fortune 1000 boards. While 59.7 percent of the Asian directors studied are under the age of 60, only 31.5 percent of all Fortune 1000 directors are in that age range.

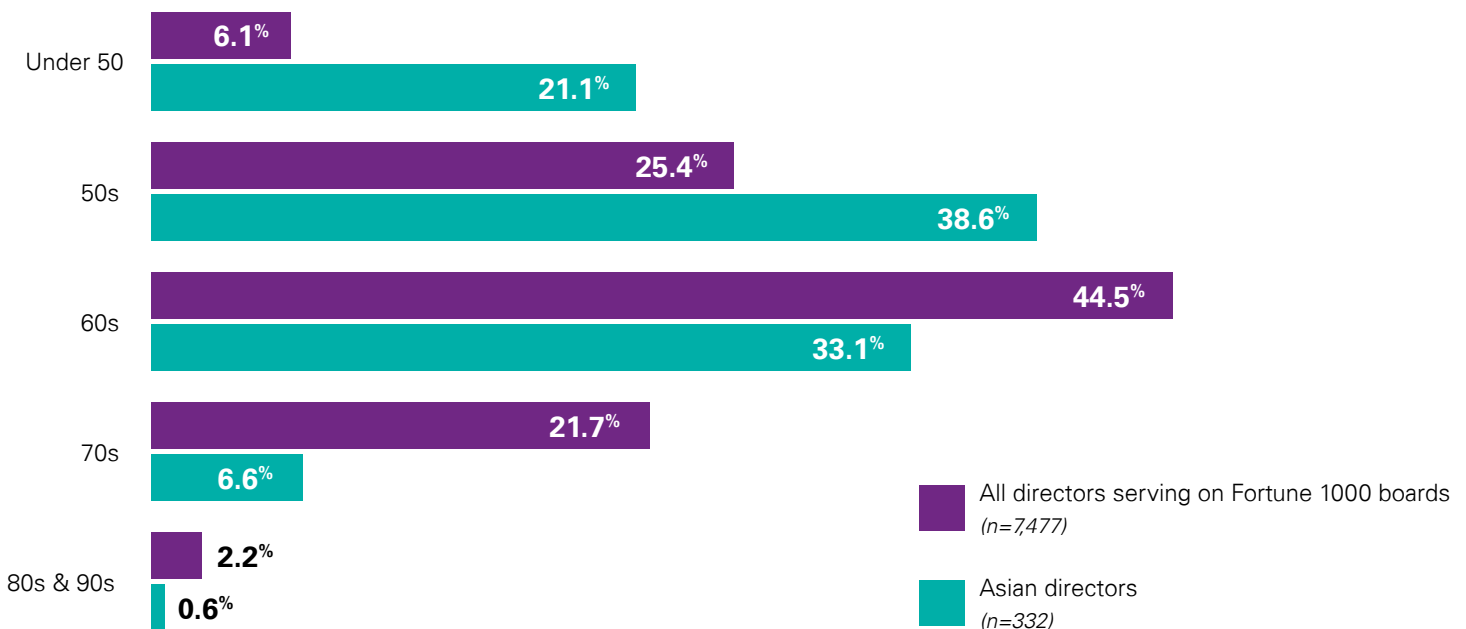
One in five (21.1 percent) of the Asian directors serving on Fortune 1000 boards are under age 50. Notably, 44.3 percent of those young Asian directors are female. Most (62.5 percent) of the Asian directors under age 50 were appointed to their boards within the last three years, and nearly all (90.0 percent) serve on only one public company board, most likely because they also have full-time executive jobs. Interestingly, 22.0 percent of the companies that have at least one Asian director under age 50 are in the technology sector.

Ages of Asian directors serving on Fortune 1000 boards


n=332



Director ages



Note: Does not equal 100% due to rounding.



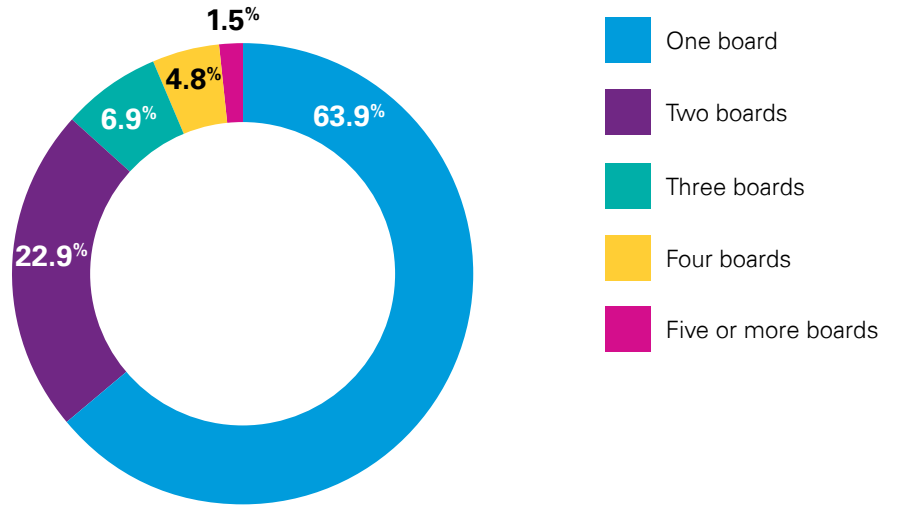
Despite the importance that Asian Americans play in the U.S. economy, 71.6 percent of Fortune 1000 companies do not have the benefit of an Asian perspective in the boardroom.

Board service

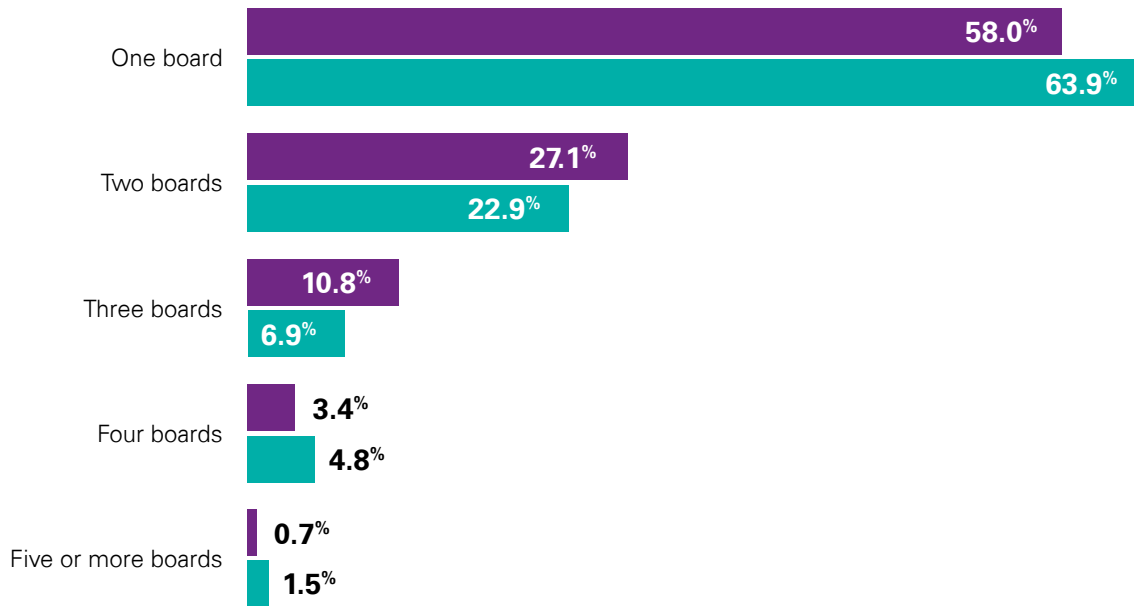
While there are benefits to having directors with experience serving on other boards—such as the sharing of strong corporate governance practices and experience serving as a director during a circumstance similar to that facing the company—concerns may be raised when a director serves on too many corporate boards simultaneously. Most (63.9 percent) of the Asian directors studied serve on only one public company board. Asian directors are more likely than the broader group of Fortune 1000 directors to be serving on only one public company board.

Number of public company boards on which Fortune 1000 Asian directors serve

n=332



Number of public company boards on which directors serve



All directors serving on Fortune 1000 boards (n=7,477)

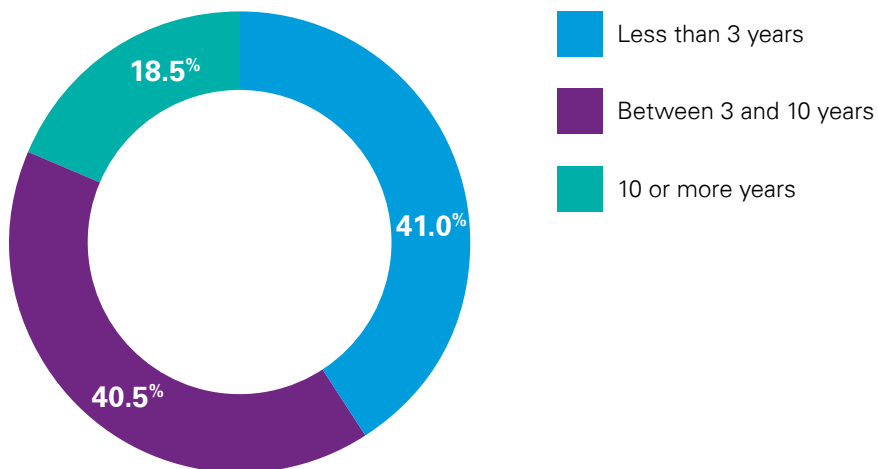
Asian directors (n=332)

Board tenure

More than three-quarters (81.5 percent) of Asian directors serving on Fortune 1000 boards have been in their board seats for less than 10 years. A significant percentage (41.0 percent) were appointed to boards within the last three years. In comparison, more than one-third (36.3 percent) of all directors serving on Fortune 1000 boards have held their board seats for 10 or more years.

Tenure of Asian directors serving on Fortune 1000 boards

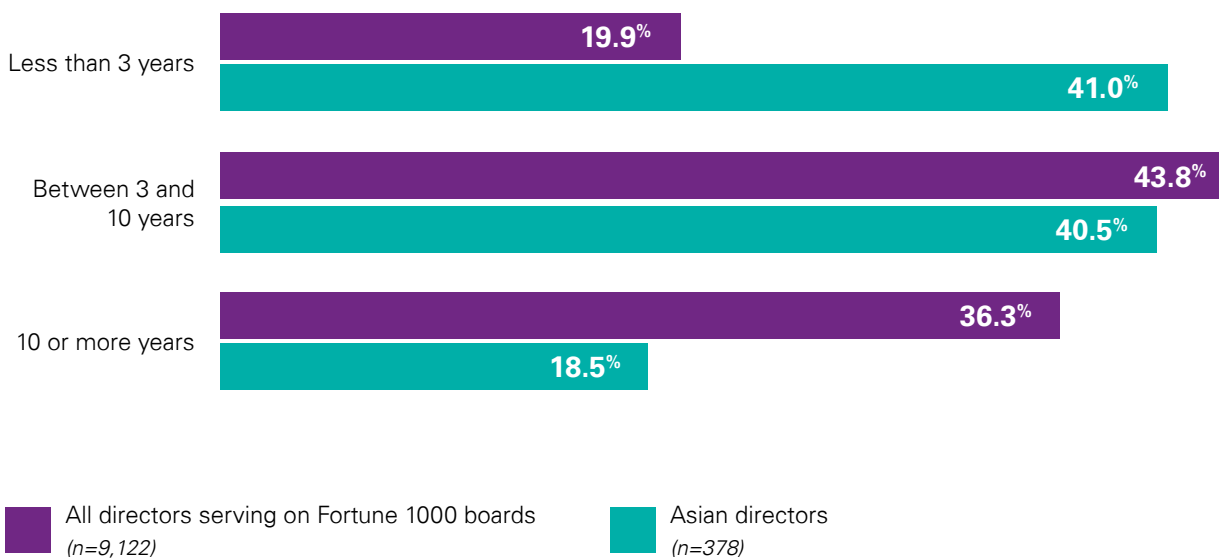
n=378



Asian board leaders

At 22 Fortune 1000 companies, an Asian director serves as chair of the board. Seven of these Asian board chairs also serve as CEO of the company. Additionally, Asians serve as lead director of eight Fortune 1000 companies.

Director tenure





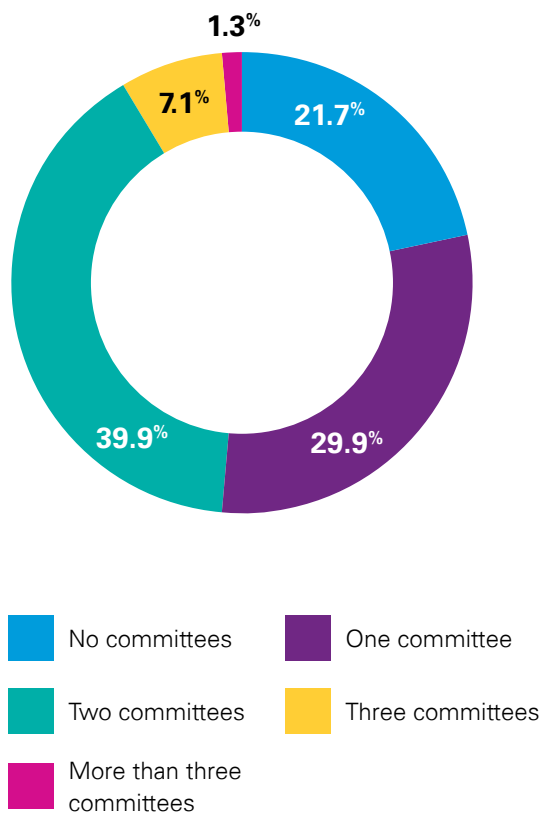
Committee service

Serving on board committees is an important way for directors to contribute to the vital work done by the board. The vast majority of the Asian Fortune 1000 directors studied serve on at least one board committee. Nearly half (48.3 percent) of Asian directors serve on more than one board committee, compared with 58.9 percent of all Fortune 1000 directors.

The Asian directors who serve on board committees are most likely to serve on the key board committees: compensation, audit, and nominating/governance. They are equally as likely to serve on the audit or compensation committees, and slightly less likely to serve on the nominating/governance committee.

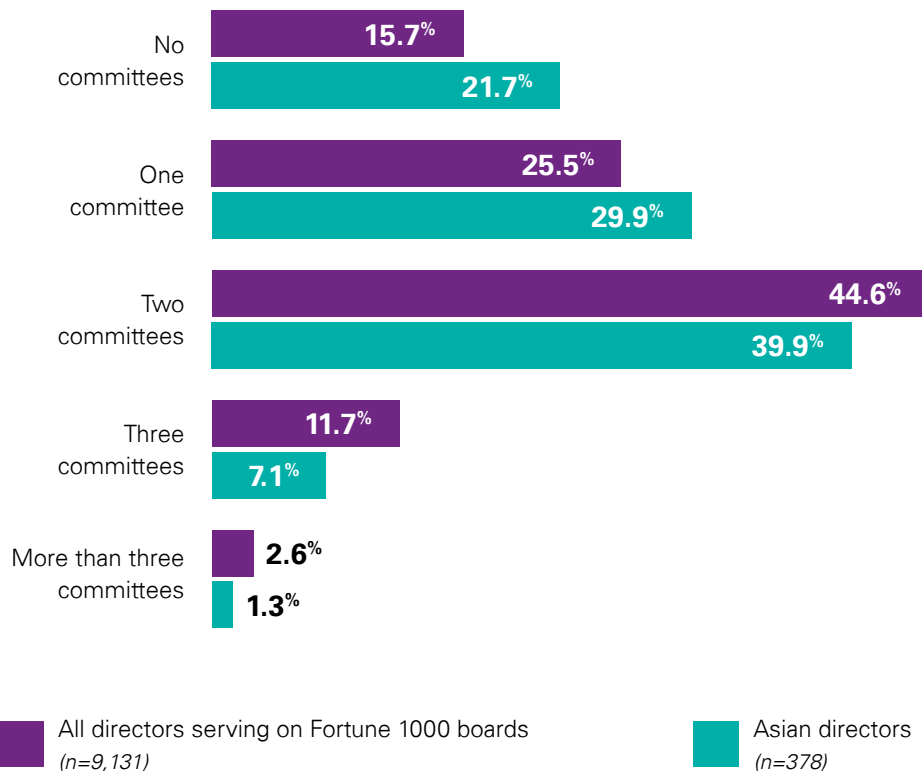
Number of board committees on which Asian directors serve

n=378



Note: Does not equal 100% due to rounding.

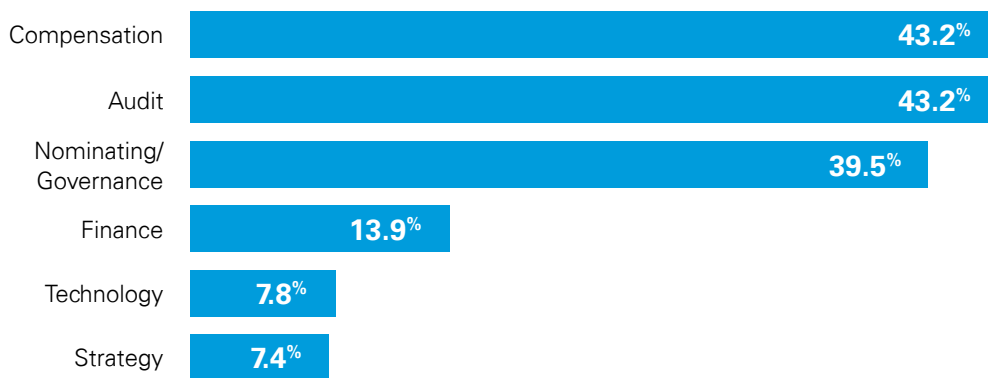
Number of board committees



Note: Does not equal 100% due to rounding.

Board committees on which Fortune 1000 Asian directors serve

n=296; multiple committees possible



Comparison by industry⁵

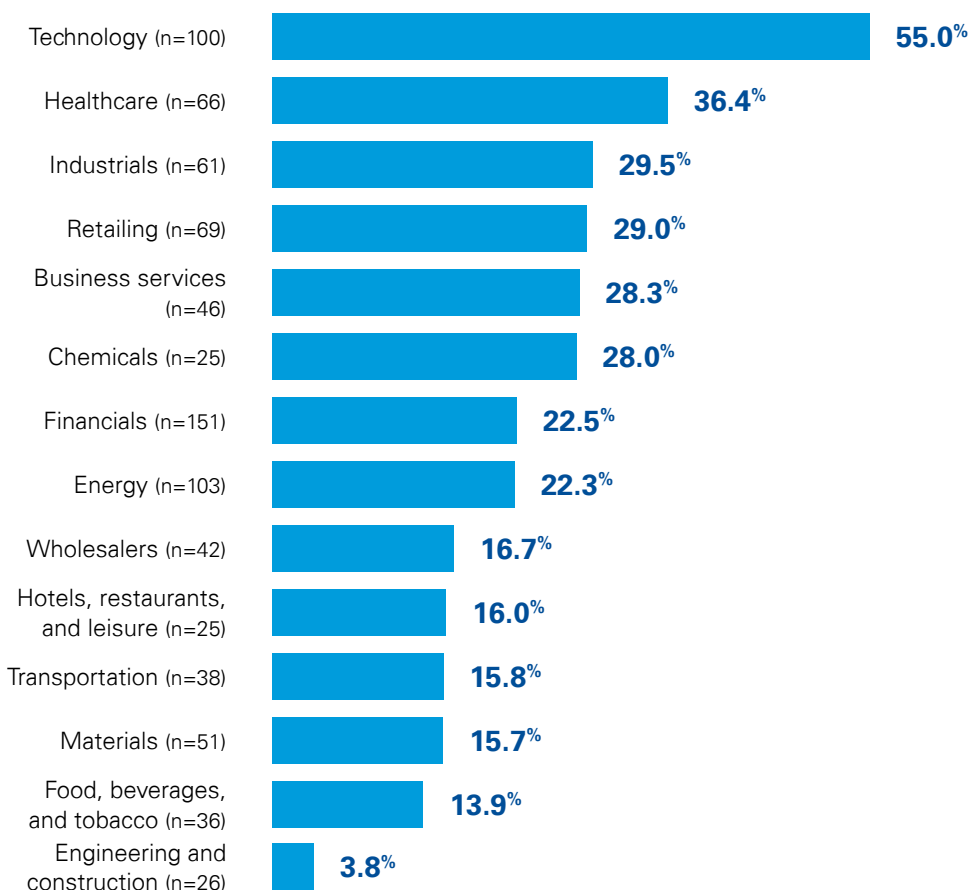
As board nominating committees consider the mix of skill sets and backgrounds represented on their boards, industry expertise is among the most important criteria included in their evaluations of board composition. In addition to a deep understanding of the industry, it is often important for directors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

Studies examining Asian participation in the U.S. economy have found that "Asian Americans are adept users of emerging technology"⁶ and Asians hold a large proportion of the professional jobs in the technology industry.⁷ Therefore, it is notable that more than half (55.0 percent) of technology companies in the Fortune 1000 have at least one Asian director.

Companies in the healthcare industry are also likely to have an Asian perspective in the boardroom, with more than one-third (36.4 percent) having at least one Asian director. In contrast, the engineering and construction industry has the least Asian representation in the boardroom.

Percentage of Fortune 1000 companies with at least one Asian director

Comparison by industry



⁵ Industry classifications are from the Fortune ranking website. Charts do not include the following industries, which have fewer than 25 companies in the Fortune 1000: Aerospace and defense; Apparel; Engineering and construction; Food and drug stores; Hotels, restaurants, and leisure; Media; Motor vehicles and parts; and Telecommunications.

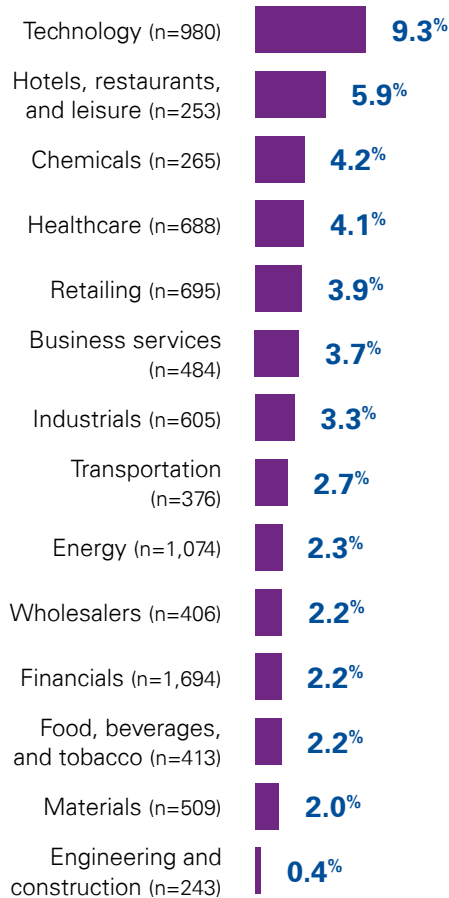
⁶ The Nielsen Company, *Informed Influencers and Powerful Purchasers: The Asian American Consumer Journey*, Diverse Intelligence Series, May 9, 2019.

⁷ For further discussion on this topic, see *The Illusion of Asian Success*, Ascend, 2017.

The technology industry has the highest representation of Asians in the boardroom. Nearly one in ten (9.3 percent) of the board seats of Fortune 1000 technology companies are held by Asian directors. It is notable that only one of the 243 directors serving on Fortune 1000 boards in the engineering and construction industry is Asian.

Percentage of Fortune 1000 directors who are Asian

Comparison by industry



Technology industry

Nearly one in ten (9.3 percent) of the board seats of Fortune 1000 technology companies are held by Asian directors.



Comparison by state of corporate headquarters

The demographics of the state in which a company is based likely dictates the demographics of its workforce, at least for employees located in its headquarters offices. Given the board's expanding role in overseeing corporate culture and workforce dynamics along with its role in evaluating CEO and senior executive performance, a comparison of board demographics to those of the state where the company is headquartered is especially relevant.

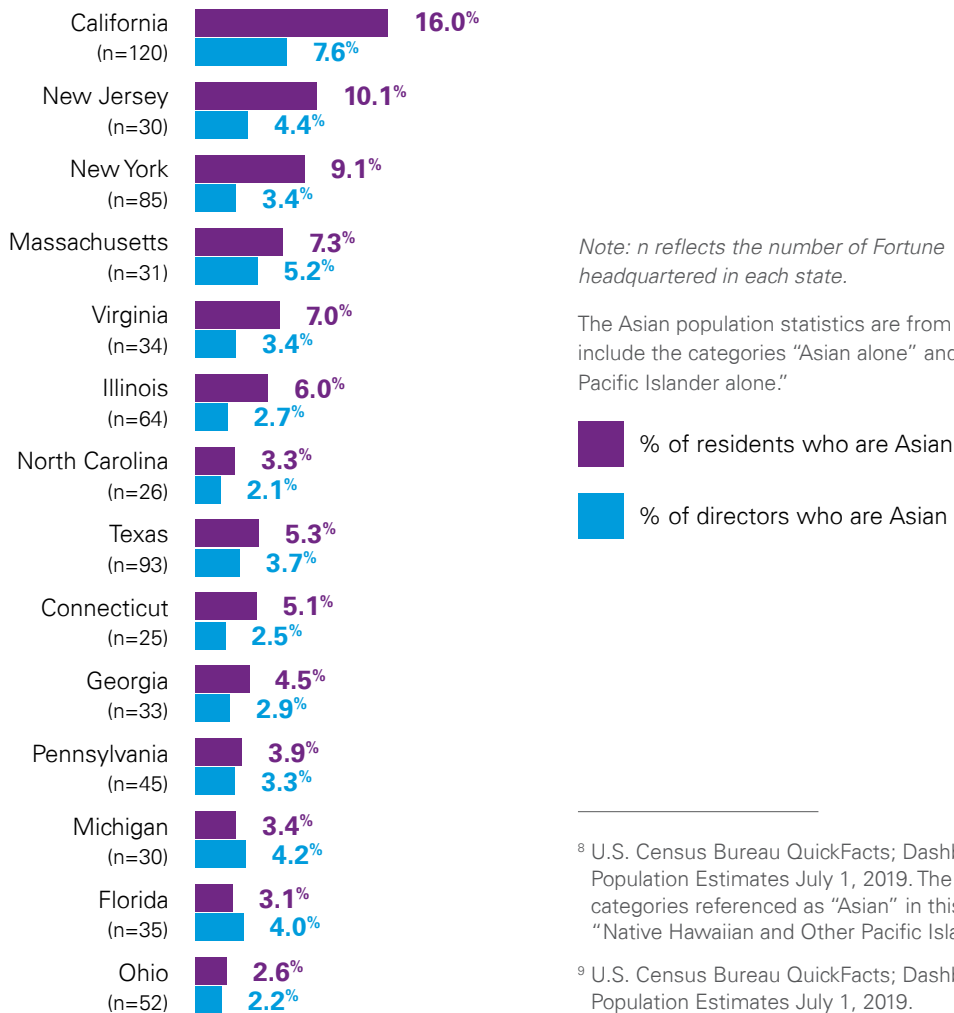
The chart below (based on U.S. Census Bureau July 2019 estimates) presents the Asian population in states where at least 25 Fortune 1000 companies are headquartered compared to the percentage of directors who are Asian serving on the boards of the companies headquartered in those states. In most cases, the prevalence of Asian directors is lower than the prevalence of Asian residents. It is worth noting that Asians represent 6.1 percent of the overall U.S. population.⁸ In comparison, 3.7 percent of all Fortune 1000 board seats are held by Asians.

While Hawaii has the highest percentage of Asian residents (47.7 percent),⁹ it is excluded from the data because only three Fortune 1000 companies are headquartered there. In total, seven Asian directors serve on the boards of those three Hawaiian companies.

California has the second highest prevalence of Asian residents (16.0 percent). However, only 7.6 percent of the board seats of Fortune 1000 companies headquartered in California are held by Asian directors.

Asian population compared to percentage of Fortune 1000 directors who are Asian

Comparison by state of corporate headquarters



Note: n reflects the number of Fortune 1000 companies studied that are headquartered in each state.

The Asian population statistics are from the U.S. Census Bureau and include the categories "Asian alone" and "Native Hawaiian and Other Pacific Islander alone."

■ % of residents who are Asian
 ■ % of directors who are Asian

⁸ U.S. Census Bureau QuickFacts; Dashboard for the United States; Population Estimates July 1, 2019. The U.S. Census Bureau categories referenced as "Asian" in this report are "Asian alone" and "Native Hawaiian and Other Pacific Islander alone."

⁹ U.S. Census Bureau QuickFacts; Dashboard for Hawaiian; Population Estimates July 1, 2019.

Methodology

The KPMG Board Leadership Center prepared the analyses presented in this report using data provided by Ascend Pinnacle. Ascend Pinnacle compiled the data by identifying individuals determined to be Asian and serving on the boards of the public companies on the 2020 Fortune 1000 list. Ascend Pinnacle used the following methodology to identify Asian directors:

- The definition of Asian is “a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.”¹⁰
- Publicly available information was used to identify Asians based on the director’s last name, biography, and other resources.
- No surveys were provided for individuals for self-identification.

Data regarding director demographics (other than racial and ethnic background) and committee service available from the companies’ 2019 proxy statements were obtained from Equilar, an executive compensation and corporate governance data firm.¹¹ The KPMG Board Leadership Center collected additional data from regulatory filings and company websites.

Calculations in this report are based on data for the 977 publicly traded companies on the 2020 Fortune 1000, 277 of which were identified as having at least one Asian director on the board.

Among these companies, a total of 332 Asian directors occupy a total of 378 Fortune 1000 board seats. (At some Fortune 1000 companies, multiple Asian directors serve on the same board; some Asian directors serve on multiple Fortune 1000 boards).

¹⁰ U.S. Equal Employment Opportunity Commission Employer Information Report EEO-1 Instruction Booklet, <http://www.eeoc.gov/employers/eeo-1-survey/eeo-1-instruction-booklet>.

¹¹ Ascend Pinnacle is grateful to Equilar and its CEO, David Chun, for in-kind services supporting our board diversity initiatives.

About the author

Annalisa Barrett is a Senior Advisor with the KPMG Board Leadership Center, where she plays a key role in the development of research and thought leadership and advises directors on emerging trends in corporate governance.

About Ascend Pinnacle

Ascend Pinnacle is part of the broader organization known as Ascend, the largest nonprofit career lifecycle Pan-Asian organization for business professionals in North America. Established in 2005, Ascend's reach includes 60,000+ senior executives, professionals, and MBA/undergraduate students involved in 50+ chapters in the U.S. and Canada. Ascend Pinnacle hosts the Asian Corporate Directors Summit, an annual event for Asian American experienced corporate directors and senior corporate executives; the Aspiring Directors Institute (ADI), a year-round cohort-based program; regional roundtable events held in major cities throughout the year; and engages in thought leadership regarding corporate board issues. The Ascend Foundation is a 501(c)(3) organization primarily engaged in research with a mission to educate, advocate, and enable Pan-Asian business leaders to reach their full potential. Learn more at ascendleadership.org/page/PIN.

About the KPMG Board Leadership Center

The KPMG Board Leadership Center champions outstanding governance to help drive long-term corporate value and enhance investor confidence. Through an array of programs and perspectives—including the KPMG Audit Committee Institute, the WomenCorporateDirectors Foundation, and more—the Center engages with directors and business leaders to help articulate their challenges and promote continuous improvement of public- and private-company governance. Drawing on insights from KPMG professionals and governance experts worldwide, the Center delivers practical thought leadership—on risk and strategy, talent and technology, globalization and compliance, financial reporting and audit quality, and more—all through a board lens. Learn more at kpmg.com/us/blc.

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