

2016 HACR CII

CORPORATE INCLUSION INDEX



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2016 LETTER FROM THE HACR BOARD OF DIRECTORS

We, the 14 members of the Hispanic Association on Corporate Responsibility (HACR) Board of Directors, are honored to present the findings of the 2016 HACR *Corporate Inclusion Index* (HACR CII). Our goal as representatives of the most influential grassroots advocacy organizations and national associations in the U.S. and Puerto Rico, is 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.

As HACR prepares to refresh the *Corporate Inclusion Index*, it becomes increasingly important to highlight why benchmarking on all levels is key. 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 competitive edge. But without transparency and the willingness to participate in the HACR CII, how will those companies know their successes or where there is still an opportunity to leverage this growing segment of the U.S. population? The findings of the HACR CII indicate that some companies have been more successful than others in reaching this goal, but there is still work to be done.

Our focus as we prepare to enter a new era of the HACR CII is creating a tool that much of Corporate America will rely upon to help drive their Hispanic business strategies. We would like to see more 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.

To those who participated in this year's survey, we thank you for being transparent, and we appreciate all you do to realize our collective vision. We encourage all of Corporate America to commit to taking the survey, to commit to assessing your Hispanic business strategies, and to commit to making change when needed – because without those commitments we run the risk of failing to reach our mutual goals of success.



Ignacio Salazar
SER-Jobs for Progress
National, Inc.



**The Honorable
Lincoln Díaz-Balart**
Congressional Hispanic
Leadership Institute, Inc.



Dr. Juan Andrade, Jr.
United States Hispanic
Leadership Institute



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



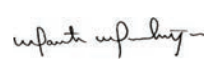
Ronald Blackburn-Moreno
ASPIRA Association, Inc.



Roger Rocha
League of United Latin
American Citizens



Amy Hinojosa
MANA, A National Latina
Organization



Martha Montoya
National Association of
Hispanic Publications



Ángel Zúñiga
American GI Forum of the
United States



Janet Murguía
National Council of La Raza



Sonia Lopez
Cuban American
National Council



Thomas Savino
Prospanica



Domenika Lynch
Congressional Hispanic
Caucus Institute



Javier Palomarez
United States Hispanic
Chamber of Commerce

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*, as well as 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.



HACR'S CORPORATE ACCOUNTABILITY STRATEGY



OVERVIEW OF THE CORPORATE ACCOUNTABILITY STRATEGY

The 14 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 leverages 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.

A black and white photograph of a group of business professionals walking in a modern office setting, silhouetted against a large window. The image is overlaid with a geometric pattern of overlapping triangles in shades of blue, grey, and yellow. A blue square with a white border is positioned in the lower center, containing the title text.

THE IMPORTANCE **OF CHANGE**



THE IMPORTANCE OF CHANGE

Over the past several years we have highlighted many different themes in the HACR CII - Commitment, Progress, Benchmarking, for example, all with the goal of underscoring the importance of change and beginning our gradual transition to the new HACR CII. 2016 marks the final iteration of the HACR CII in its current form. Beginning in 2017 the HACR CII will take a new form, with new criteria, and a new ratings system.

Our call for transparency and the emphasis we have placed on embracing change do not only apply to Corporate America, but to HACR as well. For several years now we have been working with each of our participants to understand their needs and what they would like to see in the HACR CII. All of these conversations have informed the changes you will see in 2017. We have established a baseline; we know where we want to see change, and now it's about collecting data that will help us move things along, in partnership with the companies who have already made the commitment to Hispanic inclusion and those who will join us in the years to come.

Since 2009 HACR has focused its energy on measuring participation in the CII and progress on certain indicators. This year we continue to assess the impact of Corporate America on the Hispanic community and what companies are doing that potentially provides a competitive advantage. Further, our goal is to assist in identifying priorities for change and new areas of interest in 2017 and beyond.

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 and 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 will help your company create a profile of Hispanic inclusion that can 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'll evaluate, that may play a role in successful integration of inclusion practice improvements. Our goal is - a path to progress by identifying opportunities in your diversity and inclusion efforts and helping you achieve the necessary changes to impact Hispanic inclusion in Corporate America in a positive way.



2016 HACR CII: COMPANIES THAT PARTICIPATED

- ADP*
- Aetna Inc.*
- Allstate Insurance Company
- Altria Group, Inc*
- Anthem, Inc.
- Arconic
- AT&T*
- Bank of America*
- Charter Communications
- Cigna
- Cisco*
- Citi*
- The Coca-Cola* Company
- Comcast NBCUniversal*
- Comerica Bank*
- Dell*
- Diageo North America*
- The Dow Chemical Company

- DuPont
- Exelon Corporation
- Express Scripts
- Ford Motor Company*
- General Electric Company (GE)*
- GM*
- 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*
- PepsiCo, Inc.*
- Prudential Financial*
- Sodexo, Inc.*
- State Farm*
- Target*
- Toyota Motor North America*
- UPS*
- Verizon*
- Wal-Mart Stores, Inc.*
- The Walt Disney Company*
- Wells Fargo & Company*
- Wyndham Worldwide*

** 2015 HACR Corporate Member*

2016 HACR CII: COMPANIES THAT DID NOT PARTICIPATE



- 3M
- Alphabet
- Amazon.com
- American Airlines Group
- American Express
- American International Group
- AmerisourceBergen
- Apple
- Archer Daniels Midland
- Berkshire Hathaway
- Best Buy
- Boeing
- Cardinal Health
- Caterpillar
- Chevron*
- CHS
- ConocoPhillips
- Costco Wholesale
- CVS Health
- Deere
- Delta Air Lines*
- Energy Transfer Equity
- Exxon Mobil
- Fannie Mae
- FedEx
- Freddie Mac
- General Dynamics
- Gilead Sciences
- Goldman Sachs Group
- HCA Holdings
- Home Depot*
- Honeywell International
- HP
- Ingram Micro
- International Business Machines
- INTL FCStone
- Johnson Controls
- Liberty Mutual Insurance Group
- Lockheed Martin
- Lowe's
- Marathon Petroleum
- Massachusetts Mutual Life Insurance
- McKesson
- Merck*
- Mondelez International
- Nationwide*
- New York Life Insurance
- Nike
- Northwestern Mutual
- Oracle
- Pfizer
- Phillips 66
- Procter & Gamble
- Publix Super Markets
- Sysco
- Tesoro
- TIAA
- TJX
- Twenty-First Century Fox
- Tyson Foods
- United Continental Holdings
- United Technologies
- UnitedHealth Group
- Valero Energy
- Walgreens Boots Alliance
- World Fuel Services

** 2015 HACR Corporate Member*

The background features three incandescent light bulbs. The central bulb is brightly lit, while the two flanking bulbs are unlit. The background is composed of large, overlapping diamond shapes in shades of grey, blue, and yellow. A dark blue square with a white border is positioned in the lower center, containing the title text.

SPOTLIGHT ON **PARTICIPATION**

SPOTLIGHT ON PARTICIPATION

NEW PARTICIPANTS:

- Arconic
- Charter Communications
- The DOW Chemical Company

COMPANIES WHOSE RATINGS HAVE IMPROVED:

- ADP
- Allstate Insurance Company
- Altria Group, Inc
- Anthem, Inc.
- Bank of America
- Citi
- Comcast/NBCUniversal
- Dell
- Express Scripts
- HSBC USA
- Humana Inc.
- Johnson & Johnson
- Marriott International
- Target
- Wyndham Worldwide

RATINGS CRITERIA

Each participant of the HACR CII is assessed on the same criteria. The criteria covers 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
• 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
• 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
• 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
• 10% > = 10	
• 5-9.99% = 5	
B. What percentage of total Executive Officers are Hispanic (2014)?	10
• 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 2016 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 2016 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? • 6% > = 10 • 1-5.99 % = 5	10	10
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? • 6% > = 10 • 1-5.99 % = 5	10	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? • 11% > = 15 • 6-10.99% > = 10 • 1-5.99 % = 5	15	15
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 (2015)? • 10% > = 10 • 5-9.99% = 5	10	5
B. What percentage of total Executive Officers are Hispanic (2015)? • 6% > = 10 • 1-5.99 % = 5	10	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”.

2016 HACR CORPORATE INCLUSION INDEX

RATINGS

	EMPLOYMENT					PROCUREMENT			PHILANTHROPY	
	1A	1B	1C	1D	1E	2A	2B	2C	3A	3B
ADP										
AETNA INC.										
ALLSTATE INSURANCE COMPANY										
ALTRIA GROUP, INC										
ANTHEM, INC.										
ARCONIC										
AT&T										
BANK OF AMERICA										
CIGNA										
CISCO										
CITI										
THE COCA-COLA COMPANY										
COMCAST NBCUNIVERSAL										
COMERICA BANK										
DELL										
DIAGEO NORTH AMERICA										
DUPONT										
EXELON CORPORATION										
EXPRESS SCRIPTS										
FORD MOTOR COMPANY										
GENERAL ELECTRIC COMPANY (GE)										
GM										
HERBALIFE INTERNATIONAL OF AMERICA, INC.										
HSBC USA										

GOVERNANCE				CORPORATE INCLUSION RATING								
4A	4B	4C	4D	2016	2015	2014	2013	2012	2011	2010	2009	
				90	85	85	*	*	*	*	*	ADP
				80	80	80	85	*	55	60	55	AETNA INC.
				70	65	60	75	70	55	55	55	ALLSTATE INSURANCE COMPANY
				75	70	70	70	60	50	50	50	ALTRIA GROUP, INC
				95	90	90	80	80	60	50	*	ANTHEM, INC.
				75	*	*	*	*	*	*	*	ARCONIC
				90	95	95	95	95	95	85	80	AT&T
				75	70	75	75	65	60	55	40	BANK OF AMERICA
				90	90	85	85	*	*	*	*	CIGNA
				50	50	60	50	*	45	40	*	CISCO
				90	85	90	90	90	95	70	55	CITI
				85	90	90	90	90	85	85	75	THE COCA-COLA COMPANY
				90	85	85	85	75	60	50	50	COMCAST NBCUNIVERSAL
				85	85	85	85	80	65	70	65	COMERICA BANK
				70	65	65	65	65	70	60	60	DELL
				50	60	55	80	75	*	*	*	DIAGEO NORTH AMERICA
				70	70	65	65	55	35	*	*	DUPONT
				80	80	*	*	*	*	*	*	EXELON CORPORATION
				75	70	70	65	55	*	*	*	EXPRESS SCRIPTS
				75	75	75	75	75	65	65	65	FORD MOTOR COMPANY
				70	70	70	65	65	65	70	40	GENERAL ELECTRIC COMPANY (GE)
				85	95	75	85	85	85	*	*	GM
				70	70	70	40	*	*	*	*	HERBALIFE INTERNATIONAL OF AMERICA, INC.
				65	60	*	*	*	*	*	*	HSBC USA

• 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.

2016 HACR CORPORATE INCLUSION INDEX

RATINGS

	EMPLOYMENT					PROCUREMENT			PHILANTHROPY	
	1A	1B	1C	1D	1E	2A	2B	2C	3A	3B
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										
PEPSICO, INC.										
PRUDENTIAL FINANCIAL										
SODEXO, INC.										
STATE FARM										
TARGET										
TOYOTA MOTOR NORTH AMERICA										
UPS										
VERIZON										
WAL-MART STORES, INC.										
THE WALT DISNEY COMPANY										
WELLS FARGO & COMPANY										
WYNDHAM WORLDWIDE										

GOVERNANCE				CORPORATE INCLUSION RATING								
4A	4B	4C	4D	2016	2015	2014	2013	2012	2011	2010	2009	
				75	65	65	65	50	*	*	*	HUMANA INC.
				65	70	65	65	60	60	60	*	INTEL CORPORATION
				95	90	80	80	75	55	50	*	JOHNSON & JOHNSON
				75	85	85	80	65	60	55	*	JPMORGAN CHASE
				55	65	50	55	45	45	45	*	THE KROGER COMPANY
				85	80	80	80	80	65	80	75	MARRIOTT INTERNATIONAL
				75	75	*	70	55	50	*	*	MARSH & MCLENNAN COMPANIES
				85	85	70	70	65	65	65	60	MCDONALD'S CORPORATION
				80	80	85	75	75	*	*	*	METLIFE
				55	55	55	65	55	65	60	*	MICROSOFT CORPORATION
				95	95	95	85	85	85	75	50	MILLERCOORS LLC
				70	70	70	65	65	*	*	*	MORGAN STANLEY
				90	90	90	90	75	75	60	55	PEPSICO, INC.
				80	80	70	75	75	60	65	55	PRUDENTIAL FINANCIAL
				90	90	90	90	90	85	85	90	SODEXO, INC.
				80	80	80	80	75	70	70	60	STATE FARM
				85	80	85	80	70	70	75	*	TARGET
				80	80	80	80	80	75	*	*	TOYOTA MOTOR NORTH AMERICA
				65	70	65	65	60	60	55	55	UPS
				85	85	80	75	75	75	80	70	VERIZON
				75	75	80	75	75	70	85	60	WAL-MART STORES, INC.
				80	80	*	*	*	*	*	*	THE WALT DISNEY COMPANY
				85	85	85	80	75	75	55	55	WELLS FARGO & COMPANY
				90	85	85	85	85	80	60	40	WYNDHAM WORLDWIDE

• 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.

2016 SUMMARY OF FINDINGS

A total of 133 corporations comprised of the *Fortune 100*, HACR Corporate Members, and 2015 HACR CII participants received invitations to take part in the survey; of that number, 50 submitted surveys and all but two were rated.¹ More specifically, 33 percent of *Fortune 100* companies participated in this year's survey which like last year included 4 out of the top 10 *Fortune 100* companies. More importantly is that 15 of this year's participants have improved their rating from 2015 which reflects their commitment to diversity and Hispanic inclusion.

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.

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

EMPLOYMENT

- Hispanics comprise an average of nearly 15 percent of the total reported employee base for the 2016 HACR CII participants.
- Hispanics were nearly 2.5 times more likely to be found in non-exempt positions compared to exempt positions.

PROCUREMENT

- On average, participants reported directing nearly 2 percent of total procurement spend to Hispanic-owned businesses.
- One-quarter of the sample reported they were unable to disclose their spend with Hispanic suppliers.
- Nearly all participants (96 percent) reported working with trade associations and other organizations who serve Hispanic vendors.

PHILANTHROPY

- Average total charitable contributions made by the 2016 HACR CII participants equaled \$82 million, while average total contributions to Hispanic-led and community organizations amounted to only \$8.2 million.
- All participants reported having a plan for outreach and corporate giving to local and national Hispanic organizations.

GOVERNANCE

- Hispanics held just over 7 percent of board seats amongst the participating companies.
- Fewer than 5 percent of executive officer positions were held by Hispanics.

¹ Companies outside of these parameters who requested the survey from the HACR Research Institute were allowed to complete the 2016 HACR CII survey.



IDENTIFYING CAREER OPPORTUNITIES FOR HISPANICS IN STEM CAREERS

HACR STEM
INITIATIVE REPORT
COMING SOON!



HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY



EMPLOYMENT **FINDINGS**

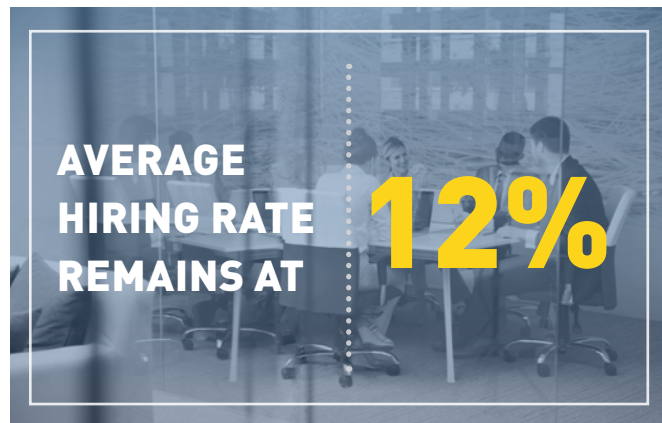
EMPLOYMENT FINDINGS

HACR cannot underscore enough the importance and the impact of the changing demographics of the U.S. on Corporate America. If census data projections are correct, the workforce of the future will largely be comprised of Hispanics. Companies wanting to remain competitive must invest in Hispanic inclusion at all levels throughout their organizations, but especially in their future workforce.

Over the past several years we have seen that many companies have already started making those investments in their workforce and Hispanics through the use of internship programs. In 2016 all companies reported having an internship program that was inclusive of Hispanics. Internship programs are not only an introduction of the company to their potential new employees, but also to the Hispanic community. Investing in internship programs is therefore not only valuable for cultivating a future workforce, but also potential new customers and perhaps even future investors.

Another key component to increasing Hispanic representation within companies is the development of internal resources such as current employees and employee resource groups (ERGs). ERGs and their members can be extremely effective for attracting top talent. Today, nearly all participating companies (98 percent) reported having ERGs. We are thrilled to see that so many companies are leveraging their ERGs to engage, develop, and recruit their Hispanic employees.

Additionally, it is also important to understand how companies are advancing Hispanic inclusion through the investments they are making in recruiting Hispanic talent. These recruitment efforts involve many components such as external partnerships and strategic relationships with nonprofit organizations, professional organizations, and Hispanic-serving institutions - all important pieces to a successful Hispanic recruitment strategy.



We would like to see companies investing in these strategic alliances and utilizing their ERGs further to assist with recruitment. Our analysis shows that companies do not seem to be leveraging these alliances to their fullest potential as evidenced by relatively flat hiring rates since 2009. Overall, since 2009, the Hispanic hiring rate has remained constant at 12 percent. Clearly, we need to do more in this area to increase the representation of Hispanics at all levels within companies.

Another factor that is especially important, given the relative flat hiring rates, is attrition. Attrition has historically presented a challenge for companies, but when coupled with stagnant hiring rates, it can also become an impediment to Hispanic inclusion in Corporate America. In 2016, the average attrition rate for Hispanic employees is 20 percent. Many companies have made an investment in their workforce with the hopes of maintaining or generating a competitive advantage but this high attrition rate should be of concern to companies. We must find strategies for decreasing attrition because investing in recruiting and retaining Hispanic talent is the key to future employment successes.



PROCUREMENT
FINDINGS

2015 HACR CII PROCUREMENT FINDINGS

Over the past several years, HACR has invested tremendous resources in understanding procurement opportunities and challenges for Corporate America and Hispanic-owned businesses. In 2015, we released the Hispanic Procurement Report which highlighted trends in Corporate America's utilization of Hispanic entrepreneurs to meet their business needs. A better understanding of the investments companies have and continue to make in developing suppliers and building relationships that are mutually beneficial, remain key needs in the continued strengthening of the Hispanic community.

Our challenge in the procurement space over the years has been tracking and transparency, and the ability to disclose information on the part of our corporate participants. Since 2009 we have seen an increase in the number of companies not only willing to disclose their data to us, but also greater ability to track and report the data. In 2016, only 12 companies were unable to disclose their procurement spend. The reporting improvements have been tremendous in helping us to gain a better understanding of the needs of both our corporate partners and also the growing Hispanic entrepreneurial sector.

In 2016, companies reported working with over 4,000 Hispanic suppliers and a total procurement spend of nearly \$850 billion. The total average Hispanic spend for the sample in 2016 was over \$15 billion. This year's figure represents an increase from 2015, when the total average Hispanic spend was nearly \$13 billion.

There is still work to be done in this area, but we are optimistic that the trends we have seen over the past several years represent a real investment on the part of Corporate America in working with Hispanic suppliers and that a greater understanding of the initiatives that companies have put in place to develop their Hispanic business partners will have an impact moving forward.

TOTAL PROCUREMENT SPEND WITH HISPANIC SUPPLIERS





PHILANTHROPY
FINDINGS

2015 HACR CII PHILANTHROPY FINDINGS

Philanthropy continues to play a key role in business strategy for Corporate America. Companies recognize that investments in the community at large are measures they must undertake to promote economic development as a way to ensure future business. In the Hispanic community, investment efforts such as education in health and wellness, literacy, citizenship programs as well as workforce and small business development are just a few examples of the types of commitments companies are making to foster growth.

Since 2009, the HACR CII has carefully tracked how companies have committed to the economic well-being of the Hispanic community relative to the changing demographics of the United States. In 2016, nearly all participants of the HACR CII reported having a plan for outreach and corporate giving to local and national Hispanic organizations, up from just more than two-thirds at the time of the HACR CII's inception. These plans help to provide a structure for engagement and are an added mechanism to ensure that companies have a way of assessing the effectiveness of their community engagement efforts.

The total average charitable give to the Hispanic community in 2016 was nearly 18 percent of total giving, a significant increase from 2015. We are pleased to see this increase but will continue to encourage Corporate America to increase their charitable giving to the Hispanic community, in addition to encouraging them to engage with the community in other ways.

One additional way they can engage with the community is through volunteer efforts in the Hispanic community. Nearly 88 percent of the HACR CII participants reported having volunteer efforts in the Hispanic community this year. This figure represents an increase from 2014 when we started tracking this

information. We are pleased to see community initiatives continuing to increase.

Engaging the Hispanic 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.





GOVERNANCE **FINDINGS**

2015 HACR CII GOVERNANCE FINDINGS

Hispanic representation on *Fortune 500* corporate boards has been an area of interest for HACR for more than 20 years. Over time, we've seen some improvements in Hispanic representation at the highest levels of Corporate America, yet the gains have not been proportionate to the changes in the Hispanic population. Data collected by HACR and others like the Alliance for Board Diversity (ABD), reveals that few companies are in fact tapping into top Latino talent to fill open board positions. We would like to see that change.

While the data HACR collected as part of the ABD, shows that the overall proportion of Hispanic on boards is still low; the HACR CII sample tends to have a higher Hispanic representation rate. In 2016, nearly eight (8) percent of board seats among the HACR CII participating companies were held by Hispanics. Additionally, two-thirds of participating companies reported having at least one Hispanic board member. One trend we are not pleased to see is the relatively flat representation of Latinas on corporate boards.

In both 2015 and 2016, Latinas held only two (2) percent of seats.

Similar to the past few years, all 2016 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 commitment to Hispanic inclusion.

One additional area that continues to remain a challenge is Hispanic inclusion in executive positions. Hispanics held just under five (5) percent of executive positions at the participating companies, with Hispanic females holding fewer than one (1) percent of those positions. We have not seen much movement in the representation of Hispanics in the executive ranks which is a worrisome trend. No gain in momentum at the executive ranks means the leadership pipeline is not developing. Investing in diversity and Hispanic inclusion is crucial for innovation and continued competitive advantage.





CLOSING THOUGHTS



CLOSING THOUGHTS

Opportunities for Growth

Since 2009, we have learned a great deal about Hispanic inclusion in Corporate America. Through a comprehensive examination across four pillars of economic reciprocity - Employment, Procurement, Philanthropy, and Governance - we have been able to identify areas that provide the greatest opportunities for Corporate America to strengthen their Hispanic inclusion strategies.

Employment

We know there are opportunities for companies to strengthen their Hispanic inclusion strategies in their employment practices through increased hiring rates of Hispanics, not only at the entry and mid-levels, but especially at the uppermost levels within Corporate America. Hispanic inclusion at the top remains a challenge for companies. However, to their credit, many have created strategies for increasing diverse representation at those levels. Our hope is that, as the pipeline continues to develop we will see greater representation of Hispanics throughout all levels within companies.

Procurement

We have seen an increasing number of companies investing time and effort in working with diverse suppliers. However, the share of total procurement spend with Hispanic businesses is lagging. More work needs to be done to increase Corporate America's investments in Hispanic-owned businesses. It is increasingly difficult to understand the intricacies of procurement when many companies are not tracking information or willing to disclose it. We'd like to see greater transparency when it comes to reporting information, so that we are better positioned to identify opportunities for our CII partners.

Philanthropy

Strategic philanthropic giving is vital to the future economic prosperity and the well-being of Hispanic communities. Today's investments provide Hispanic

communities access to the educational resources, training, and developmental resources needed to ensure mutually beneficial sustained economic growth.

Over the past several years we have seen increases in those investments. In addition to financial commitments, we're also seeing more activity in corporate volunteerism. An aspect of these investments that continues to generate the interest of many companies is measuring impact of these efforts. We hope that these trends continue.

Governance

Companies that recognize the importance of leveraging Hispanic inclusion in the present stand a greater chance of reaping the economic benefits of this choice in the future. Insights and ideas are driven by diverse, well managed teams and in order to remain competitive, companies will have no choice but to diversify. We'd like to see them do it willingly and faster. Progress in this area has been slow, and the lack of leadership that reflects the changing face of the U.S. marketplace and employee base continues to hinder meaningful advancement.

Final Thoughts

There have been gains in Hispanic inclusion, yet there is still room to do better. The responsibility to do better is HACR's as much as it is that of companies. When we work together, we all achieve our diversity goals.

In 2017, the HACR CII will debut in a new format with new criteria and expanded benchmarking value. Because the new HACR CII was designed with the feedback and input of our CII partners, it is truly reflective of current practice considerations by the corporate professionals creating meaningful change within their own organizations. HACR's commitment to these companies is to offer a tool that can help them identify new opportunities and improve their standing in the Hispanic community both within and outside their company.



METHODOLOGY

The data for the 2016 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 2016 HACR CII survey were sent to all *Fortune 100* companies, HACR Corporate Members, and 2015 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 20, 2016 to September 15, 2016.

A total of 133 corporations received invitations to take part in the survey; of that number, 50 submitted surveys and all but two were rated.² For the respondents who completed the survey – 37 were HACR Corporate Members and 13 were non-members, 47 of the survey participants were repeat participants from 2015.³

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.

¹ Companies outside these parameters who requested the survey from the HACR Research Institute were allowed to complete the 2016 HACR CII survey.

² These numbers do not include any submissions received after September 15, 2016. Aggregate data results are based on 48 complete on-time submissions, responses which were incomplete (1) or received past the closing date (1) 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 responded to every question. Information reported for each question was calculated solely based on the number of complete responses.

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