

2014

HACR

HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY

CORPORATE INCLUSION INDEX

CORPORATE
ACCOUNTABILITY
STRATEGY



WWW.HACR.ORG



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2014 LETTER FROM THE HACR BOARD OF DIRECTORS

We, the 16 members of the Hispanic Association on Corporate Responsibility (HACR) Board of Directors, are honored to present the findings of the 2014 HACR *Corporate Inclusion Index* (HACR CII). As representatives of the most influential grassroots advocacy groups and national associations in the U.S. and Puerto Rico, we share one common goal: to support the advancement – and most importantly – the inclusion of Hispanics in Corporate America. We are pleased to work with HACR's Corporate Members, stakeholders, and others to provide them with the expertise and tools that are necessary to ensure the inclusion of Hispanics in Employment, Procurement, Philanthropy, and Governance.

Once again, we have seen a renewed commitment by some corporations to be transparent when it comes to Hispanic inclusion in Corporate America. We have also welcomed many new participants and have learned that many companies still have work to do to ensure Hispanics are represented at all levels within their companies, in their business operations, and community engagement plans.

The growing Hispanic population means companies must harness the power of the Hispanic consumer and employee as a means of sustaining their competitive edge in an ever-changing economy. With that said, the continued underrepresentation of Hispanics in key positions throughout Corporate America means companies are not leveraging this talent to their fullest potential.

Our focus this year is in understanding what companies have done to embrace and engage the Hispanic population. We need to understand more fully the work that must be done to increase the pipeline of Hispanics into the upper ranks of Corporate America and to further develop the Hispanic entrepreneur and middle class.

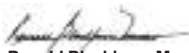
The HACR CII is poised to become the tool that identifies opportunity for more investment in Hispanics, enabling Corporate America to provide a means that both effectively benefits our community

and becomes a source of competitive advantage for participants. As the HACR CII report illustrates, the overwhelming majority of our corporate partners value the survey and understand it is our responsibility to advocate for Hispanic inclusion. HACR will continue to promote the inclusion of Hispanics in Corporate America at all levels and work with our partners to provide them the knowledge to capture market share in our communities.

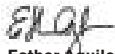
Working together we can show the rest of Corporate America that diversity works. As time passes companies will realize that diversity should not only be a priority for socially responsible companies but for all companies that want a competitive advantage. To those who participated in this year's survey we thank you for your commitment to HACR's efforts and congratulate you as you make your path down your diversity journey.



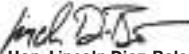
Ángel Zúñiga
American GI Forum of the United States



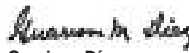
Ronald Blackburn-Moreno
ASPIRA Association, Inc.



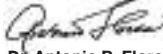
Esther Aguilera
Congressional Hispanic Caucus Institute



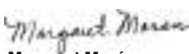
Hon. Lincoln Díaz-Balart
Congressional Hispanic Leadership Institute, Inc.



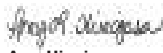
Guarione Díaz
Cuban American National Council



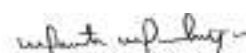
Dr. Antonio R. Flores
Hispanic Association of Colleges and Universities



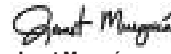
Margaret Morán
League of United Latin American Citizens



Amy Hinojosa
MANA, A National Latina Organization



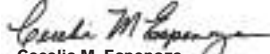
Martha Montoya
National Association of Hispanic Publications



Janet Murguía
National Council of La Raza



Rafael Fantauzzi
National Puerto Rican Coalition



Cecelia M. Espenosa
National Hispana Leadership Institute



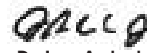
Manuel "Manny" Gonzalez
National Society of Hispanic MBAs



Ignacio Salazar
SER-Jobs for Progress National, Inc.



Javier Palomarez
United States Hispanic Chamber of Commerce



Dr. Juan Andrade Jr.
United States Hispanic Leadership Institute

2014 LETTER FROM THE DIRECTOR OF THE HACR RESEARCH INSTITUTE

COMMITMENT

Over the past several years we have highlighted the steady increase in participation in HACR's annual *Corporate Inclusion Index* (HACR CII) and in fact, since the inception of the survey in 2009, we have doubled the number of HACR CII participants. We applaud the commitment that the HACR CII participants have made to better understanding the importance of the Hispanic population to their continued business success.

This year however, our focus shifts to the progress that has been made over the last few years by highlighting the companies that have bettered their ratings. After six years of steady increases in participation, we have reached a turning point in the HACR CII that requires us to focus our attention on another aspect: progress.

PROGRESS

Between 2009 and today, we have seen significant gains in employment as companies strive to institutionalize initiatives needed to further Hispanic inclusion. Between 2009 and today, we have also seen a willingness on the part of companies to share more procurement information than in the past. In that same time period, we have seen philanthropic give to the Hispanic community nearly double and HACR CII participants have higher board representation than the *Fortune 100* generally – and we expect these numbers to continue to increase. Finally, we have seen more than 10 companies increase their rating from 2013-2014. All of these metrics are excellent indicators of progress.

INNOVATION

Over the past several years we have seen measurable, concrete improvements which amount to progress and which are worthy of attention. Over the next few years, HACR intends to implement some new questions and new areas of focus in order to better understand

the trends for Hispanics in Corporate America in the future: innovation which will bring change.

CHANGE

As the strength of the Hispanic consumer continues to grow, Corporate America will soon learn that the Hispanic population is the key to maintaining a competitive advantage and essential for preserving market position. Only through the commitment to innovation and change will we continue to see progress.

There is still work that needs to be done and now is the time to do it. Hispanic inclusion will require commitment, innovation, and change if we expect to see progress in 2015 and beyond.

Sincerely,



Dr. Lisette M. Garcia
Director, HACR Research Institute



HACR'S CORPORATE ACCOUNTABILITY STRATEGY



The 16-member HACR board adopted the HACR Corporate Accountability Strategy in 2009. The Corporate Accountability Strategy is a four-pronged approach to achieving HACR's objectives in measuring and encouraging Hispanic inclusion, and provides an opportunity to collaborate with *Fortune 100* and *500* companies and HACR Corporate Members around the concept of Hispanic inclusion.

AGREEMENTS

This first focus area establishes contractual relationships with Corporate Members, which can provide opportunities to increase visibility among all HACR's Coalition Members. These agreements also allow for an open dialogue around best practices between HACR and the individual corporation. Together we are able to leverage these relationships to build a better understanding of corporate engagement with the Hispanic community.

STOCK PURCHASE FUND

The second focus area is an actionable stock purchase plan through which HACR can invest in and support companies that help advance HACR's mission, as well as invest in those that remain unaware of the benefits of Hispanic inclusion to their profitability. Currently, HACR owns stock in 50 companies.

RESEARCH & ADVOCACY

The Corporate Accountability Strategy allows HACR to gather data on *Fortune 100* and *500* companies to showcase the efforts of companies that have implemented best practices in Hispanic inclusion and identify areas of opportunity for greater success. Research and data also provide a frame from which HACR is able to advocate to those who need assistance increasing Hispanic representation in their corporate structures. Reports generated from HACR's research efforts are distributed to HACR Coalition Members, Corporate Members, members of Congress, and other decision-makers and key stakeholders.

HACR CORPORATE INCLUSION INDEX

The HACR CII takes a comprehensive measurement of the business practices and strategies of participating companies around HACR's four pillars: Employment, Procurement, Philanthropy, and Governance. The data collected provides a "snapshot" of Corporate America's Hispanic inclusion efforts to date and form the basis for conversations with participants on how to improve Hispanic representation within their companies.



MEASURING PROGRESS



PROGRESS

(NOUN)



A MOVEMENT TOWARD A GOAL

HOW DO WE DEFINE PROGRESS?

There are many ways to define progress but the definition that is most central to the mission of HACR are the measurable improvements that companies have made towards our goal of greater Hispanic inclusion. Since 2009, HACR has placed emphasis on measuring participation, this year we focus on the progress that companies have made over the last year. While participation in the HACR CII is an important first step for any company, progress on the criteria is what helps us achieve our mission.

WHY DO WE MEASURE PROGRESS?

Measurement and evaluation are central to determining not only the effectiveness of existing policies or initiatives, but also to identify areas of opportunity. The HACR CII is poised to become the tool that helps companies assess their commitments to the Hispanic community. The HACR CII provides the ability for evaluation on what could be seen as a competitive basis and helps to draw attention to the things companies are doing well and to identify priorities for change.

HOW DO WE MEASURE PROGRESS?

There are also many ways to measure progress. This year we celebrate the 15 companies who have improved their 2014 HACR CII rating in the last year. This is important to acknowledge because it represents the real progress that companies have made in ensuring that Hispanics are well represented at all levels within Corporate America as well as working to strengthen our community through continued investment in Hispanic-owned businesses and philanthropic endeavors that benefit the Hispanic community.

WHERE DO WE GO FROM HERE?

Measures and indices do not exist in a vacuum, they have their limitations and sometimes they need to be reassessed and revised. HACR began that process two years ago with the input and feedback of our survey participants. Over the next few years we intend to debut a new index to help advance our mission of Hispanic inclusion. Our success in achieving our mission of Hispanic inclusion will depend on fruitful partnerships with the companies who have already made the commitment to this effort and those who will join us in the future.



2014 HACR CII: COMPANIES THAT PARTICIPATED

AARP*

AETNA, INC.*

ALLSTATE INSURANCE COMPANY

ALTRIA*

ANTHEM, INC.

AT&T INC.*

AUTOMATIC DATA PROCESSING (ADP)

BANK OF AMERICA CORPORATION*

CEVA LOGISTICS

CHRYSLER GROUP LLC*

CIGNA CORPORATION

CISCO SYSTEMS, INC.*

CITI*

THE COCA-COLA COMPANY

COMCAST CORPORATION*

COMERICA BANK*

CONAGRA FOODS, INC.*

CSX*

DELL, INC.*

DIAGEO NORTH AMERICA*

DUPONT

EXPRESS SCRIPTS HOLDING COMPANY

FORD MOTOR COMPANY*

GENERAL ELECTRIC*

GENERAL MOTORS COMPANY*

GOLDMAN SACHS GROUP, INC.

HEWLETT-PACKARD COMPANY

HUMANA INC.

INTEL CORPORATION*

JOHNSON & JOHNSON*

JPMORGAN CHASE

KRAFT FOODS GROUP*

THE KROGER COMPANY

MARRIOTT INTERNATIONAL, INC.

MARSH & MCLENNAN COMPANIES*

MCDONALD'S CORPORATION*

MCKESSON CORPORATION

MERCK & COMPANY, INC.

METLIFE, INC.

MGM RESORTS INTERNATIONAL*

MICROSOFT CORPORATION*

MILLERCOORS LLC*

MORGAN STANLEY

NEW YORK LIFE INSURANCE COMPANY

NORTHROP GRUMMAN CORPORATION*

PEPSICO, INC.*

PRUDENTIAL FINANCIAL, INC.*

SODEXO, INC.*

STATE FARM INSURANCE COS.*

TARGET CORPORATION*

TIAA-CREF

TIME WARNER, INC.*

TOYOTA MOTOR NORTH AMERICA, INC.*

UNITED TECHNOLOGIES CORPORATION

UPS*

VERIZON COMMUNICATIONS INC.*

WALMART*

THE WALT DISNEY COMPANY*

WELLS FARGO & COMPANY*

WYNDHAM WORLDWIDE*

2014 HACR CII: COMPANIES THAT DID NOT PARTICIPATE

AMAZON.COM	EXXON MOBIL	NATIONWIDE
AMERICAN EXPRESS	FANNIE MAE	ORACLE
AMERICAN INTERNATIONAL GROUP	FEDEX	PFIZER
AMERISOURCEBERGEN	FREDDIE MAC	PHILIP MORRIS INTERNATIONAL
APPLE	GENERAL DYNAMICS	PHILLIPS 66
ARCHER DANIELS MIDLAND	GOOGLE	PLAINS GP HOLDINGS
BERKSHIRE HATHAWAY	HCA HOLDINGS	PROCTER & GAMBLE
BEST BUY	HESS	SAFEWAY
BOEING	THE HOME DEPOT*	SEARS HOLDINGS
CARDINAL HEALTH	HONEYWELL INTERNATIONAL	SUPERVALU
CATERPILLAR	INGRAM MICRO	SYSCO
CHS	INTERNATIONAL BUSINESS MACHINES	TESORO
CONOCOPHILLIPS	INTL FCSTONE	TWENTY-FIRST CENTURY FOX
COSTCO WHOLESALE	JOHNSON CONTROLS	TYSON FOODS
CVS CAREMARK	LIBERTY MUTUAL INSURANCE GROUP	UNITED CONTINENTAL HOLDINGS
DEERE	LOCKHEED MARTIN	UNITEDHEALTH GROUP*
DELTA AIR LINES	LOWE'S*	VALERO ENERGY
DIRECTV	MARATHON PETROLEUM	WALGREEN
DOW CHEMICAL	MASSACHUSETTS MUTUAL LIFE INSURANCE	WORLD FUEL SERVICES
ENERGY TRANSFER EQUITY	MONDELEZ INTERNATIONAL	
ENTERPRISE PRODUCTS PARTNERS		



SPOTLIGHT ON PARTICIPATION



75% OF HACR'S
CORPORATE
MEMBERS
PARTICIPATED



39% OF THE
FORTUNE 100
PARTICIPATED

2014 HACR CII: NEW PARTICIPANTS

AUTOMATIC DATA PROCESSING (ADP)

CSX*

CEVA LOGISTICS

MCKESSON CORPORATION

COMPANIES WHOSE RATINGS IMPROVED FROM 2013-2014

ANTHEM, INC.

METLIFE, INC.

CHRYSLER GROUP LLC*

MILLERCOORS LLC*

CISCO SYSTEMS, INC.*

MORGAN STANLEY

CONAGRA FOODS, INC.*

NEW YORK LIFE INSURANCE COMPANY

EXPRESS SCRIPTS HOLDING COMPANY

TARGET CORPORATION*

GENERAL ELECTRIC*

WALMART*

JPMORGAN CHASE

WELLS FARGO & COMPANY*

MERCK & CO., INC.

RATINGS CRITERIA

Each participant of the HACR CII is assessed on the same criteria. Those criteria cover HACR's four pillars of economic reciprocity: Employment, Procurement, Philanthropy, and Governance. Below you will find the questions that comprise the ratings criteria and how point values are assigned. The highest possible rating is 100.

	POINTS POSSIBLE
1. EMPLOYMENT - WORKFORCE & RECRUITMENT	[30]
A. Does the corporation have a Hispanic Employee Association, Resource, or Affinity Group (i.e. ARG, BRG, ERG)?	5
B. Does the Association, Resource, or Affinity Group (ARG, BRG, ERG) have an Executive champion?	5
C. Does the corporation monitor the attrition rate of total U.S. based Hispanic employees?	5
D. What percentage of total U.S. based hires represents Hispanic hires? <ul style="list-style-type: none"> • 6% > = 10 • 1–5.99% = 5 	10
E. Does the company have an internship program specifically designed/geared to recruit Hispanics?	5
2. PROCUREMENT - SPENDING	[20]
A. What is the U.S.- based Hispanic supplier spend goal as a percent of total procurement spend? ¹ <ul style="list-style-type: none"> • 6% > = 10 • 1–5.99% = 5 	10
B. Does the corporation have a full-time employee responsible for supplier Diversity? ^{2,3}	5
C. Is this employee held accountable for establishing and attaining supplier Diversity goals? ³	5
3. PHILANTHROPY - COMMUNITY INVESTMENT	[20]
A. What is your total Hispanic give (Corporate, Foundation, and In-Kind) as a percent of total dollars contributed or invested? <ul style="list-style-type: none"> • 11% > = 15 • 6–10.99% > = 10 • 1–5.99% = 5 	15
B. Does your corporation have a plan for outreach and corporate giving to local and national Hispanic community organizations?	5
4. GOVERNANCE - LEADERSHIP	[30]
A. What percentage of total board is Hispanic (2012)? <ul style="list-style-type: none"> • 10% > = 10 • 5–9.99% = 5 	10
B. What percentage of total Executive Officers is Hispanic (2012)? <ul style="list-style-type: none"> • 6% > = 10 • 1–5.99% = 5 	10
C. Does management report to Board of Directors on Diversity performance annually?	5
D. Does the company have a full-time employee responsible for Diversity? ³	5
CORPORATE INCLUSION INDEX TOTAL POSSIBLE	[100]

¹ Revised (2013) | 2A: The phrase "opportunity dollars" was replaced with "procurement spend".

² Revised (2009, 2010) | 2B Does your company actively source Hispanic vendors?

³ Revised (2013) 2B, 2C, 4D | The word "Executive" was replaced with "employee".

RATINGS CRITERIA FOR THE 2014 PARTICIPANTS

Each year HACR calculates a rating based on the average responses provided by the sample of participants for each of the elements of the ratings criteria. If 90 percent or higher of the sample responded affirmatively to an item, a response of "yes" was recorded and the corresponding points were awarded. For all other responses, the numerical average for the group was used to determine points awarded. Below is the rating for the 2014 participants.

CORPORATION: SAMPLE GROUP = 50	POSSIBLE	TOTAL
1. EMPLOYMENT - WORKFORCE & RECRUITMENT	[30]	[30]
A. Does the corporation have a Hispanic Employee Association, Resource, or Affinity Group (i.e. ARG, BRG, ERG)? B. Does the Association, Resource, or Affinity Group (ARG, BRG, ERG) have an Executive champion? C. Does the corporation monitor the attrition rate of total U.S. based Hispanic employees? D. What percentage of total U.S. based hires represents Hispanic hires? • 6% > = 10 • 1-5.99% = 5 E. Does the company have an internship program specifically designed/geared to recruit Hispanics?	5 5 5 10 5	5 5 5 10 5
2. PROCUREMENT - SPENDING	[20]	[15]
A. What is the U.S.- based Hispanic supplier spend goal as a percent of total procurement spend? ⁴ • 6% > = 10 • 1-5.99% = 5 B. Does the corporation have a full-time employee responsible for supplier Diversity? ^{5,6} C. Is this employee held accountable for establishing and attaining supplier Diversity goals? ⁶	10 5 5 5	5 5 5 5
3. PHILANTHROPY - COMMUNITY INVESTMENT	[20]	[15]
A. What is your total Hispanic give (Corporate, Foundation, and In-Kind) as a percent of total dollars contributed or invested? • 11% > = 15 • 6-10.99% > = 10 • 1-5.99% = 5 B. Does your corporation have a plan for outreach and corporate giving to local and national Hispanic community organizations?	15 5	10 5
4. GOVERNANCE - LEADERSHIP	[30]	[20]
A. What percentage of total board is Hispanic (2012)? • 10% > = 10 • 5-9.99% = 5 B. What percentage of total Executive Officers is Hispanic (2012)? • 6% > = 10 • 1-5.99% = 5 C. Does management report to Board of Directors on Diversity performance annually? D. Does the company have a full-time employee responsible for Diversity? ⁶	10 10 5 5	5 5 5 5
CORPORATE INCLUSION INDEX TOTAL POSSIBLE	[100]	[80]

⁴ Revised (2013) | 2A: The phrase "opportunity dollars" was replaced with "procurement spend".

⁵ Revised (2009, 2010) | 2B Does your company actively source Hispanic vendors?

⁶ Revised (2013) 2B, 2C, 4D | The word "Executive" was replaced with "employee".

HACR CORPORATE INCLUSION INDEX

RATINGS

EMPLOYMENT

PROCUREMENT

COMPANY NAME⁷

1A

1B

1C

1D

1E

2A

2B

2C

AETNA, INC.								
ALLSTATE INSURANCE COMPANY								
ALTRIA								
ANTHEM, INC.								
AT&T INC.								
AUTOMATIC DATA PROCESSING (ADP)								
BANK OF AMERICA CORPORATION								
CHRYSLER GROUP LLC								
CIGNA CORPORATION								
CISCO SYSTEMS, INC.								
CITI								
THE COCA-COLA COMPANY								
COMCAST CORPORATION								
COMERICA BANK								
CONAGRA FOODS, INC.								
CSX								
DELL, INC.								
DUPONT								
EXPRESS SCRIPTS HOLDING COMPANY								
FORD MOTOR COMPANY								
GENERAL ELECTRIC								
GENERAL MOTORS COMPANY								
GOLDMAN SACHS GROUP, INC.								
HEWLETT-PACKARD COMPANY								
HUMANA INC.								
INTEL CORPORATION								
JOHNSON & JOHNSON								

⁷ Shaded boxes indicate that the response given met the ratings criteria listed on page 12. This listing excludes AARP, a non-profit corporate member of HACR and companies whose submissions were received past the publication deadline.

* Indicates the companies that did not participate in that year's HACR CII survey.

PHILANTHROPY

GOVERNANCE

CII RATING

3A	3B	4A	4B	4C	4D	2014	2013	2012	2011	2010	2009
						80	85	*	55	60	55
						60	75	70	55	55	55
						70	70	60	50	50	50
						90	80	80	60	50	*
						95	95	95	95	85	80
						85	*	*	*	*	*
						75	75	65	60	55	40
						70	65	65	70	*	*
						85	85	*	*	*	*
						60	50	*	45	40	*
						90	90	90	95	70	55
						90	90	90	85	85	75
						85	85	75	60	50	50
						85	85	80	65	70	65
						60	55	55	50	65	*
						65	*	*	*	*	*
						65	65	65	70	60	60
						65	65	55	35	*	*
						70	65	55	*	*	*
						75	75	75	65	65	65
						70	65	65	65	70	40
						75	85	85	85	*	*
						70	70	60	55	60	*
						70	70	55	65	70	*
						65	65	50	*	*	*
						65	65	60	60	60	*
						80	80	75	55	50	*

HACR CORPORATE INCLUSION INDEX

RATINGS



COMPANY NAME ⁷	1A	1B	1C	1D	1E	2A	2B	2C
JPMORGAN CHASE								
KRAFT FOODS GROUP								
THE KROGER CO.								
MARRIOTT INTERNATIONAL, INC.								
MCDONALD'S CORPORATION								
MERCK & CO., INC.								
METLIFE, INC.								
MICROSOFT CORPORATION								
MILLERCOORS LLC								
MORGAN STANLEY								
NEW YORK LIFE INSURANCE COMPANY								
NORTHROP GRUMMAN CORPORATION								
PEPSICO, INC.								
PRUDENTIAL FINANCIAL, INC.								
SODEXO, INC.								
STATE FARM INSURANCE COS.								
TARGET CORPORATION								
TIAA-CREF								
TIME WARNER, INC.								
TOYOTA MOTOR NORTH AMERICA, INC.								
UNITED TECHNOLOGIES CORPORATION								
UPS								
VERIZON COMMUNICATIONS INC.								
WALMART								
WELLS FARGO & COMPANY								
WYNDHAM WORLDWIDE								

PHILANTHROPY

GOVERNANCE

CII RATING

3A	3B	4A	4B	4C	4D	2014	2013	2012	2011	2010	2009
						85	80	65	60	55	*
						75	90	70	50	65	65
						50	55	45	45	45	*
						80	80	80	65	80	75
						70	70	65	65	65	60
						75	70	*	*	*	*
						85	75	75	*	*	*
						55	65	55	65	60	*
						95	85	85	85	75	50
						70	65	65	*	*	*
						80	75	75	75	*	*
						55	60	55	65	60	*
						90	90	75	75	60	55
						70	75	75	60	65	55
						90	90	90	85	85	90
						80	80	75	70	70	60
						85	80	70	70	75	*
						65	70	*	*	*	*
						85	85	90	75	70	65
						80	80	80	75	*	*
						60	60	55	*	*	*
						65	65	60	60	55	55
						75	75	75	60	55	55
						80	75	75	70	85	60
						85	80	75	75	55	55
						85	85	85	80	60	40

2014 SUMMARY OF FINDINGS

A total of 129 corporations comprised of the *Fortune 100*, HACR Corporate Members, and 2013 HACR CII participants received invitations to take part in the survey⁸; of that number, 61 submitted surveys. More specifically 39 percent of *Fortune 100* companies participated in this year's survey which like last year included four out of the top 10 *Fortune 100* companies. Additionally, there were 55 returning participants between 2013-2014, this retention rate is a clear sign of the commitment that some corporations have made to cultivating a diverse workforce and on working to include Hispanics.

Perhaps more important, though, is the fact that 15 of this year's participants have improved their rating from 2013, which reflects their commitment to diversity and Hispanic inclusion and can also likely be in part attributed to the close working relationship between HACR and the participants. HACR conducts one-on-one evaluations with each participant so that each corporation can maximize their participation in this process and effectively utilize the feedback to set goals for making internal improvements. These efforts have not only led to more inclusive internal practices but also better reporting from corporations.

EMPLOYMENT

- Hispanics comprise an average of nearly 14 percent of the total reported employee base in Corporate America.
- Hispanics were nearly three times as likely to be found in non-exempt positions as compared to exempt positions.

Greater representation in non-exempt positions versus exempt positions could potentially lead to fewer Hispanics in the pipeline for C-Suite positions. We need to work with Corporate America to increase the proportion of Hispanic employees in exempt positions because arguably those are the ones with the most advancement potential.

PROCUREMENT

- On average, participants reported directing slightly more than one percent of total procurement spend to Hispanic-owned businesses.
- Only 10 percent of the sample reported they were unable to disclose their spend with Hispanic suppliers.

A greater proportion of companies reporting their spend with Hispanic suppliers is an indication of the strides we have made in this area. Procurement has historically been an area where companies face the greatest challenges and where HACR has had difficulty in securing their transparency - this year we are seeing greater willingness on the part of companies to engage in meaningful discussions.

PHILANTHROPY

- Average corporate and foundation charitable contributions in 2014 equaled \$81,634,125.
- Average corporate and foundation charitable contribution to the Hispanic community in 2014 equaled \$5,195,119.

Greater engagement with the Hispanic community will only work to assist Corporate America to develop a workforce that will be poised to lead their organizations in the future. We must continue to work with companies to develop their efforts in the Hispanic community and successfully measure the impact of their giving.

GOVERNANCE

- Hispanics held just over 6 percent of board seats amongst the participating companies.
- Hispanics held only 137 executive officer positions out of over 4000.

Hispanic representation in the upper levels of Corporate America is still lagging. The HACR CII participants tend to have higher representation rates than the *Fortune 500* more generally, however increased Hispanic representation is needed.

SPRING 2015

THE 2015 HACR HISPANIC
PROCUREMENT REPORT
WILL BE RELEASED IN
THE SPRING OF 2015



HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY
WWW.HACR.ORG



EMPLOYMENT FINDINGS



16% **HISPANIC
EXEMPT
EMPLOYEES**

17% **HISPANIC
NON-EXEMPT
EMPLOYEES**



Census projections indicate that the Hispanic population will number nearly one-third of the U.S. population by the year 2050. According to the Bureau of Labor Statistics, the Hispanic population also has the highest labor force participation rate of any minority group in the US. These two facts coupled together illustrate that the Hispanic population will be central to the continued success of Corporate America as they will increasingly need to rely on the growing Hispanic population to replace an aging, predominantly white workforce. Corporations that continue to postpone Hispanic inclusion are going to find they have lost their competitive advantage. What are companies doing to engage this population and bring them into their organizations and more importantly what progress have we seen in this area?

The 2014 HACR CII revealed many interesting trends within the broader context of employment and Hispanic inclusion. Once again, we have seen that participating companies have made a clear commitment to introducing Hispanics to their organizations through internship programs. All but two respondents indicated that they have an internship program geared toward recruiting Hispanics and many utilize these programs as a

way of not only introducing Hispanics into their company but also as a way of introducing the company to the community more generally. Companies are also attempting to attract Hispanic employees by leveraging strategic partnerships with Hispanic professional organizations to aid in their recruitment efforts. Finally, many companies identified engaging members of their Employee Resource Groups to help identify top Hispanic talent and bring them on board. The result of these expanded recruitment efforts is a hiring rate of 11 percent for 2014.

However, in spite of these expanded recruitment tactics, attrition continues to present a challenge for companies. The average attrition rate for Hispanic employees in 2014 was nearly 19 percent with the greatest attrition for both exempt and non-exempt Hispanic employees occurring at the entry level. This high attrition rate should be of concern to companies. Another concern is that Hispanics were nearly three times as likely to be found in non-exempt positions compared to exempt positions. We must find strategies for attracting and retaining Hispanic employees in more exempt positions.



PROCUREMENT FINDINGS



10% WERE UNABLE
TO DISCLOSE
THEIR HISPANIC
SPEND



90% REPORTED
HAVING MBE
SUPPLIER
DEVELOPMENT
INITIATIVES

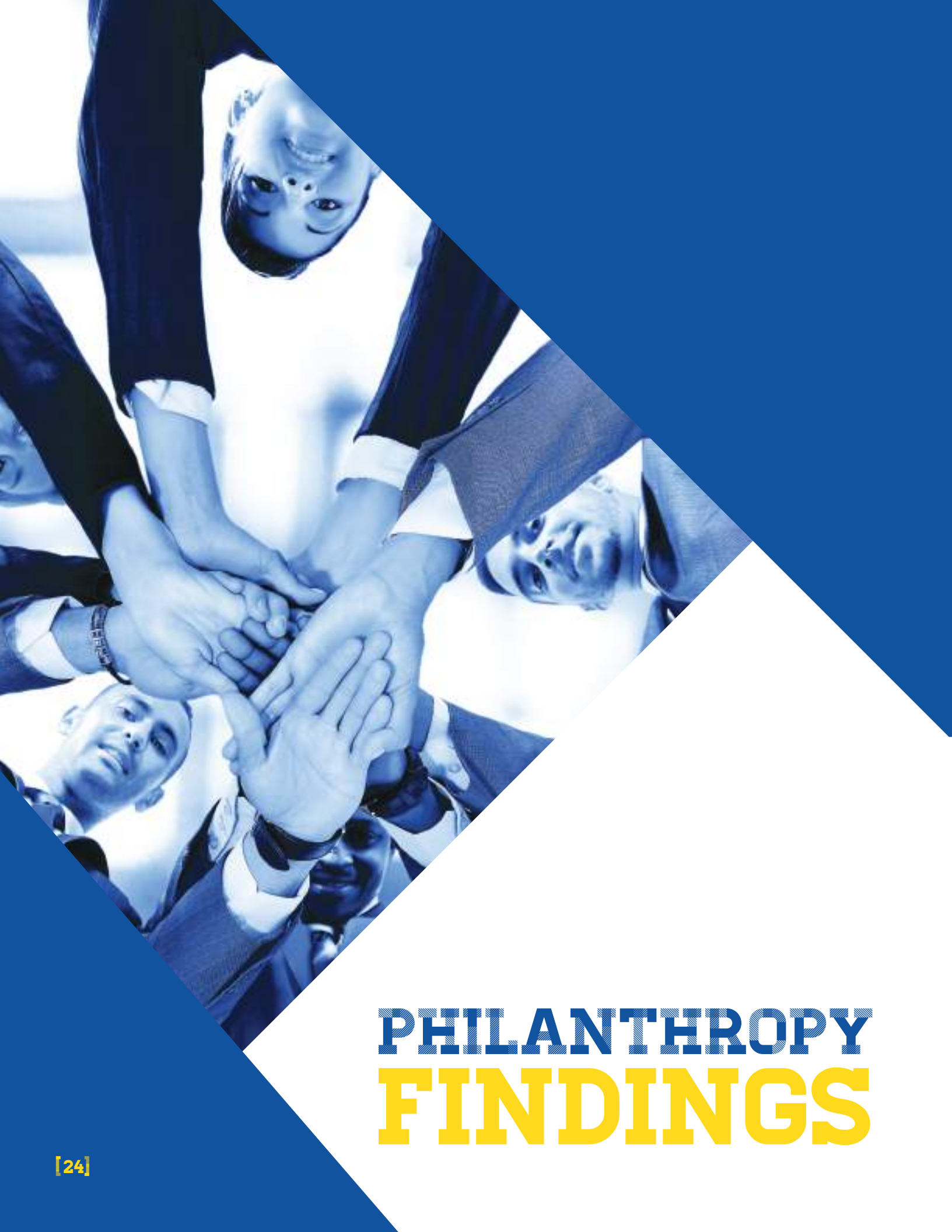
Procurement represents the area where over the past several years we have seen the greatest challenges for HACR CII participants, but one where there is significant opportunity. The U.S. Census and Bureau of Labor Statistics report that Latinas are leading the way in terms of entrepreneurship, and in fact businesses owned by Hispanic women are the fastest growing segment of the market. Certainly as the small business sector continues to develop, and the number of Latino entrepreneurs continues to grow, Corporate America will progressively come to count on Latino entrepreneurs to meet their day to day business needs. What can HACR be doing to facilitate this process and help companies overcome the challenges that they are currently experiencing in sourcing to Hispanic vendors and more importantly, what progress did the 2014 HACR CII show us?

In 2014, we saw a decrease in the proportion of companies who were not able to disclose to us their Hispanic spend. This change represents significant progress for the HACR CII because it is an indication that companies have become more willing to share with us their data and engage in open

conversations about the challenges they are experiencing in sourcing to Hispanic suppliers.

And while we saw a decline in the average spend with Hispanic suppliers this year, it is largely in part due to the fact that more companies are reporting their spend and does not truly represent a decline in the level of engagement of Corporate America with Hispanic entrepreneurs. Given that Hispanic-owned businesses are the fastest growing segment of the small business sector, more companies who are willing to disclose their spend and discuss their challenges with us, positions HACR to be able to make a significant impact in this area.

Though the average spend declined in 2014, we have seen improvements in reporting and tracking - changes which are necessary if we are to ultimately see changes in the proportion of procurement dollars spent with Hispanic suppliers.



PHILANTHROPY FINDINGS



74% HAD METRICS
TO ASSESS
THE IMPACT
OF THEIR
GIVING



76% HAD
VOLUNTEER
EFFORTS IN
THE HISPANIC
COMMUNITY

The prevalent trend observed in the demographic data of Hispanics in the U.S. is that this group is growing. In fact, according to the U.S. Census, outside of the population of Mexico, Hispanics in the U.S. are the second largest population of Hispanics in the world. This is a population to be reckoned with but one that must also be cared for properly. It's our responsibility to make sure that the children of today and the workforce of tomorrow have the resources they need to develop into talent that can be harnessed to propel the growth of Corporate America. How successful have companies been in reaching this community? What progress have we made in terms of community engagement and what does that progress look like in the 2014 HACR CII?

All but one participant of the 2014 HACR CII reported having a plan for outreach and corporate giving to local and national Hispanic organizations. Outreach plans are helpful for guiding how engagement happens and also for beginning the process of assessing the impact of that engagement. Plans in combination with metrics to track philanthropic contributions to the Hispanic community, are good signs that companies understand the importance of


measuring the impact of their contributions to the Hispanic community.

Yet, in spite of the presence of plans to guide community engagement and metrics to measure the impact of their philanthropic endeavors, the give is still not proportionate to the size of the population in the United States. The average charitable give to the Hispanic community in 2014 was only nine percent. Engaging with this community and providing access to resources, training, and skill development is critical to attracting future employees, customers, and investors.

Now more than ever is the time for Corporate America to get involved with and invest in our communities. Philanthropic contributions to the Hispanic community are essential to prepare the workforce of tomorrow to handle the challenge of Corporate America's continued economic growth. Companies must continue to invest in the Hispanic community at a level that is on par with the size of the population – only then will we be able to see the impact of those corporate contributions on our workforce.



GOVERNANCE FINDINGS



68% HAD AT
LEAST
ONE HISPANIC
BOARD
MEMBER



66% REPORTED
AT LEAST
ONE HISPANIC
EXECUTIVE
OFFICER

In 2013 HACR released its census of Hispanic representation on *Fortune 500* corporate boards, the *Corporate Governance Study* (CGS). The CGS revealed that few companies are tapping into top Latino talent to fill open board positions within their companies as representation hovered around three percent for Hispanics generally and less than one percent for Latinas. Why is Hispanic representation at the highest levels of Corporate America still lagging? Over the past several years we have learned that although the rate of Hispanic representation amongst the HACR CII participants is also low, it is in fact higher than the *Fortune 500* more generally. What are these companies doing differently? What does progress look like in terms of governance for this year's HACR CII participants?

All respondents reported having a full-time employee responsible for diversity and that they report to their board of directors on diversity performance annually. This is evidence of a clear commitment to Hispanic inclusion on the part of these companies. The result of which can be seen by examining Hispanic inclusion on the boards of the HACR CII participants. Among this year's 50 participating companies, 16 companies reported having no Hispanics on their board, 30 companies

reported having one Hispanic board member, and four reported having more than one compared to only three in 2013. These numbers amount to more than 2/3rds of the HACR CII participants understanding the value of diversity on their board and the benefit of Hispanic inclusion.

Of course, there is always room for improvement, and one area where we would like to see companies making a change is in terms of the representation of women on their boards. Of the roughly six percent of board seats which were held by Hispanics, only one percent were held by Latinas in this sample, and a similar trend was observed within the C-Suite positions.

Movement in this area has been relatively flat, but we are hopeful that with improved commitments to Hispanic inclusion, established goals, and individuals responsible for achieving those goals we will continue to see progress in this area. Innovation in leadership can lead to real gains for corporations because diverse leaders bring with them fresh insights, ideas, and perspectives, the challenge for HACR is getting companies to understand this so that perhaps they will consider more diverse candidates to fill open positions.

CLOSING THOUGHTS

PROGRESS REVISITED

The 2014 HACR CII has focused on highlighting the progress that we have seen within HACR's four pillars of economic reciprocity and social responsibility: Employment, Procurement, Philanthropy, and Governance. We highlighted the improvements that we saw for Hispanics in Corporate America, as well as recognized changes that resulted in the creation of initiatives that will have a lasting impact on outcomes. We are encouraged to see better reporting and tracking from participants overall. Without proper metrics and measures, assessment of outcomes and impact over time would not be possible.

It's important to remember that progress does not always just mean outcome variables however, sometimes progress is about transparency, willingness to engage in difficult conversations, and to be open about the challenges that companies are facing. While we have seen some progress across several of these dimensions, there is still much work to be done with the HACR CII but we are excited to continue strengthening the partnerships that we have built over the past several years with the HACR CII participants.

EMPLOYMENT

Once again we have seen tremendous dedication on the part of the HACR CII participants to recruiting top talent. Companies are leveraging key partnerships with Hispanic professional organizations to attract Hispanic employees as well as developing strategic

university relationships to aid in their recruitment efforts. One final component to recruitment efforts that companies have been utilizing are their Hispanic Employee Resource Groups, these groups have become critical for hiring new Hispanic employees.

We would like to see companies working as diligently to temper the outflow of Hispanic employees as attrition continues to be a concern. Through the HACR CII we have been able to identify the areas where we see the greatest level of attrition and are set to explore this phenomenon better in order to identify best practices and strategies for improving retention of top Latino talent.

PROCUREMENT

This year we celebrate the progress that has been made in terms of tracking and reporting Hispanic spend. Over the past several years we have seen more companies share their information in this pillar and work with us to identify the areas that present the greatest challenges to them in sourcing to Hispanic vendors. This transparency has really helped us to better understand the support that is needed to help impact real change.

HACR is working with companies to continue to improve the quality of data that is collected in this area and to encourage the enhancement of the mechanisms that exist to evaluate progress. In working together we are able to utilize our strengths

to identify opportunities for improvements and make the necessary changes to increase engagement with Hispanic suppliers. This is an ever evolving area where more work is still needed to understand how the challenges that exist can be overcome to allow companies to leverage the growing Hispanic entrepreneurial market.

PHILANTHROPY

Progress in community engagement can include so many more things besides financial contributions. Although contributions are important because they can provide access to resources for communities, human capital is equally important. Over the last few years we have started tracking community outreach and employee volunteer programs, it is encouraging to see the level of engagement that companies have with the Hispanic community. Over the next few years we hope to be able to measure the impact of these programs in the Hispanic community and help companies identify initiatives that have worked.

Philanthropic engagement is one way companies can introduce themselves and their products to the next generation. It is also an important way that they can demonstrate their commitment to social responsibility and to the Hispanic community more generally. The value of community engagement to a company's bottom line cannot be stressed enough.

GOVERNANCE

Finally, progress in this area can be slow but it depends on how it's defined. Examining only outcomes can lead to frustration but taking a more holistic view which enables you to understand the steps that are in place to lead to the desired outcomes is more fruitful.

Over the next year you will see the strides that HACR has made in identifying what those steps look like and identifying ways in which we could become a resource to those companies seeking to diversify their highest levels – which of course will be necessary to remain competitive in an increasingly diverse market.

FINAL THOUGHTS

There is still work to be done, but we have come a long way since 2009. Companies are recognizing the value of assessments such as the HACR CII for helping them along their diversity journeys and we are thrilled to be poised to impact real, lasting, meaningful change within Corporate America. We look forward to what the years to come will bring for Hispanic inclusion.

METHODOLOGY

The data for the 2014 Hispanic Association on Corporate Responsibility *Corporate Inclusion Index* (HACR CII) is drawn from a survey designed and administered by the HACR Research Institute (HRI). The survey collects key pieces of information in and around HACR's four pillars of corporate inclusion: Employment, Procurement, Philanthropy, and Governance. Each section was designed to collect information on subjects ranging from hiring practices, to Hispanic board representation, to whether a priority is placed on outsourcing to Hispanic vendors.

Invitations to participate in the 2014 HACR CII survey were sent to all *Fortune 100* companies, HACR Corporate Members, and 2013 HACR CII participants.⁹ 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, e-mail communications requesting their participation were also 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. The survey period was from May 15, 2014 to September 15, 2014.

A total of 129 corporations received invitations to take part in the survey; of that number, 61 submitted surveys.⁹ For the aggregate data set¹⁰ – 32 were HACR Corporate Members and 18 were non-members, 48 of the survey participants in the aggregate data set were repeat participants from 2013.¹¹

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 HACR staff with any additional information, corrections to data, and/or updates prior to this report going to print.

⁹ This number includes one additional *Fortune 100* company who submitted the 2014 HACR CII but whose review had not been conducted prior to the publication of the report.

¹⁰ AARP, a non-profit corporate member of HACR and companies whose submissions were received past the publication deadline were not included in the grid or the aggregate data set. Aggregate data results are based on 50 complete on-time submissions, responses which were incomplete or received past the closing date were excluded from subsequent analyses.

¹¹ 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.

Information reported for each question was calculated solely based on the number of complete responses.

ACKNOWLEDGEMENTS

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Roxana Vergara – Principle at V Consulting served as Project Director for the 2014 HACR CII. Vergara lead the compilation, analysis, and result findings of the 2014 HACR CII report. V Consulting focuses on research and data analysis in identifying opportunities for creating positive customer-focused experiences, while ensuring operational excellence by promoting cross-functional collaboration across business functions and teams.

Irna May Connor – Research Associate at HACR served as Project Assistant on the 2014 HACR *Corporate Inclusion Index*.

República provided all creative services for the 2014 HACR CII report. República is a cross-cultural agency specializing in advertising, branding, digital, social media, public relations, media buying, promotions, and research.

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

Thank you! ¡Gracias!



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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 institute focuses its research on HACR's four pillars: Employment, Procurement, Philanthropy, and Governance, and also explores other issues pertaining to Hispanic inclusion in the workforce and national demographics. The goal of the HRI is to assess current Hispanic trends and stimulate discussion on Hispanic inclusion in Corporate America.

Through the HRI, HACR publishes annual studies on the state of the Hispanic community and corporate best practices in Employment, Procurement, Philanthropy, and Governance along with the HACR *Corporate Inclusion Index*. The research institute also publishes the *Corporate Governance Study*, and other independent studies conducted internally and through partnerships with leading advocacy organizations. By providing information on the status of Hispanics in Corporate America, HACR can focus on issues relevant to Hispanics and investigate solutions to the existing inequity.

