



2015 HACR CII

CORPORATE INCLUSION INDEX



WWW.HACR.ORG



2015 HACR CII **TABLE OF CONTENTS**

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2015 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 2015 *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 proud of our partnership with HACR's Corporate Members and stakeholders, and are pleased to provide them with the necessary expertise and tools to ensure that Hispanic inclusion in their employment, procurement, philanthropy, and governance efforts remain a top priority.

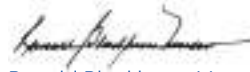
We praise the commitment to transparency that corporations participating in the HACR CII have shown over the years. We also recognize the new participants and those returning participants whose ratings have improved. We welcome and applaud these developments as a sure sign of Corporate America's commitment to increase Hispanic representation. While these developments signal significant improvements in Corporate America, as HACR prepares to celebrate its 30th anniversary it is important for us not to waiver on the increasingly important work of our mission. The shifting demographics of the U.S. and the growing Hispanic population both mean that companies must be willing to harness the power of the Hispanic consumer and employee as a means of sustaining their market position.

The HACR CII is the benchmarking tool that much of Corporate America relies upon to help drive their Hispanic business strategies. Moving forward we would like to see companies using the HACR CII to help identify opportunities for greater investment in and the development of the Hispanic community, which if leveraged properly can become a source of competitive advantage.

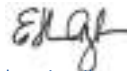
Our hope is that companies recognize this opportunity and truly leverage it to their advantage to help them on their diversity journey; because if they achieve their diversity goals, HACR achieves its mission.



Ángel Zúñiga
American GI Forum of the
United States



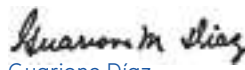
Ronald Blackburn-Moreno
ASPIRA Association, Inc.



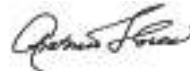
Esther Aguilera
Congressional Hispanic Caucus
Institute



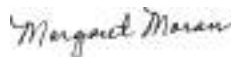
Hon. Lincoln Díaz-Balart
Congressional Hispanic
Leadership Institute, Inc.



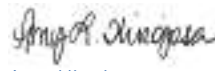
Guarione Díaz
Cuban American National
Council



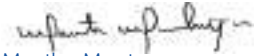
Dr. Antonio R. Flores
Hispanic Association of Colleges
and Universities



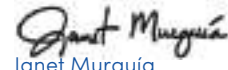
Margaret Morán
League of United Latin
American Citizens



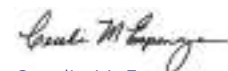
Amy Hinojosa
MANA, A National Latina
Organization



Martha Montoya
National Association of Hispanic
Publications



Janet Murguía
National Council of La Raza



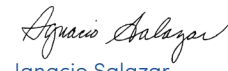
Cecelia M. Espenosa
National Hispana Leadership
Institute



Rafael Fantauzzi
National Puerto Rican Coalition



Thomas Savino
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

2015 LETTER FROM THE DIRECTOR OF THE HACR RESEARCH INSTITUTE

In 2014 we shifted the focus of the HACR CII from participation to progress. That move was driven in part by the need to provide participating companies with a greater return for their investment in the survey through extended benchmarking. As well as by a desire on HACR's part to take a closer look at what real gains had been made since the CII's inception. Between 2009 and today, we have seen some real gains in Hispanic inclusion and an increasing willingness on the part of companies to partake in a deep dive analysis that helps us better understand their diversity and Hispanic inclusion efforts. The result of this has been measurable, concrete improvements which amount to progress worthy of our attention.

In order to help us continue to move the needle forward HACR intends to implement several new focus areas of the HACR CII that will ultimately help us better understand the trends affecting the future of Hispanics in Corporate America. These changes will hopefully assist companies in achieving their diversity and Hispanic inclusion, which ultimately helps HACR achieve its mission.

This however, is not a simple task and there is still a great deal of work that needs to be done refining the survey, the submission and review process, and determining how, if at all, the ratings criteria will change. We are committed to this process and to working with our participants to increase their level of transparency. For without the ability to compare and analyze relevant data, we are unable to accurately identify areas of opportunity, which limits our ability to help companies make meaningful, lasting 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. Working together, we can achieve our mutual goal of Hispanic inclusion in 2015 and beyond.

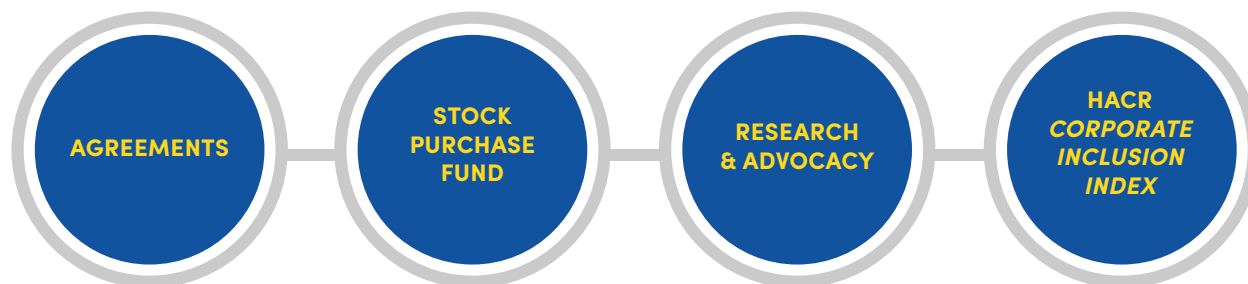
Sincerely,



Dr. Lisette M. Garcia
Senior Director, HACR Research Institute



HACR'S CORPORATE ACCOUNTABILITY STRATEGY



OVERVIEW OF THE 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 Coalition Members and opportunity to leverage these relationships to build a better understanding of engagement with the Hispanic community. These agreements also allow for an open dialogue around best practices between HACR and the individual corporation.

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 improvement 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.

The background of the page is an abstract geometric design. It features a series of overlapping triangles in various shades of blue and purple, creating a dynamic, crystalline effect. The triangles are arranged in a way that suggests depth and movement, with some pointing towards the center and others towards the edges. The colors range from deep indigo and navy blue to lighter, almost white, pale blues and purples.

THE VALUE **IN BENCHMARKING**

UNDERSTANDING THE VALUE IN BENCHMARKING

As the HACR CII continues to evolve, so must our focus. Last year we shifted our focus to the improvements we had seen among participating companies and recognized not only companies whose overall ratings had increased but also specific areas where we had seen an improvement in performance. Thanks to the feedback and input we've received from our participants, our focus starting next year will be making the HACR CII the go to benchmarking tool for Hispanic inclusion in Corporate America. The planned redesign and launch in 2016 includes new ratings criteria and expanded reporting with the goal of increasing return on investment to participants and the HACR CII's value as a benchmarking tool.

Benchmarking is a way of discovering how to achieve the best possible outcomes by providing companies with the means to assess the status of their business needs.^{1,2} It is also a valuable tool for companies, useful for helping to identify gaps between what is being done and what could be done, as well as evaluating a company's position and reach within the market. Through benchmarking, companies can learn a great deal about the ways in which they can continuously improve and continue to make an impact within the communities they operate in.

As we think about the direction the HACR CII is moving, our aim is to create a tool that is the leading benchmark in its space. We want to provide a realistic assessment with valid measures that can be used to make a difference on your diversity journey. We want to establish and cultivate relationships that add to the value of our partnership and lead to improvements in Hispanic inclusion through collaboration.

Moving forward the new HACR CII can help your company create a profile of Hispanic inclusion that may help your company drive meaningful change through the examination of multiple focus areas. The numbers will continue to be important, but there are additional factors we will evaluate that may play a role in successful integration of inclusion practice improvements. Our goal is a path to progress through the identification of gaps in your diversity and inclusion efforts that will help you achieve the lasting changes.

¹ <http://www.isixsigma.com/methodology/benchmarking/understanding-purpose-and-use-benchmarking/>

² <http://www.accenture.com/us-en/Pages/insight-value-benchmarking-summary.aspx>



2015 HACR CII: **COMPANIES THAT PARTICIPATED**

ADP LLC*

AETNA INC.*

**ALLSTATE INSURANCE
COMPANY**

ALTRIA GROUP, INC.*

ANTHEM, INC.

AT&T*

BANK OF AMERICA*

CIGNA

CISCO*

CITI*

THE COCA-COLA COMPANY*

COMCAST NBCUNIVERSAL*

COMERICA BANK*

CSX TRANSPORTATION, INC.*

DELL*

DIAGEO NORTH AMERICA*

DUPONT

EXELON CORPORATION

EXPRESS SCRIPTS

FORD MOTOR COMPANY*

**GENERAL ELECTRIC
COMPANY (GE)***

GM*

GOLDMAN, SACHS & CO.

**HERBALIFE INTERNATIONAL
OF AMERICA, INC.***

HSBC USA

HUMANA INC.*

INTEL CORPORATION*

JOHNSON & JOHNSON*

JPMORGAN CHASE

THE KROGER COMPANY

MARRIOTT INTERNATIONAL

**MARSH & MCLENNAN
COMPANIES***

MCDONALD'S CORPORATION*

METLIFE

MICROSOFT CORPORATION*

MILLERCOORS LLC*

MORGAN STANLEY

NEW YORK LIFE INSURANCE

PEPSICO, INC.*

PRUDENTIAL FINANCIAL*

SODEXO, INC.*

STATE FARM*

TARGET*

TIAA-CREF

TIME WARNER CABLE

**TOYOTA MOTOR NORTH
AMERICA***

**UNITED TECHNOLOGIES
CORPORATION**

UPS*

VERIZON*

WAL-MART STORES, INC.*

THE WALT DISNEY COMPANY*

WELLS FARGO & COMPANY*

WYNDHAM WORLDWIDE*

* 2014 HACR Corporate Member

2015 HACR CII: **COMPANIES THAT DID NOT PARTICIPATE**



3M	ENTERPRISE PRODUCTS PARTNERS	MCKESSON
AMAZON.COM	EXXON MOBIL	MERCK & CO.*
AMERICAN AIRLINES GROUP	FANNIE MAE	MONDELEZ INTERNATIONAL
AMERICAN EXPRESS	FEDEX	NATIONWIDE
AMERICAN INTERNATIONAL GROUP	FREDDIE MAC	ORACLE
AMERISOURCEBERGEN	GENERAL DYNAMICS	PFIZER
APPLE	GOOGLE*	PHILLIPS 66
ARCHER DANIELS MIDLAND	HALLIBURTON	PLAINS GP HOLDINGS
BERKSHIRE HATHAWAY	HCA HOLDINGS	PROCTER & GAMBLE
BEST BUY	HEWLETT-PACKARD	SAFEWAY
BOEING	HOME DEPOT*	SEARS HOLDINGS
CARDINAL HEALTH	HONEYWELL INTERNATIONAL	SYSCO
CATERPILLAR	INGRAM MICRO	TESORO
CHEVRON*	INTERNATIONAL BUSINESS MACHINES	TWENTY-FIRST CENTURY FOX
CHS	INTL FCSTONE	TYSON FOODS
CONOCOPHILLIPS	JOHNSON CONTROLS	UNITED CONTINENTAL HOLDINGS
COSTCO WHOLESALE	LIBERTY MUTUAL INSURANCE GROUP	UNITEDHEALTH GROUP*
CVS HEALTH	LOCKHEED MARTIN	VALERO ENERGY
DEERE	LOWE'S	WALGREENS BOOTS ALLIANCE
DELTA AIR LINES*	MARATHON PETROLEUM	WORLD FUEL SERVICES
DIRECTV	MASSACHUSETTS MUTUAL LIFE INSURANCE	
DOW CHEMICAL		
ENERGY TRANSFER EQUITY		



SPOTLIGHT ON **PARTICIPATION**

NEW PARTICIPANTS

- EXELON CORPORATION
- HSBC USA
- TIME WARNER CABLE

2015

HACR CII

SPOTLIGHT

64%

OF THE PARTICIPANTS
WERE HACR CORPORATE
MEMBERS

IMPROVED RATINGS FROM 2014

- CIGNA
- DIAGEO NORTH AMERICA*
- DUPONT
- GM*
- INTEL CORPORATION*
- JOHNSON & JOHNSON*
- THE KROGER COMPANY
- MCDONALD'S CORPORATION*
- PRUDENTIAL FINANCIAL*
- TIAA-CREF
- UPS*
- VERIZON*

* 2014 HACR Corporate Member

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?	10
<ul style="list-style-type: none"> • 6% > = 10 • 1-5.99% = 5 	
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 opportunity dollars?	10
<ul style="list-style-type: none"> • 6% > = 10 • 1-5.99% = 5 	
B. Does the corporation have a full-time employee responsible for supplier diversity? *	5
C. Is this employee held accountable for establishing and attaining supplier diversity goals?*	5
3. PHILANTHROPY - COMMUNITY INVESTMENT	[20]
A. What is your total Hispanic give (Corporate, Foundation & In-Kind) as a percent of total dollars contributed or invested?	15
<ul style="list-style-type: none"> • 11% > = 15 • 6-10.99% > = 10 • 1-5.99% = 5 	
B. Does your corporation have a plan for outreach & corporate giving to local and national Hispanic community organizations?	5
4. GOVERNANCE - LEADERSHIP	[30]
A. What percentage of total board are Hispanic (2014)?	10
<ul style="list-style-type: none"> • 10% > = 10 • 5-9.99% = 5 	
B. What percentage of total Executive Officers are Hispanic (2014)?	10
<ul style="list-style-type: none"> • 6% > = 10 • 1-5.99% = 5 	
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?*	5
CORPORATE INCLUSION INDEX TOTAL POSSIBLE	[100]

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

• Revised (2013) | 2B, 2C, 4D: The word "executive" was replaced with "employee".

RATINGS CRITERIA

FOR THE 2015 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 2015 participants.

CORPORATION: SAMPLE GROUP = 48	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)?	5	5
B. Does the Association, Resource, or Affinity Group (ARG, BRG, ERG) have an executive champion?	5	5
C. Does the corporation monitor the attrition rate of total U.S. based Hispanic employees?	5	5
D. What percentage of total U.S. based hires represents Hispanic hires?	10	10
• 6% > = 10		
• 1-5.99% = 5		
E. Does the company have an internship program specifically designed/geared to recruit Hispanics?	5	5
2. PROCUREMENT - SPENDING	[20]	[15]
A. What is the U.S. based Hispanic supplier spend goal as a percent of total opportunity dollars?	10	5
• 6% > = 10		
• 1-5.99% = 5		
B. Does the corporation have a full-time employee responsible for supplier diversity? *	5	5
C. Is this employee held accountable for establishing and attaining supplier diversity goals?*	5	5
3. PHILANTHROPY - COMMUNITY INVESTMENT	[20]	[20]
A. What is your total Hispanic give (Corporate, Foundation & In-Kind) as a percent of total dollars contributed or invested?	15	15
• 11% > = 15		
• 6-10.99% > = 10		
• 1-5.99% = 5		
B. Does your corporation have a plan for outreach & corporate giving to local and national Hispanic community organizations?	5	5
4. GOVERNANCE - LEADERSHIP	[30]	[20]
A. What percentage of total board are Hispanic (2014)?	10	5
• 10% > = 10		
• 5-9.99% = 5		
B. What percentage of total Executive Officers are Hispanic (2014)?	10	5
• 6% > = 10		
• 1-5.99% = 5		
C. Does management report to Board of Directors on Diversity performance annually?	5	5
D. Does the company have a full-time employee responsible for Diversity?*	5	5
CORPORATE INCLUSION INDEX TOTAL	[100]	[85]

• Revised (2009, 2010) | * 2B Does your company actively source Hispanic vendors?
 • Revised (2013) | 2B, 2C, 4D: The word "executive" was replaced with "employee".

2015 HACR CORPORATE INCLUSION INDEX

RATINGS

[EMPLOYMENT]

[PROCUREMENT]

	1A	1B	1C	1D	1E	2A	2B	2C
ADP LLC								
AETNA INC.								
ALTRIA GROUP, INC								
ANTHEM, INC.								
AT&T								
BANK OF AMERICA								
CIGNA								
CISCO								
CITI								
THE COCA-COLA COMPANY								
COMCAST NBCUNIVERSAL								
COMERICA BANK								
CSX TRANSPORTATION, INC.								
DELL								
DIAGEO NORTH AMERICA								
DUPONT								
EXELON CORPORATION								
EXPRESS SCRIPTS								
FORD MOTOR COMPANY								
GENERAL ELECTRIC COMPANY (GE)								
GM								
GOLDMAN, SACHS & CO.								
HERBALIFE INTERNATIONAL OF AMERICA, INC.								
HUMANA INC.								
INTEL CORPORATION								
JOHNSON & JOHNSON								
JPMORGAN CHASE								

[PHILANTHROPY]

[GOVERNANCE]

[CORPORATE INCLUSION RATING]

3A	3B	4A	4B	4C	4D	2015	2014	2013	2012	2011	2010	2009
						85	85	*	*	*	*	*
						80	80	85	*	55	60	55
						70	70	70	60	50	50	50
						90	90	80	80	60	50	*
						95	95	95	95	95	85	80
						70	75	75	65	60	55	40
						90	85	85	*	*	*	*
						50	60	50	*	45	40	*
						85	90	90	90	95	70	55
						90	90	90	90	85	85	75
						85	85	85	75	60	50	50
						85	85	85	80	65	70	65
						65	65	*	*	*	*	*
						65	65	65	65	70	60	60
						60	55	80	75	*	*	*
						70	65	65	55	35	*	*
						80	*	*	*	*	*	*
						70	70	65	55	*	*	*
						75	75	75	75	65	65	65
						70	70	65	65	65	70	40
						95	75	85	85	85	*	*
						70	70	70	60	55	60	*
						70	70	40	*	*	*	*
						65	65	65	50	*	*	*
						70	65	65	60	60	60	*
						90	80	80	75	55	50	*
						85	85	80	65	60	55	*

• Shaded boxes indicate that the response given met the ratings criteria listed on page 12.

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

2015 HACR CORPORATE INCLUSION INDEX

RATINGS

[EMPLOYMENT]

[PROCUREMENT]

	1A	1B	1C	1D	1E	2A	2B	2C
THE KROGER CORPORATION								
MARRIOTT INTERNATIONAL								
MCDONALD'S CORPORATION								
METLIFE								
MICROSOFT CORPORATION								
MILLERCOORS LLC								
MORGAN STANLEY								
NEW YORK LIFE INSURANCE								
PEPSICO, INC								
PRUDENTIAL FINANCIAL								
SODEXO, INC.								
STATE FARM								
TARGET								
TIAA-CREF								
TOYOTA MOTOR NORTH AMERICA								
UNITED TECHNOLOGIES CORPORATION								
UPS								
VERIZON								
WAL-MART STORES, INC.								
THE WALT DISNEY COMPANY								
WELLS FARGO & COMPANY								
WYNDHAM WORLDWIDE								

[PHILANTHROPY]

[GOVERNANCE]

[CORPORATE INCLUSION RATING]

3A	3B	4A	4B	4C	4D	2015	2014	2013	2012	2011	2010	2009
						65	50	55	45	45	45	*
						80	80	80	80	65	80	75
						85	70	70	65	65	65	60
						80	85	75	75	*	*	*
						55	55	65	55	65	60	*
						95	95	85	85	85	75	50
						70	70	65	65	*	*	*
						80	80	75	75	75	*	*
						90	90	90	75	75	60	55
						80	70	75	75	60	65	55
						90	90	90	90	85	85	90
						80	80	80	75	70	70	60
						80	85	80	70	70	75	*
						70	65	70	*	*	*	*
						80	80	80	80	75	*	*
						60	60	60	55	*	*	*
						70	65	65	60	60	55	55
						85	80	75	75	75	80	70
						75	80	75	75	70	85	60
						80	*	75	*	*	*	*
						85	85	80	75	75	55	55
						85	85	85	85	80	60	40

• Shaded boxes indicate that the response given met the ratings criteria listed on page 12.

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



2015 SUMMARY **OF FINDINGS**

A total of 128 corporations comprised of the *Fortune 100*, HACR Corporate Members, and 2014 HACR CII participants received invitations to take part in the survey; of that number, 53 submitted surveys and all were rated. Specifically 36 percent of *Fortune 100* companies participated in this year's survey which like last year included four (4) out of the top 10 *Fortune 100* companies.

More importantly perhaps though is the fact that nearly 25 percent of this year's participants have improved their rating from 2014, reflecting their commitment to diversity and Hispanic inclusion.

HACR conducts one-on-one evaluations with each participant so each corporation can maximize their participation in this process and effectively utilize the feedback to set goals for making internal improvements.

This report provides key highlights on this year's findings with respect to the four HACR pillars of economic reciprocity: Employment, Procurement, Philanthropy, and Governance.

EMPLOYMENT

- Hispanics comprise an average of more than 15 percent of the total reported employee base for the 2015 HACR CII participants.
- Hispanics are still more likely to be found in non-exempt positions:
 - * Non-Exempt workforce - 15 percent Hispanic.
 - * Exempt workforce - 8 percent Hispanic.

PROCUREMENT

- On average, participants reported directing nearly two (2) percent of total procurement spend to Hispanic-owned businesses.
- Nearly 90 percent of participants reported having MBE supplier development initiatives.
- Nearly all participants reported working with trade associations and other organizations who serve Hispanic vendors.

PHILANTHROPY

- Average total charitable contributions made by the 2015 HACR CII participants totaled more than \$85 million, while average contributions to Hispanic-led and community organizations amounted to nearly \$7 million.
- Nearly all participants (98 percent) reported having a plan for outreach and corporate giving to local and national Hispanic organizations.

GOVERNANCE

- Hispanics held just over seven (7) percent of board seats amongst the participating companies.
- Nearly two (2) percent of board seats were held by Latinas.
- Hispanics held four (4) percent of executive positions.
- Fewer than one (1) percent of executive positions were held by Latinas.



EMPLOYMENT **FINDINGS**

2015 HACR CII EMPLOYMENT FINDINGS

The success of all businesses depends on workforce investment. The Department of Labor has indicated that the Hispanic workforce currently makes up over 15 percent of the U.S. workforce and census projections indicate that the workforce of the future will be comprised of an even larger contingent of Hispanics. Given these projections, companies wanting to remain competitive and retain their market advantage must invest in Hispanic inclusion in all areas of their business, but especially in the pipeline of people who will fuel their future success.

The 2015 HACR CII revealed that many companies have already started making investments in their workforce and in Hispanics. One way companies demonstrate this is by leveraging internship programs. Only one company indicated that they did not have an internship program geared toward recruiting Hispanics. Internship programs may be the first introduction of the company not only to their potential new employee but also to the Hispanic community. Investing in internship programs is valuable for cultivating a future workforce, investor, or customer.

Beyond internships, companies can also make an investment in recruiting top Hispanic talent. To that end, companies are investing in external partnerships and forming strategic alliances to aid in their recruitment efforts. Successful recruitment efforts require not only building strategic external relationships with Hispanic serving institutions, nonprofit organizations, and professional organization but also on developing internal resources including current employees and employee resource groups (ERGs).

ERGs and their members can be extremely effective for attracting top talent. We are thrilled to see many of our participants investing in these strategic alliances to aid their recruitment efforts. The result of these expanded recruitment efforts is a hiring rate of 12 percent for 2015.

As in past years however, attrition continues to present a challenge for companies. The average attrition rate for Hispanic employees in 2015 was slightly more than 16 percent with the greatest attrition for both exempt Hispanic employees and non-exempt Hispanic employees occurring at the entry level.

While many companies have made an investment in the recruitment of their workforce with the hopes of maintaining or generating a competitive advantage, high attrition should raise some concern because it can undermine these efforts. Strategies for decreasing attrition must be prioritized because recruiting and retaining Hispanic talent is key to future employment successes.

AVERAGE HIRING
RATE FOR 2015

12%



PROCUREMENT **FINDINGS**

2015 HACR CII PROCUREMENT FINDINGS

In 2015, HACR released the *Hispanic Procurement Report* specifically focused on highlighting trends in Corporate America's reliance on Hispanic entrepreneurs to meet their business needs. The report highlighted the investment companies are making in developing suppliers and building relationships that are mutually beneficial in the hopes of strengthening the Hispanic community.

Over the past several years in the HACR CII we have seen significant improvement in a number of areas related to procurement. While overall procurement spend with Hispanic suppliers remains low, these improvements are the necessary first steps to increasing spend with Hispanic suppliers.

In 2015, companies reported a total procurement spend of nearly \$800 billion. Survey participants reported working with nearly 7,000 Hispanic suppliers and a total average spend with Hispanic suppliers of nearly \$13 billion. This total average Hispanic spend represents an increase from 2014 when the total average Hispanic spend was nearly \$8 billion.

Historically procurement has been the area where we have seen the greatest challenges for HACR CII participants. There is still work to be done in this area but we are optimistic that the improvements we have seen over the past several years represent a real investment on the part of Corporate America in working with Hispanic suppliers.

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 diversify and develop, and the number of Latino entrepreneurs continues to grow, Corporate America will recognize their ability to meet day to day business needs will largely rely on the growing Hispanic entrepreneurial sector.

Our hope is that companies which recognize the importance of the burgeoning Hispanic entrepreneurial market are making the necessary investments to develop them in order to achieve mutually beneficial economic goals.

AVERAGE PROCUREMENT SPEND WITH HISPANIC SUPPLIERS

2014
NEARLY
\$8 BILLION

2015
NEARLY
\$13 BILLION



PHILANTHROPY **FINDINGS**

2015 HACR CII

PHILANTHROPY FINDINGS

Census projections indicate that Hispanics are the fastest growing population in the U.S. As such the future of our economy will, by and large be one that is determined by the success of this population. But we cannot do it alone, the development of Hispanic talent to meet the needs of Corporate America will require a commitment from Corporate America to not only work with the growing Hispanic entrepreneurial sector, but to also work with the community to ensure they possess the skills companies need.

To do that also requires investment in the community, in their education, in their training, and in their overall well-being. HACR assesses that investment by looking at how a company's philanthropic efforts are preparing the Hispanic community for future success.

In 2015, all but one participant of the HACR CII reported having a plan for outreach and corporate giving to local and national Hispanic organizations. Outreach plans are a necessary step for investing in and building engagement in the Hispanic community. Plans, together with assessment metrics to evaluate the impact of philanthropic contributions to the Hispanic community, are indicators that companies want to understand the value of the investments they are making. These economic investments are necessary to ready tomorrow's workforce and ensure the continued growth of Corporate America.

The average charitable give to the Hispanic community in 2015 was 13 percent, a significant increase from 2014. We are pleased to see this increase but will continue to push Corporate America to increase their charitable give to the Hispanic community to be proportionate to the size of the community itself.

One additional trend that is worth mentioning this year is the increase in the number of companies with volunteer efforts in the Hispanic community. More than 90 percent of the HACR CII participants reported having volunteer efforts in the Hispanic community this year. This figure represents an increase from 2014 when 76 percent reported having volunteer efforts in the Hispanic community and 68 percent in 2013 when we first started tracking volunteer efforts.

Engaging with this community and providing access to resources, training, and skill development is critical to attracting future employees, customers, and investors. HACR recognizes that there are many ways that companies can elect to invest in the Hispanic community and we are thrilled to see an increase in both charitable contributions as well as volunteer efforts in the last year. Both are equally important for ensuring that the growing Hispanic population has the skills and knowledge to continue making economic gains.



13%
FOR 2015

AVERAGE
CHARITABLE
GIVE TO THE
HISPANIC
COMMUNITY



GOVERNANCE **FINDINGS**

2015 HACR CII

GOVERNANCE FINDINGS

For more than 20 years HACR has been tracking Hispanic representation on *Fortune 500* corporate boards through the *Corporate Governance Study* (CGS) and most recently through an annual census on the HACR CII. The data reveals that few companies are tapping into top Latino talent to fill open board positions which is a trend we would like to see change. An investment in diversity and Hispanic inclusion at the highest levels of Corporate America is an investment in innovation and a company's continued success.

In 2013, representation hovered around three (3) percent for Hispanics generally and less than one (1) percent for Latinas according to the CGS. Similarly, the HACR CII governance data has consistently shown that the overall proportion of Hispanics on boards is still low although the HACR CII participants tends to have a higher Hispanic representation rate.

In 2015, seven (7) percent of all board seats among the HACR CII participants were held by Hispanics. This is more than twice the proportion of seats held by Hispanics in the *Fortune 500*, and slightly higher than the percentage (6 percent) reported in the 2014 HACR CII. We were glad to see a slight increase in the proportion of seats held by Hispanic females. In 2014 the HACR CII reported that slightly more than one (1.3) percent of the seats were held by Latinas however in 2015 this percentage increased to nearly two (2) percent.

Another improvement we saw in 2015 when examining the distribution of Hispanic board members was that fewer than one-quarter of this year's participating companies reported having no Hispanic board members compared to nearly one-third in 2014. Among this year's participating companies, 30 companies reported having one Hispanic on their board

and five (5) reported having more than one Hispanic board member compared to only four (4) in 2014. These figures amount to nearly 3/4 of the HACR CII participants understanding the value of diversity on their board and the benefit of Hispanic inclusion.

Similar to 2014, all 2015 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 their investment in 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 Hispanic representation in the C-suite.

Hispanics held just under four (4) percent of executive positions at the participating companies, with Hispanic females holding fewer than one (1) percent of those positions. These figures have remained relatively flat since 2012. This lack of movement in the representation of Hispanics in the executive ranks is a worrisome trend. No gain in momentum at the executive ranks means that leadership is not changing. Investing in diversity and Hispanic inclusion at these ranks is crucial for innovation and can lead to real gains for corporations.



NEARLY
75%
OF PARTICIPATING
COMPANIES
HAVE AT LEAST
1 HISPANIC
BOARD
MEMBER



2015 CII CLOSING **THOUGHTS**

This year our focus has been on strengthening the CII as a benchmarking tool that can help companies continuously improve and continue to make an impact in the Hispanic community. As we move forward in repositioning the HACR CII as the go to tool for benchmarking in the Hispanic community, the take away messages from each of HACR's pillars are clear.

EMPLOYMENT

Shifting demographics in the U.S. have created an opportunity for companies to leverage a more diverse workforce for future growth. To date we have seen companies making investments in recruiting and hiring diverse talent, and while we have seen some gains for Hispanics in these areas, attrition still presents a challenge. If we are to see meaningful change in this area talent development and retention will need to be addressed with as much attention as recruitment and hiring.

PROCUREMENT

It is well documented that the fastest growing segment of the entrepreneurial sector are businesses owned by Latinas, and although an increasing number of companies are investing time and effort in working with these diverse suppliers, the share of total procurement spend with Hispanic businesses is lagging. More work needs to be done to increase Corporate America's reliance on these businesses to meet their needs because investments in the small business sector not only benefits the businesses but also the communities in which they operate.

PHILANTHROPY

Our future economic prosperity and the well-being of America, rest on the investments of today. This is a role prominently played by Corporate America through its strategic philanthropic giving. Companies must be willing to make an investment in their future by providing Hispanic communities access the educational resources, training, and developmental resources needed to ensure mutually beneficial sustained economic growth.

GOVERNANCE

By virtue of the changing demographics in the U.S., the highest levels of Corporate America will diversify, but companies that recognize the importance of leveraging Hispanic inclusion now stand a greater chance of reaping the economic benefits of this choice later. It's been well documented that diverse, well managed teams bring a myriad of new insights and ideas to business and thus yield better results. Yet progress in Hispanic inclusion has been slow, and we need to be more purposeful with inclusion efforts to ensure that leadership reflects the changing face of the U.S. marketplace.

FINAL THOUGHTS

If there is one key message that can be taken from the 2015 HACR CII, it's that there have been gains in Hispanic inclusion yet there is still room to do better. The call to do better is not just the responsibility of the companies participating in HACR's annual survey, as a partner in advancing Hispanic inclusion in Corporate America, HACR shares in that responsibility to do better too.

In 2016, the HACR CII will re-emerge in a new format with new criteria and expanded benchmarking value. HACR's commitment to the companies who have been willing to be transparent and engage with us in an assessment of their Hispanic inclusion efforts is to offer a tool that can help them identify opportunities to close any possible gaps and improve their standing in the Hispanic community both within and outside their company.



2015 CII METHODOLOGY & **ACKNOWLEDGMENTS**

The data for the 2015 Hispanic Association on Corporate Responsibility *Corporate Inclusion Index* (HACR CII) is drawn from a survey designed and administered by the HACR Research Institute (HACR 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 extensive with questions 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 2015 HACR CII survey were sent to all *Fortune 100* companies, HACR Corporate Members, and 2014 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 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, 2015 to September 15, 2015.

A total of 128 corporations received invitations to take part in the survey; of that number, 53 submitted surveys and all were rated.² For the respondents who completed the survey – 64 percent were HACR Corporate Members and 36 were non-members, 94 percent of the survey participants were returning participants from 2014.³

ACKNOWLEDGEMENTS

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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!

¹ Companies outside these parameters who requested the survey from the HACR Research Institute were allowed to complete the 2015 HACR CII survey.

² These numbers do not include any submissions received after September 15, 2015. Aggregate data results are based on 49 complete on-time submissions, responses which were incomplete (4) were excluded from subsequent analyses.

³ Variances between the total survey respondents and the number of respondents for every question may be due to the fact that not all participants provided valid responses to every question. Information reported for each question was calculated solely based on the number of complete, valid responses.



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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.