



HACR
HISPANIC ASSOCIATION ON
CORPORATE RESPONSIBILITY

20
19

—HACR—
CORPORATE
INCLUSION
INDEX

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INTRODUCTION

An aerial night view of a city, likely Singapore, with a blue color palette. The image features a dense urban landscape with numerous high-rise buildings and a prominent multi-lane highway on the right side. Overlaid on the city are several glowing white arcs and lines that form a network, suggesting connectivity or data flow. The overall atmosphere is futuristic and technological.

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ABOUT THE HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY

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.

Collectively, HACR's Coalition Members reflect the voice of more than 60 million Hispanics living in the United States and Puerto Rico, serving those diverse communities through advocacy, education, representation, assistance, capacity building, public policy support, resource development, and the exertion of political influence.

HACR's work is possible thanks to the generous support of its Corporate Members, which includes some of the largest companies in the United States. Together, the Coalition Members and Corporate Members provide HACR with the resources needed to achieve its mission.

ABOUT THE HACR RESEARCH INSTITUTE

The HACR Research Institute (HRI) is the research arm of HACR and is devoted to objective research, analysis, and publication of Hispanic-related issues in Corporate America. The goal of the HRI is to assess current Hispanic trends and stimulate discussion on Hispanic inclusion.

Through the HRI, HACR publishes the annual Corporate Inclusion Index, which includes a picture of the state of Hispanics in Corporate America in Employment, Procurement, Philanthropy, and Governance. The research institute also publishes the Corporate Governance Study, and other independent studies conducted internally and through partnerships with leading advocacy organizations.

A LETTER FROM THE HACR PRESIDENT & CEO

Since our founding in 1986, the Hispanic Association on Corporate Responsibility (HACR) has been one of the most influential advocacy organizations in the nation. Through our executive programs, annual symposium, and research institute we are moving the needle for Hispanics in Corporate America. Through partnership with our Coalition Members and our Corporate Members we have made strides growing the number of Latinos on corporate boards, strengthening the pipeline of Hispanics rising into the corporate C-suite, as well as sharing best practices for procurement with Hispanic-owned businesses, and increasing corporate philanthropy into the Hispanic community. Hispanics in the U.S. represent over \$1.5 trillion in buying power, making our community the 8th largest economy in the world. As such, it is important for Corporate America to harness the power of this demographic giant in order to continue to move their companies and the Hispanic community forward.

First launched in 2009, the HACR Corporate Inclusion Index (CII) takes a comprehensive measurement of the business practices and corporate strategies of participating companies around HACR's four pillars: Employment, Procurement, Philanthropy, and Governance. The HACR CII survey is comprised of questions created by the HACR Research Institute (HRI) through ten years of work and conversations with *Fortune* 500 and HACR Corporate Member companies about their diversity and inclusion practices and the measures in place to evaluate their progress.

We believe that all the hard work we have conducted over the last ten years makes the HACR CII stand out as a uniquely informative and useful measurement tool. Most importantly, we believe that companies will find the HACR CII to be useful in driving improvements in areas where there is opportunity for growth.

Our thanks goes to the companies who participated in our 2019 HACR CII survey and to our board of directors, leadership team, and stakeholders for their commitment to HACR and our mission of advancing Hispanic inclusion in Corporate America.

Sincerely,



Cid Wilson
President & CEO of HACR



LETTER FROM THE DIRECTOR OF THE HRI

2019 marks the tenth anniversary of the HACR Corporate Inclusion Index (CII). Since 2009, we have worked closely with our partners to improve and refine the HACR CII into a tool that permits us to dialogue with participating companies around very specific processes on diversity and inclusion. The HACR CII rating system helps participating companies identify opportunities for improvement while also highlighting best practices and outcomes on their diversity and inclusion efforts for Hispanics.

ABOUT THE HACR CII RATINGS

The HACR CII ratings are designed around two focus areas – a practice assessment and an outcomes assessment for each of the pillars. The practice assessment consists of twenty-five elements which examine what type of support or infrastructure a company has in place for diversity and inclusion. These questions are comprised of a series of yes or no and multiple choice questions. The outcomes assessment, which consists of five elements, examines key indicators or measures by which companies evaluate progress on diversity and inclusion. These questions are typically quantitative in nature.

UNDERSTANDING THE IMPORTANCE OF TRACKING

Knowledge is power and tracking ultimately allows organizations to create more precise roadmaps of where they've been and where they want to go with their diversity and inclusion efforts.

Tracking allows organizations to gain more nuanced insights on what practices are effective and what practices may need to be re-examined. These insights allow for the development of more proactive business practices and strategies as well as help highlight the relative cost and benefits of programs and initiatives. The analytics gained from tracking ultimately become key metrics in a company's business development, which leads to more objective measurements of success and growth. The transparency that tracking creates ultimately has the power to verify the validity of a company's current diversity and inclusion initiatives. As Peter Drucker once said, "what gets measured, gets done."

We thank everyone who participated in this year's HACR CII survey. This report would not be possible without the many conversations, reflection, and ideas that were contributed throughout the year. Thank you for your continued support of HACR.

Sincerely,



Dr. Lisette Garcia
Director of the HRI & COO of HACR



EXECUTIVE SUMMARY

For over a decade the HACR Corporate Inclusion Index (CII) has served as an evaluative tool for Corporate America's Hispanic diversity and inclusion practices in four key areas: Employment, Procurement, Philanthropy, and Governance. During this time, our engagement with participating companies has revealed a number of interesting themes and best practices. Our findings show that top performing companies are not only leveraging the HACR CII to benchmark their practices and outcomes, they are also using their participation and partnership with HACR to create a roadmap to continue building on their efforts.

A roadmap to where? To put it simply, the future. Companies attuned to the changing demographics of the country are aware that competitive advantage will only be granted to those with a workforce that is representative of, and sensitive to, the country's shift in workforce demographics. It is in this spirit that we have chosen "Living in a Metrics-Driven World: The Importance of Tracking as a Driver of Change and a Roadmap to Success" as the theme for this year's report.

This year's report will outline how Hispanic representation in Corporate America continues to evolve and what companies must do to attract and retain talent from the Hispanic community, find innovative diverse suppliers, track investments in the community, and develop leadership that directly understands increasingly diverse customers and clients. Each section of this report offers insights into these questions as they relate to the four key areas HACR examines.

On an individualized level the HACR CII is like a local map; as such, it is highly specialized in its findings and recommendations. Just as a national map is a useful tool for planning a long journey, a local map (i.e. survey participation) is useful in helping to overcome real and potential obstacles. It is our hope that readers find useful information within the pages of this report and continue the conversation with their stakeholders and partners.

KEY FINDINGS

Employment

- Hispanic comprise, on average, 16 percent of the total reported employee base among participating companies.

Procurement

- On average, about one (1) percent of total procurement spend was directed to Hispanic-owned businesses.

Philanthropy

- Volunteer hours in the Hispanic community increased from two (2) percent in 2018 to three (3) percent in 2019.

Governance

- Hispanics hold eight (8) percent of board seats amongst the participating companies.

LIVING IN A METRICS-DRIVEN WORLD: THE IMPORTANCE OF TRACKING AS A DRIVER OF CHANGE & A ROADMAP TO SUCCESS

How do you know whether or not you have been successful in achieving your objectives? In this metrics-driven world, we are constantly working to define success and set tangible, data-driven objectives. After all, you cannot manage what you do not measure – without clear goals, any definition of success is just a guess. The need for effective goal measurement is especially important in the corporate diversity and inclusion (D&I) space, where the true success of initiatives can mean different things to different people. Analytics and tracking provide a way to evaluate the impact initiatives may have on the people who they were designed to help. Proactively tracking data about D&I efforts within the workplace allows companies to set the foundation for improving it with strategic intent.

Most importantly, tracking encourages transparency and promotes accountability throughout the D&I journey. The D&I road is not a monolithic one; there is no one-size-fits-all approach. It is therefore especially important for companies to remain transparent throughout the process and be open to making adjustments based on facts and relevancy to their unique workforces. Having objective goals and tracking where you are on the road to achieving them provides a more precise roadmap to success. Being transparent about where you are going also allows your team to go with you.

The importance of tracking data in Corporate America cannot be overstated – no matter the industry, data is transforming it. Our goal for the HACR CII is for it to be used as an invaluable tool by companies when creating their D&I roadmaps. It is designed to help companies make meaningful change, informed by objective data collection and analysis year-to-year. Through HACR CII participation, forward-thinking companies can positively impact Hispanic inclusion in Corporate America.

METHODOLOGY

The data for the 2019 HACR CII is drawn from a survey designed and administered by the HACR Research Institute. Invitations to participate in the 2019 HACR CII survey were sent to all *Fortune* 100 companies, HACR Corporate Members, and past HACR CII participants.¹

If a corporation had not previously participated in the HACR CII, requests were made to the chief executive officer, as well as the highest-level executives responsible for communications and human resources and/or diversity, when it was possible to obtain their contact information. If HACR had a point of contact at a particular company who had not previously participated in the HACR CII, email communications requesting their participation were sent to them. If a corporation had previously participated in the HACR CII, invitations were sent first to the individuals responsible for previous submissions, with additional communications sent to senior level executives, if necessary.

A total of 170 corporations received invitations to take part in the survey; of that group, 57 submitted surveys and all were rated.² The survey period was from January 6, 2019 to July 26, 2019.

The HACR staff provided additional assistance and advice throughout the process and reviewed submitted documentation for appropriate language and consistency with survey answers. Corporations were invited to provide the HACR staff with any additional information, corrections to data, and/or updates prior to finalizing their ratings.

¹ Companies outside these parameters who requested the survey from the HACR Research Institute were permitted to complete the 2019 HACR CII survey.

² Variances between the total survey respondents and the number of respondents for every question may be due to the fact that not all participants responded to every question and in some instances outliers were excluded.

PARTICIPATING COMPANIES

ADP	Exelon Corporation	MillerCoors LLC*
Aetna*	FedEx Corporation	Morgan Stanley*
American Airlines†	Ford Motor Company*	Nielsen†
American Express	General Motors*	PayPal*
Anthem, Inc.*	Gilead Sciences, Inc.*†	PepsiCo*
AT&T*	Goldman, Sachs & Co.*†	Phillips 66
Bank of America*	Herbalife Nutrition*	Sodexo*
Boston Scientific Corporation†	HP Inc.*	State Farm*
Capital One Financial Corporation*	HSBC	Target*
Chevron*†	Humana*	Tesla Inc.†
Cigna*	Intel*	T-Mobile USA, Inc.*
Cisco Systems, Inc.†	Johnson & Johnson*	Toyota Motor North America*
Citigroup, Inc.*	JPMorgan Chase & Co.*	United Technologies Corporation*†
The Coca-Cola Company*	The Kroger Company	UPS*
Comcast NBCUniversal Telemundo*	Marriott International, Inc.	USTA*
Comerica Bank*	McDonald's Corporation*	Verizon*
Diageo North America*†	McKesson	Walmart, Inc.*
DuPont	Medtronic, Inc.*	The Walt Disney Company*
Ericsson Inc.*†	MetLife Inc.	Wells Fargo & Company*

Thank you to all of this year's participating companies!

* 2018 HACR Corporate Member Company

† New 2019 Participant

PARTICIPATION AT A GLANCE

57 TOTAL PARTICIPANTS

68%
HACR CORPORATE
MEMBER COMPANIES

32
FORTUNE 100
COMPANIES

TOP INDUSTRY PARTICIPATION

9% • TELECOMMUNICATIONS

7%
• COMMERCIAL BANKS &
FINANCIAL DATA SERVICES
• HEALTH CARE:
INSURANCE & MANAGED CARE
• MOTOR VEHICLES & PARTS

5% • FOOD & BEVERAGE

CII HISTORY

45
RETURNING
2018 CII
PARTICIPANTS

12
NEW
PARTICIPANTS



ANNOUNCING THE NEW

HACR BLOG



NEWS • RESEARCH
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BLOG.HACR.ORG

EMPLOYMENT INSIGHTS

PROGRESS & CHALLENGES IN TRACKING EMPLOYMENT

At the organizational level, Hispanic inclusion requires ongoing evaluation of the processes in place to hire and retain Hispanic talent. A key factor in ensuring effective reporting on the performance of Hispanic inclusion efforts is systematic tracking of organization wide demographic changes. Only then can goals and outcomes be evaluated and used as comparative and benchmarking measures that will inform improved organizational practices. Using this information, benchmarking tools like the HACR CII are able to determine the robustness of a company's leadership pipeline and its ability to withstand market changes.

If companies don't track and leverage organizational changes, they will continue to limit their potential success for attracting and retaining Hispanic talent. It is also very expensive, as each time a company replaces an employee it can cost them as much as 33 percent of that employee's annual salary.³ In addition to replacement costs, companies are missing out on the opportunity to increase their market share. According to recent research, inclusive companies have 2.3 times higher cashflow per employee, are 1.8 times more likely to be change ready, and 1.7 times more likely to be innovation leaders in their market.⁴ As 16.8 percent of the U.S. workforce and representing \$1.5 trillion in purchasing power, there are more reasons than ever to both track and develop Corporate America's efforts to leverage their Hispanic talent.⁵



³ Source: Work Institute's 2017 Retention Report

⁴ Source: Josh Bersin - www.joshbersin.com

⁵ Source: Bureau of Labor Statistics (BLS)

EMPLOYMENT

CONGRATULATIONS TO THE HACR CII 5 STAR COMPANIES

ADP

Aetna

Anthem, Inc.

AT&T

Bank of America

Boston Scientific Corporation

Chevron

Cigna

Citigroup, Inc.

The Coca-Cola Company

Comcast NBCUniversal Telemundo

General Motors

Gilead Sciences, Inc.

Goldman, Sachs & Co.

Humana

Intel

Johnson & Johnson

JPMorgan Chase & Co.

Medtronic, Inc.

MetLife Inc.

MillerCoors LLC

Morgan Stanley

Nielsen

PepsiCo

Sodexo

State Farm

Target

Toyota Motor North America

United Technologies Corporation

Verizon

The Walt Disney Company

Wells Fargo & Company



2019

EMPLOYMENT INSIGHTS

EMPLOY

WHAT DID WE LEARN?

Based on aggregate outcomes from this year's survey, there are a number of areas that Corporate America and its Hispanic constituents should continue to follow closely. The proportion of Hispanics in non-exempt positions continue to be a concern. Hispanic non-exempt employees make up 84 percent of all Hispanic employees reported this year. These jobs do not afford employees with the same benefits or access to leadership positions as exempt jobs do.

For internships, while Hispanic representation remained steady at around 13 percent, Hispanic interns are still underrepresented when compared to their white peers.

Remaining relatively unchanged from the previous year, the percentage of companies with Hispanic employee resource groups (ERGs) holds steady at 98 percent. As a next step, companies should think of creative ways of leveraging their ERGs to play a more central role in informing talent acquisition and retention, community investment, supplier development, and leadership recruitment initiatives.

EMPLOYMENT

HOW DID THE SAMPLE DO?

Overall the sample received three (3) stars in the practice evaluation. Assessment metrics for employee advancement programs such as mentorship and sponsorship programs remain challenging for many companies, especially those with informal programs. Depending on the company, informality may describe an unplanned and unmeasured program for which progress evaluation and goals are both missing. In such cases, informal programs may lead to homogenous pairings where unintentional affinity bias causes sponsors or mentors to pair with employees that are most like them. Such outcomes may go unnoticed in programs that are not tracked and evaluated. As such, the strength of an organization's Hispanic leadership pipeline is dependent on having formal programs, clear goals, and a systematic method for collecting metrics that are used to evaluate the pace and success of organizational efforts.

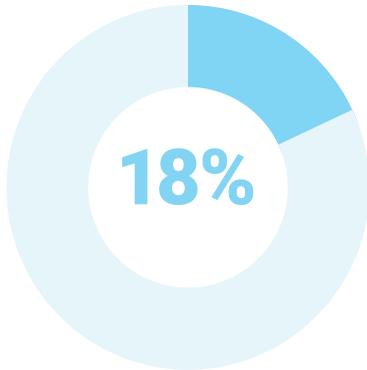
For the quantitative measures, the sample group met the criteria for four (4) out of five (5) metrics, thereby awarding them an additional star for a total of four (4) stars in this section.



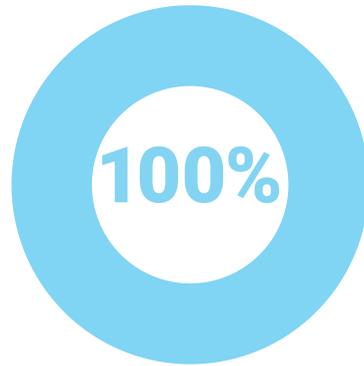
FOUR STARS IN EMPLOYMENT

WHAT DID WE FIND?

PERCENTAGE OF
HISPANICS HIRED



COMPANIES WITH A RECRUITMENT
STRATEGY INCLUSIVE OF HISPANICS



13%

Hispanics comprise 13% of non-exempt employees

PIPELINE DEVELOPMENT

98%

offered internship programs inclusive of Hispanics

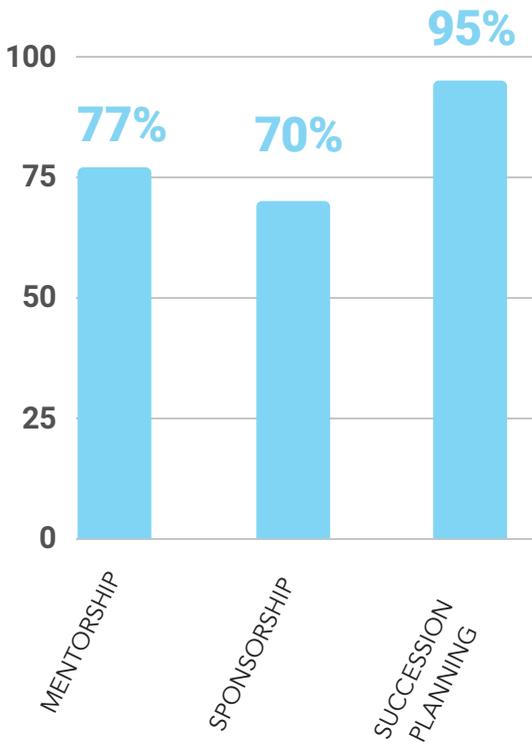
13%

of all interns were Hispanic

98%

had a Hispanic Employee Resource Group (ERG)

INVESTMENT IN EMPLOYEE DEVELOPMENT



Research has shown that these programs are crucial for building a pipeline of leaders poised to move up the executive ladder. Each of these programs provides a key resource critical for helping the diverse leaders

EMPLOYMENT



2019 5-STAR COMPANY



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“The way we track and measure workforce data, not only helps us create a better D&I strategy, but it helps us provide strategic recommendations to our divisions and business units to help formulate their hiring and talent management strategies.”

- Juan Otero,
Vice President of
Diversity & Inclusion

Why is tracking important to your employee retention efforts?

At Comcast NBCUniversal Telemundo, we view tracking and reporting of diversity in our workforce, supply chain, tv programming, and community giving as a critical component of our diversity and inclusion practice. Within workforce reporting, we not only focus on the demographic trends, but we also track the drivers and levers that affect the demographics of our workforce. A few key metrics that we track include our new hire, promotion, and turnover metrics. Given the breadth of our company, we find it useful to track all of these metrics by key business segments and by job functions.

How do tracking practices provide your team with a roadmap for success for talent management?

Tracking our workforce diversity is not only helpful as we improve upon our internal strategies, but it also provides us with broader benefits, such as gaining a better understanding of both our short-term and long-term trends. The short-term analysis provides us with a better understanding of quarterly or annual drivers and insight into areas of opportunity. The longer-term trend analysis provides us with broader context that frame the short term findings. Both sets of data complement one another, and are useful as we strategically engage with our internal partners.

Tracking and reporting our workforce diversity not only keeps our leadership accountable, but it helps us to attract and retain talent that can see themselves reflected in all levels of our company.

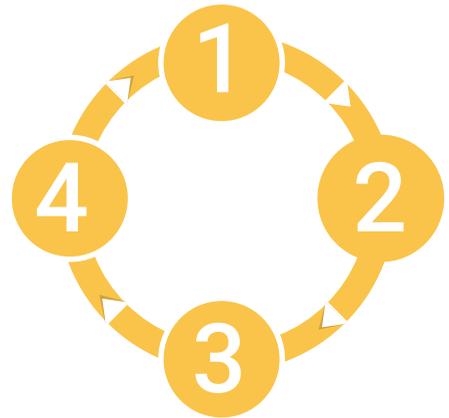
PROCUREMENT INSIGHTS

PROGRESS & CHALLENGES IN TRACKING PROCUREMENT

For a company, the process through which it is able to find and agree to terms, acquire goods, services, or work from external sources are among its most critical functions.⁶ So, if the supply-chain is working efficiently, does diversity and inclusion really matter? In short, the answer is yes. Research suggests that companies with a supplier diversity strategy, and the ability to track as a means to meet goals, see a measurable increase in their earnings through leveraging power brought by diverse supplier networks.⁷

Additionally, the importance and impact of procurement practices extends well beyond the supply-chain. An investment in minority-owned businesses is also an investment in those communities and can help stimulate local economies and the communities of their partners.⁸

Not tracking procurement metrics for your diverse supplier network is, essentially, leaving money on the table for both the business and diverse communities. Unfortunately, much of Corporate America is still in the early stages of developing these efforts and tracking at the level of detail needed to measure outcomes for Hispanics is not yet possible. This necessitates a diligent effort to develop tracking of key data points such as spend by supplier demographic groups throughout the supply-chain in order to ensure successful inclusion of diverse suppliers. Finally, effective evaluation of collected data is the last step in a feedback loop that will ensure consistent growth and success.



- 1. STRATEGY**
- 2. LEVERAGE POWER**
- 3. COMMUNITY INVESTMENT**
- 4. GROWTH & SUCCESS**

⁶ Source: *A Theory of Incentives in Procurement and Regulation*.

⁷ Source: *Supply Chain Quarterly*

⁸ 2015 HACR Hispanic Procurement Report

PROCUREMENT

CONGRATULATIONS TO THE HACR CII 5 STAR COMPANIES

Anthem

Comcast NBCUniversal Telemundo

Ford Motor Company

General Motors

Toyota Motor North America

Walmart Inc.

The Walt Disney Company



2019

PROCUREMENT INSIGHTS

PROCUR

WHAT DID WE LEARN?

Procurement remains an area with tremendous opportunities for Hispanic inclusion. In the 2015 HACR Procurement Report, organizational readiness to work with minority vendors was found to be a major component of enterprise-wide strategy and diversity programs. We have found that these factors remain relevant to the improvement and success of companies' goals to identify and develop qualified diverse suppliers. We have found that each of these factors remain relevant to the improvement and success of companies' goals to identify and develop qualified diverse suppliers.⁹

For Corporate America, the roadmap to success for its supply-chain diversity efforts is comprised of relationships and partnerships. Starting with a company's internal networks, Hispanic ERGs can act as connectors to Hispanic business owners in the community. Once connected, businesses that require additional development in order to become qualified should be matched with resources or programs that could be mutually beneficial to the continued growth of the minority vendor and their sponsor corporation. Tracking the development of suppliers becomes crucial in informing companies about the success of their investment efforts with the payoffs being determined by how many of these suppliers are submitting bids and how many are being awarded contracts. Tracking how diversity is being managed throughout the supply-chain is also important, as many minority-owned businesses are not large enough to work directly with corporations but can be valuable contributors as Tier 2 suppliers.

⁹ Qualified suppliers have been defined as those with experience in key strategic growth areas, with the ability to meet corporate procurement criteria and handle demand for product and services.

PROCUREMENT

HOW DID THE SAMPLE DO?

Overall the sample received a two (2) star rating on the procurement practices measure. Based on this year's responses, companies are not leveraging their Hispanic ERGs for insights and connections with diverse suppliers, tracking suppliers that go from bid to award, providing financial assistance to Hispanic suppliers, or incentivizing Tier 1 suppliers to utilize diverse suppliers.

For the quantitative measures, the sample group met the criteria for three (3) out of five (5) metrics, thereby awarding them an additional star for a total of three (3) stars in this section.



THREE STARS IN PROCUREMENT

WHAT DID WE FIND?

1%

Average procurement spend with Hispanic suppliers

1%

Average Tier 2 spend with Hispanic suppliers

2,061

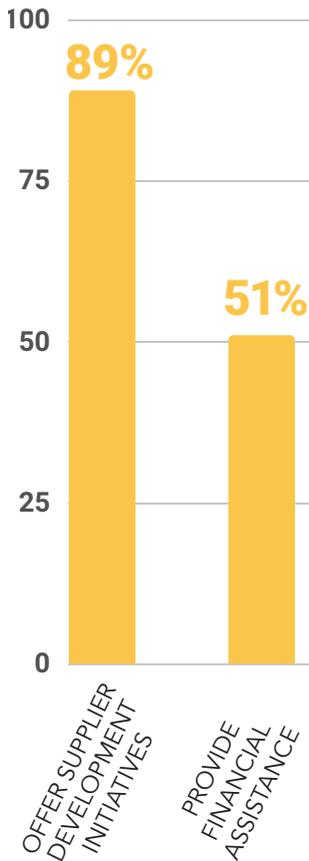
Total number of Hispanic suppliers

20% of suppliers in developmental initiatives are Hispanic

65% of companies hold their Tier 1 suppliers accountable for supplier diversity



DIVERSE SUPPLIER PARTNERSHIPS



One of the greatest concerns companies have in working with diverse suppliers is ensuring that they can handle their business. To ensure that these minority-owned businesses have the capacity to work with them, many companies work with these suppliers and provide them with resources such as development initiatives and financial assistance.

More than half of the sample reported that their Hispanic ERG is actively involved in supporting procurement opportunities

96%

Work with trade associations

35%

Track if diverse suppliers move from bid to award status

95%

Have a strategic plan for supplier diversity that is reviewed regularly

PROCUREMENT



2019 5-STAR COMPANY



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“Our tracking practices provide a clear roadmap for success as we navigate the organization, and have enough flexibility should we have to pivot.”

**- Michael A. Byron,
Senior Director,
Supplier Inclusion**

Why is tracking important to your supplier diversity initiatives?

The importance of procurement tracking varies by industry. We are a hybrid of centralized and decentralized processes. However, tracking is important for numerous reasons: savings, creating a competitive landscape amongst our suppliers, and accountability for stakeholders who are responsible for creating an inclusive supply chain. Our commitment to tracking is significant to our company because it validates our efforts and encourages new product innovation. Through our efforts we have the ability to positively impact the communities we serve and the jobs that are created. Tracking other Key Performing Indicators (KPI) besides spend are significant when articulating the overall performance, success, and sustainability of our program.

How do tracking practices provide your team with a roadmap for the success of your supplier diversity initiatives?

Supplier Inclusion is a business program; to experience any type of success tracking is a necessity. We take pride informing our internal and external stakeholders of how the company is fairing with our goals and expectations. In our business, measuring and tracking performance is how we meet and exceed customer expectations. Tracking enables continuous improvement which is a best practice in the industry. Without tracking, a program can become complacent and unable to serve out its mission. Setting goals and measuring progress will help incrementally improve your operations and in some instances allow you to expand your outreach.

PHILANTHROPY INSIGHTS

PROGRESS & CHALLENGES IN TRACKING PHILANTHROPY

The role of corporate philanthropy has evolved beyond charitable giving, to become investment strategy, in alignment with business priorities, that bolster the economic growth of the communities in which companies do business. As with any other investment, clarity about desired outcomes and performance towards meeting goals are going to be key determinants in gauging the success of your investment. For companies, the potential returns in building trust and creating positive brand awareness in new and emerging markets make having a plan, tracking progress, and evaluating the impact of their philanthropic efforts a business imperative.

For many employees, a company's philanthropic investments are an expression of commitment to the "social good." This is especially important for employees that are looking for meaning and purpose in their work and who are looking to bring their personal values to the workplace. A recent study found that 75 percent of millennials would take a pay cut to work for a socially responsible company.¹⁰ By 2025, millennials are projected to become 75 percent of the workforce and companies that are the most effective stewards of their community investment efforts will attract the best talent among them.

In order to ensure sustained employee satisfaction in the evolving corporate culture created by a new generation of talent, companies should not only track the success of their philanthropic initiatives, but get feedback and input from their employees as well. By partnering with their Hispanic ERGs to target their efforts in areas that resonate most with employees, companies are ensuring success in both the recruitment and retention of young talent, a byproduct of positive brand recognition.

¹⁰Source: *Talent Economy*

**ALIGN WITH
BUSINESS
OBJECTIVES**



BUILD TRUST



**CREATE MEANING
& PURPOSE**



**SOCIALLY
RESPONSIBLE
WORKPLACE**

PHILANTHROPY

CONGRATULATIONS TO THE HACR CII 5 STAR COMPANIES

ADP

AT&T

Cisco Systems, Inc.

Citigroup, Inc.

Comcast NBCUniversal Telemundo

Exelon Corporation

Ford Motor Company

General Motors

Humana

Verizon

The Walt Disney Company

The background of the page is a grayscale aerial photograph of a city, showing various buildings, streets, and infrastructure. A white rectangular frame is centered on the page, containing the main text.

2019

PHILANTHROPY INSIGHTS

PHILANTHROPY

WHAT DID WE LEARN?

Philanthropy remains an area of opportunity with effective tracking being the highest yielding activity corporations can undertake to leverage the benefits of their community investments. In particular, tracking dollar amount and value of volunteer hours donated in the community will give companies several ways to increase their return on investment (ROI) for their business, and their employees', efforts. This year, only 33 percent of participants responded that they track the number of volunteer hours in the Hispanic community and only 28 percent responded that they calculate a dollar value for their employee's volunteer efforts. Employees and the communities they are volunteering in want to know the value and impact of the hours being contributed. Tracking these figures could also become a metric through which companies can offer recognition to employees for their contributions, which as an added benefit, has been shown to increase employee retention.¹¹

Finally, as long as there is alignment with business objectives, supporting employees' passion projects, whether as individuals or within groups like ERGs, are important to sustaining morale and reducing attrition. CEO and other leadership involvement in and approval of projects can go a long way to providing support to employees. Leadership's engagement can also go a long way in building good will and trust in communities where companies are trying to introduce or increase their market share.

¹¹ Source: SHRM

PHILANTHROPY

HOW DID THE SAMPLE DO?

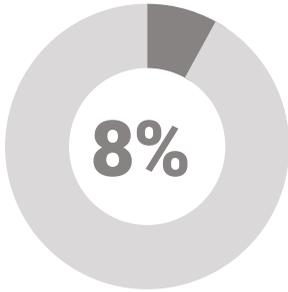
Overall the sample received a two (2) star rating on the philanthropy practices measures. There remains a sizeable gap with participants' ability to track and report philanthropic efforts. The outlook for improvement in this area, for companies that are new to or experienced with the CII, is dependent on establishing a system for tracking investment dollars and time, evaluating these investments, and reporting them for industry and national benchmarking.

For the quantitative measures, the sample group met the criteria for all five (5) metrics, thereby awarding them an additional star for a total of three (3) stars in this section.

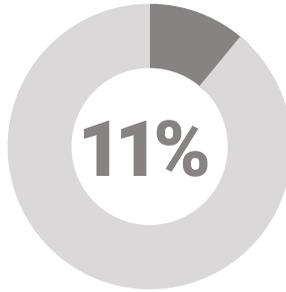


THREE STARS IN PHILANTHROPY

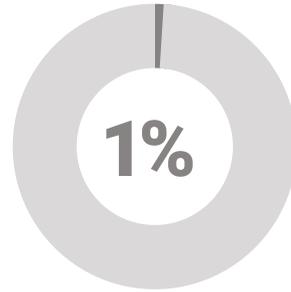
WHAT DID WE FIND?



Corporate give to Hispanic community



Foundation give to Hispanic community



In-Kind give to Hispanic community

95%

Have a strategic plan for corporate giving

79%

Have a strategic plan for foundation giving

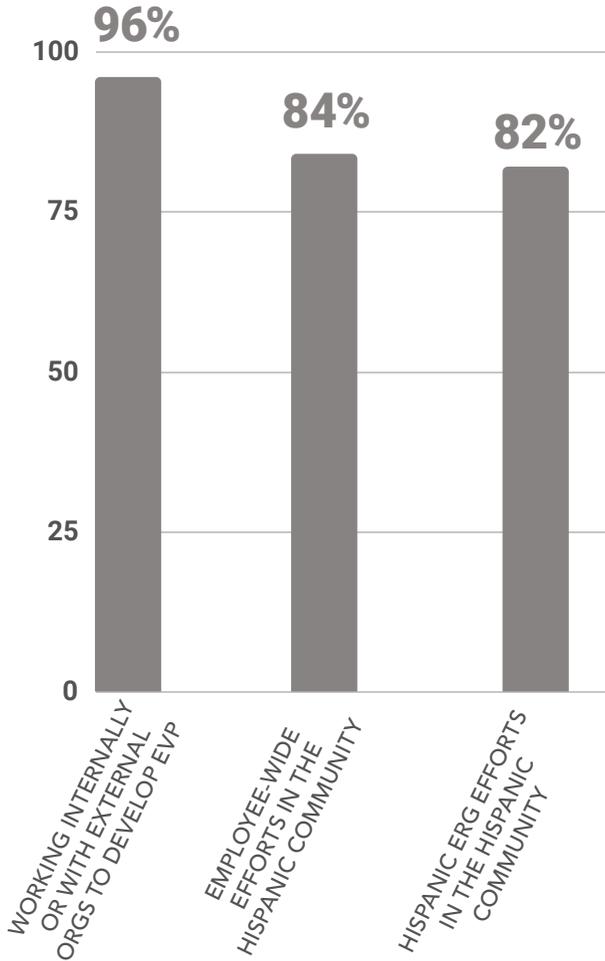
\$5,463,363

Total average dollars donated to organizations working in the Hispanic community

\$621,538

Total average donated to Hispanic-led organizations

EMPLOYEE VOLUNTEER PROGRAMS (EVP)



Service to others is a priority for millions of Americans, including the employees at our participating companies.

Many companies are working to develop their employee volunteer programs to maximize their impact and to engage the growing Hispanic population in the U.S.

89%

404,384

\$10,283,488

Have a strategic plan for their employee volunteer program

Employee-wide volunteer hours in the Hispanic community

Estimated value of volunteer hours donated to the Hispanic community

PHILANTHROPY



2019 5-STAR COMPANY

The
WALT DISNEY
Company

© Disney

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Why is tracking important to your organization's philanthropic efforts?

Diverse philanthropic giving is an important piece of the overall giving strategy and one that has a corresponding strategy. Tracking or measuring results against a strategy is the most effective method by which progress can be monitored. Focus is one thing, but measurement provides the yardstick upon which success can be gauged.

How do tracking practices provide your team with a roadmap for the success of your philanthropic efforts?

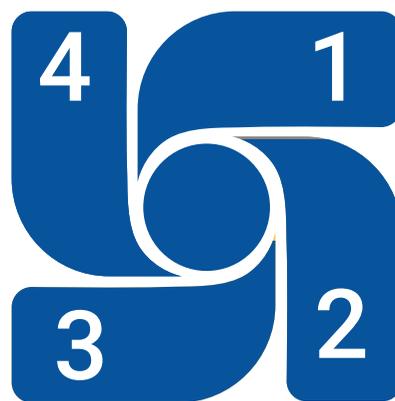
Over many years of aligning philanthropic strategy with the diversity and inclusion strategy, several dominant trends have emerged. Measuring results against goals is a proven technique to assure one is "staying on course" and hitting milestones along the way. Measurement provides focus and vision of what the desired outcome should be as well as synthesizes individuals around a leader's focus.

GOVERNANCE INSIGHTS

PROGRESS & CHALLENGES IN TRACKING GOVERNANCE

Generally, corporate leaders understand the importance of diversity and inclusion, yet there continues to be Hispanic underrepresentation in leadership and board positions. That's not to say that companies have failed to diversify, rather that the manner and pace at which diversification occurs depends on a number of factors specific to organizational goals and objectives. Ultimately, diversity in the pipeline begins and ends with leadership. The efficacy and speed through which organizations are able to meet their leadership diversity goals is dependent on how well-informed decision makers are of their current needs, the relative strength of their leadership pipelines to meet those needs, and the effectiveness of existing diversity policies. The requisite component of the information needed by leadership is data collection and tracking.

For many companies, data collection and analysis of diversity and inclusion metrics is relegated to a specific person, usually, but not always, a chief diversity officer (CDO). As the main curator of this information, no one is better equipped to inform an organization's leadership of the diversity needs at all levels of the organization. Successful companies leverage insights from D&I professionals to help inform their decisions, create policies and initiatives that yield diverse slates for open leadership positions, design succession plans for key leadership positions, and communicate progress internally. Many companies have also adopted the practice of having the CDO report directly to, or having a dotted-line relationship with, the company's CEO. Access to the CEO allows for tracked information about a company's diversity and inclusion efforts to quickly benefit leadership decision making, goal planning, and evaluation.



- 1. ORGANIZATIONAL COMMITMENT**
- 2. GOAL PLANNING & EVALUATION**
- 3. STRENGTHEN LEADERSHIP PIPELINE**
- 4. DIVERSIFICATION**

GOVERNANCE

CONGRATULATIONS TO THE HACR CII 5 STAR COMPANIES

ADP

American Express

Bank of America

Chevron

Cigna

Cisco Systems, Inc.

Citigroup, Inc.

The Coca-Cola Company

Comcast NBCUniversal Telemundo

Comerica Bank

General Motors

Goldman, Sachs & Co.

Intel

Johnson & Johnson

Marriott International, Inc.

McDonald's Corporation

MetLife Inc.

PepsiCo

Sodexo

Target

United Technologies Corporation

USTA

Verizon

Walmart, Inc.

The Walt Disney Company

Wells Fargo & Company



2019

GOVERNANCE INSIGHTS

GOVERN

WHAT DID WE LEARN?

The business case for leadership and board diversity and inclusion has been made in many reports, yet the action required to make change possible lags behind the need for leadership that is representative of the U.S. population. This year we found that, on average, Latina representation in board positions has remained below three (3) percent for the past five (5) years and below two (2) percent for executive positions in the same time period. The result is leadership that does not reflect an increasingly diverse population.

The most successful companies approach diversity and inclusion by establishing effective tracking practices. In doing so, these companies are better informed of their strengths and can identify opportunities. Both board and corporate leadership should use findings to inform their approaches for how to improve their efforts and what new strategies should be implemented. In using this approach, companies create a roadmap for inclusion that is both scalable and sustainable.

MANANCE

HOW DID THE SAMPLE DO?

Overall the sample received a three (3) star rating on the governance practices measures. As in 2018, participant ratings were weakest with respect to the reporting levels of the CDO or highest ranking full-time employee responsible for diversity and inclusion with the CEO overall, few companies reported that their CDO or highest ranking employee responsible for diversity and inclusion has a reporting relationship with their CEO.

For the quantitative measures, the sample group met the criteria for all five (5) metrics, thereby awarding them an additional star for a total of four (4) stars in this section.



FOUR STARS IN GOVERNANCE

WHAT DID WE FIND?

HISPANICS IN LEADERSHIP

8%

Hispanic Board Directors

5%

Hispanic Executives

5%

Direct reports to the CEO

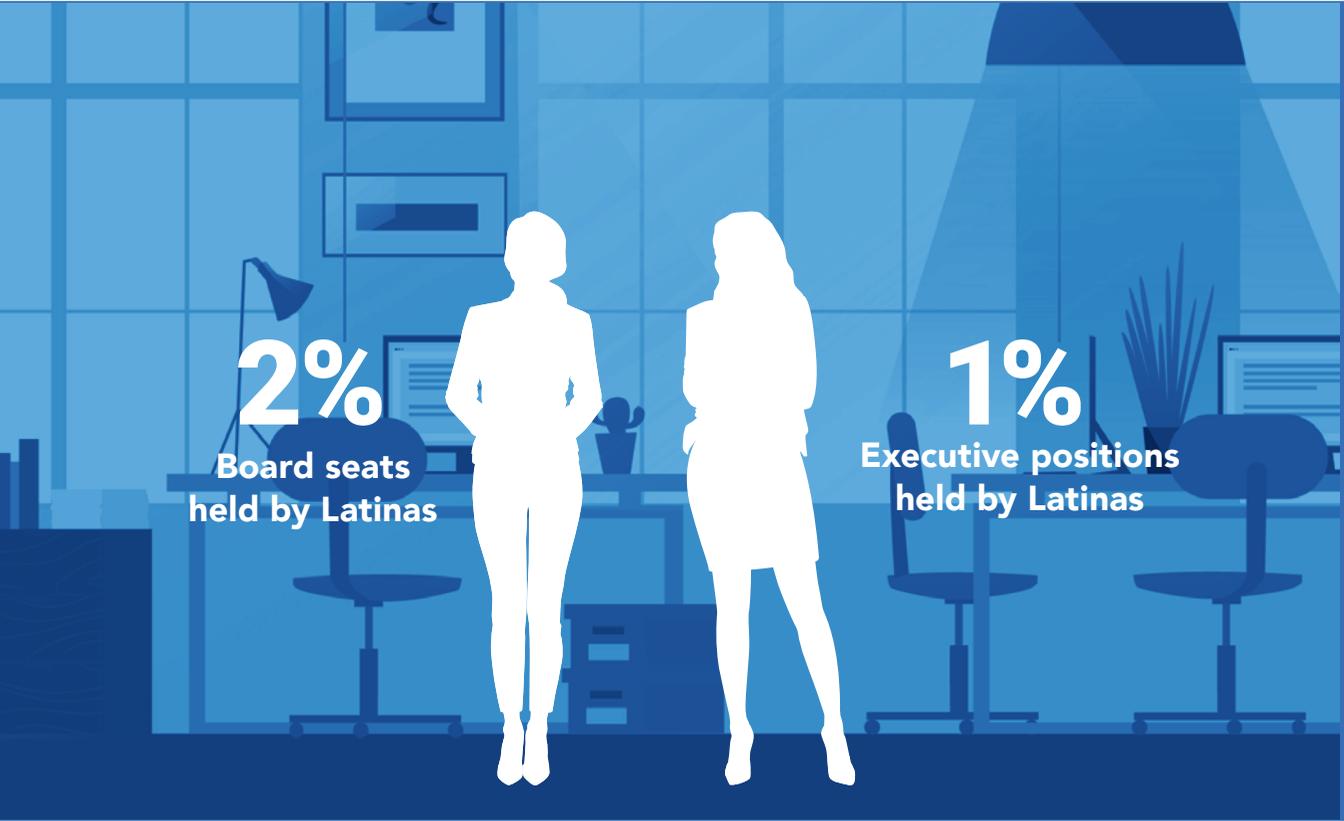
5%

Two reporting levels from the CEO

6%

Three reporting levels from the CEO

LATINAS IN LEADERSHIP



1%

Direct reports to the CEO

2%

Two reporting levels from the CEO

3%

Three reporting levels from the CEO

GOVERNANCE



2019 5-STAR COMPANY

GENERAL MOTORS

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“My leadership team is our Diversity team for the company, so when you find it regularly on the agenda for the senior leadership it flows through the whole organization.”

**- Mary Barra,
Chairman & CEO**

How do tracking practices provide your leadership team with a roadmap for successfully meeting diversity and inclusion objectives?

GM has seen consistent improvement in its Diversity & Inclusions objectives, since Ken Barrett, Global Chief Diversity Officer, launched Global Diversity aspirational targets in 2013. These targets are established with input from GM’s Senior Diversity Council, which is comprised of GM’s Senior Leadership Team (SLT) and chaired by our Chairman and CEO, Mary Barra. The entire pipeline is reviewed from new hires to executives, with the vision of establishing a more diverse work place throughout all levels of the company that more closely reflects the communities we live in and do business with.

Why is the relationship between the CDO and CEO central to informing the direction and development of diversity & inclusion metrics?

These yearly targets and progress are discussed quarterly with functional Leaders to create awareness of the talent pipeline and ensure Diversity is being considered when talent decisions are being made. GM understands the importance of Diversity and Inclusion and what it brings to a business, and these tracking practices provide the process we need to ensure we get there.

Research has shown that ethnic and gender Diversity along with an inclusive culture drive stronger business performance. In the case of inclusion, it has been found that companies with an inclusive culture, versus those without, are 6x time more likely to be innovative, 6X more likely to anticipate change and respond effectively, and 2X more likely to meet or exceed financial targets.¹² That’s why at GM our Global Chief Diversity Officer leads the process and has laid the foundation for continued success by creating the awareness and metrics necessary to ensure a more diverse and inclusive environment.

¹² Source: Bersin by Deloitte - www2.deloitte.com/az/en/pages/human-capital/topics/bersin-by-deloitte.html

CONCLUSION

FINAL

THOUGHTS

THE ROADMAP TO SUCCESS



The HACR CII can be a roadmap for inclusivity at participating companies. This year, a total of 57 companies participated in the survey and, of those, 47 (about 83%) were returning companies. Throughout the 2019 HACR CII cycle we have seen how returning participants have used lessons from their 2018 participation as a roadmap for the improvement of their diversity and inclusion efforts with Hispanics. Of the 47 returning companies in this year's survey, 94% have improved their ratings in at least one of our four pillars. Over time, we have observed that success in all areas of the survey is dependent on companies' purposeful tracking of their practices. Tracking allows companies to develop metrics they can monitor and use to assess how their practices are performing. In this way, the HACR CII helps Corporate America understand where it stands and where it can go in terms of the inclusion of Hispanics in HACR's four pillars: Employment, Procurement, Philanthropy, and Governance.

Success in diversity and inclusion is a journey, and with the HACR Research Institute as a partner, participating companies can continue to head in the right direction. The key to achieving objectives and outcomes is dependent on companies being able to track this information internally and their willingness to share it with HACR for assessment purposes. These are the principal factors that will ignite the meaningful exchanges that will move both the individual and collective group of companies engaging HACR in this process forward.

EMPLOYMENT

Workforce diversity remains an area where companies express the most concern and, paradoxically, is the area where we have seen the most improvement over time. Companies continue to face challenges stemming attrition and advancing their high potential Hispanic employees up their leadership pipelines. While mentorship, sponsorship, and succession planning play major roles in ensuring companies retain and advance diverse talent, many companies have yet to adopt formal tracking of their programs. Measuring how well employee success programs (i.e. mentoring, sponsorship, and succession planning programs) are performing plays a major part in developing those programs into true resources for their companies.

Measurement helps companies determine if their employee success programs are meeting their goals and objectives. Additionally, tracking allows for the alignment of organizational strategic plans on a continuous basis and helps in the identification of best practices. Standardized and structured plans allow for consistent application across the company and decreases differential treatment among employee groups. It can also reduce costs by increasing effectiveness and decreasing attrition.



67%

of companies have both goals and related metrics for assessing their succession planning initiatives

PROCUREMENT

The business case for supplier diversity is hard to ignore given the country's continuing trend towards a more diverse population. Women and minority-owned businesses (WMBEs) are among the fastest growing in the country, however, supplier diversity remains a relatively fledgling area for many companies. Nevertheless, companies wanting to benefit from relationships and business opportunities with diverse communities will need to continue developing and improving their supplier diversity programs. Some programs have been forced into development in order to comply with contractual obligations, while a growing number of companies have taken on a strategic approach to supplier diversity. The changing landscape in supplier diversity programs has been spearheaded, in part, by improved strategic tracking practices.

Tracking supplier development practices helps companies determine if programs are measuring up to their pre-established goals and objectives. Companies that track their supplier diversity program's performance are able to use that information to benchmark their performance against other organizations. They can also establish a means of sharing these benchmarks with internal stakeholders and provide data driven accountability and visibility.



74%

of companies hold their Tier 1 suppliers accountable for spending procurement dollars with WMBEs

PHILANTHROPY

Companies that give back put employees and their customers at the core of their business. Customers want to know that the companies they interact with care about them as much as, or more than, they care about selling them a product or service. Similarly, employees, especially those in younger generations, want to feel like they are working for more than just a paycheck. Philanthropic efforts can work to engage employees by making them feel as though they are part of a greater mission. This is why engagement through philanthropy has become one of the key ways for companies to retain talent while also building goodwill in the communities in which they do business. Because of its potential importance to both internal and external functions, where and how companies spend valuable dollars and hours should be part of a measured and evaluated strategic plan.

Effectively mapping out a philanthropic strategic plan as part of a company's business practice can have many rewards. For one, measuring what efforts are being carried out, how often, and the potential impact of these efforts provides companies with a basis for continuing to tailor their philanthropy programs to the needs of their employees and the communities they are serving. In this way, tracking allows for the continuous implementation of strategic engagement efforts resulting in constant, mutually beneficial interactions that help companies connect with customers, engage employees, and grow the business.



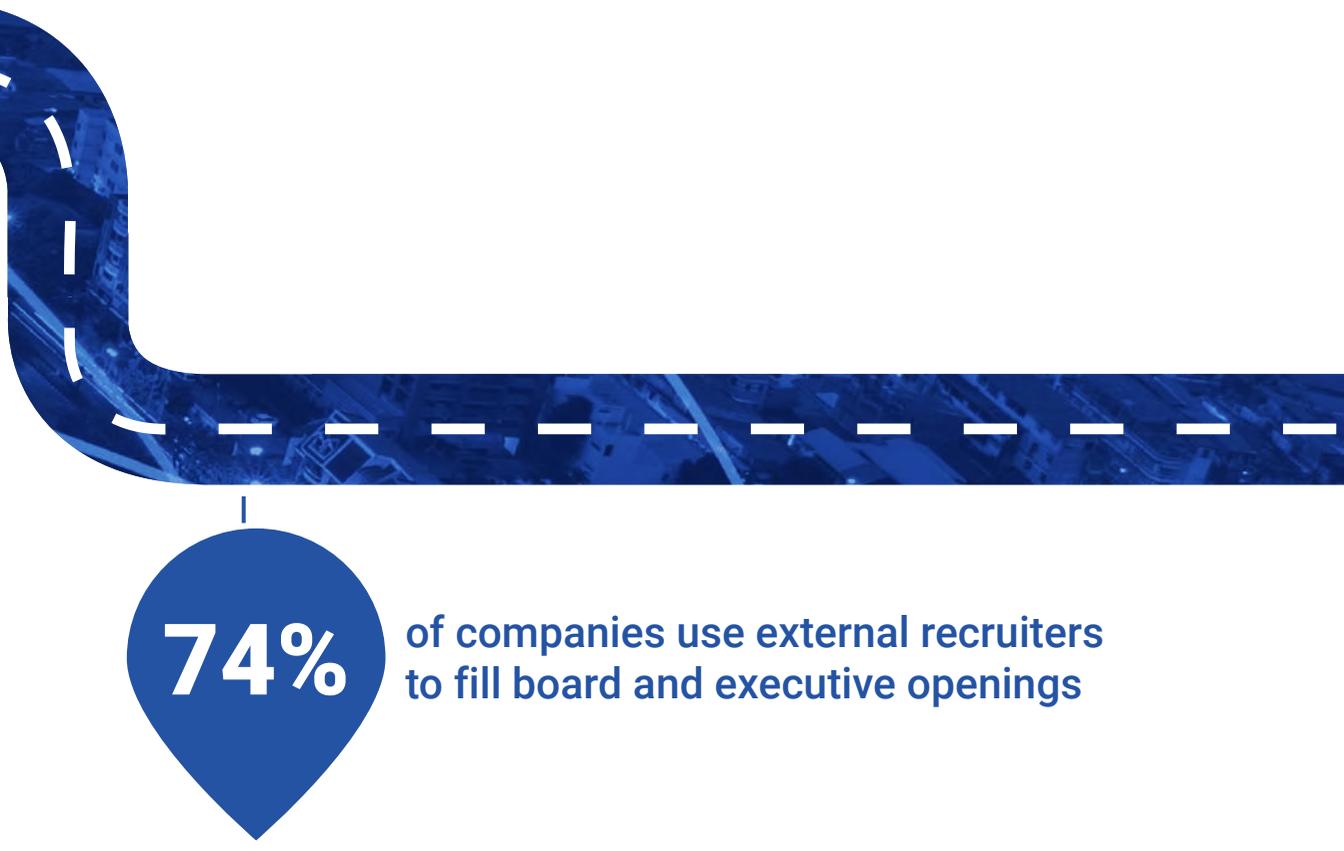
88%

**of companies have
employee wide
volunteer efforts in
the Hispanic community.**

GOVERNANCE

Governance sets the tone for how effective all policies in the other pillars discussed in this report will ultimately be. Tomorrow's world calls for leadership that can understand the diverse needs of the future. To a greater degree than employees, company leaders (board members and executives) need to understand diverse communities' roles as customers and partners. Given the nature of talent recruitment at the leadership level and its dependency on network recommendations, it comes as no surprise that change and diversification has come slowly to the boardroom and C-suite. To remedy this, corporations need to track and identify where diverse high-potentials are and what is keeping them out of leadership positions.

Tracking allows for the mapping of efforts that can support better decision-making regarding the leadership needs of an organization. Along with proactive data analysis, tracking also allows organizations to choose effective strategies for their recruitment and promotion practices. Whether through the use of diverse slates, external recruiters, or other means, the implementation of formalized, structured, diverse leadership recruitment practices will lead companies to success.



74%

**of companies use external recruiters
to fill board and executive openings**

**CONGRATULATIONS TO
THE COMPANIES WHO RECEIVED
FIVE-STARS IN ALL PILLARS**



G E N E R A L M O T O R S

The
WALT DISNEY
Company

ACKNOWLEDGMENTS



ERIC LOPEZ

*Director of Corporate
Accountability, HACR*



ROXANA VERGARA

Principle, V Consulting



BRIANA WRIGHT

Graphic Designer, HACR

On behalf of the HACR Board of Directors, we would like to acknowledge and extend a special thank you to the following for their support of the *2019 HACR Corporate Inclusion Index* report.

Eric Lopez, director of corporate accountability at HACR and Roxana Vergara, principle at V Consulting, who served as project directors on the *2019 HACR Corporate Inclusion Index*. Together they co-led the data collection, compilation, analysis, and result findings for the 2019 report and awards recognition.

Briana Wright, graphic designer at HACR, who provided all creative services for the *2019 HACR Corporate Inclusion Index* report.

Lastly, we would like to thank the companies who took the time to respond to our request for data and the HACR staff for their thoughtful review of the report.

THANK YOU! ¡GRACIAS!

TELL US WHAT YOU THINK ABOUT THE
CII REPORT & DINNER VIA SOCIAL MEDIA USING

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SAVE THE DATE!



THE 2020 HACR CORPORATE INCLUSION INDEX OPENS

JANUARY 2020



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