

2013
HACR

CORPORATE GOVERNANCE STUDY



FOREWORD BY DR. WILLIAM KLEPPER, PROFESSOR OF MANAGEMENT, COLUMBIA BUSINESS SCHOOL



In the *2007 Corporate Governance Study*, Carlos F. Orta, HACR president and CEO, wrote: “*Since 1993, HACR has produced an analysis of corporate governance on America’s largest companies. These studies have shown that both the number of board seats held by Latinos and the number of corporations addressing the need for more diversity in their boardrooms and C-Suites has increased substantially.*” You will read below, that five years later, he is questioning if over 20 years there has been significant progress. I would answer his question with a definite “*NO!*”

So why has Corporate America failed to seize the advantage of increasing diversity in its corporate boardrooms and C-Suites? Research on high performing teams shows that over time, diverse teams, managed well, outperform homogenous teams.¹ If you look at the boardrooms and C-Suites of Corporate America, you will find homogenous ethnic teams that have found comfort in the way they do things. However, the strategic context of this work is changing to a more diverse ethnic population of customers, competitors, workforce, and communities.

Just one of the key findings of the *HACR 2013 Corporate Governance Study* should be enough to move Corporate America from its current comfort zone: “*Today Hispanics account for more than 50 million consumers who collectively possess \$1.3 trillion in buying power, a figure which makes them the world’s 14th largest economy. Couple this with rising per capita incomes and a young population with aspirations for a strong future, and it is clear that a competitive edge necessitates the full integration of Hispanics into companies across America.*”


With this finding in mind, it would benefit any company who wants to remain competitive to have the voice of this consumer population in its boardroom and C-Suite: a leadership voice that makes the connections between the company’s offerings and its consumers’ needs.

In the curriculum at Columbia Business School, we explore the importance of the connections between corporate governance, value-based leadership, and corporate social responsibility. Over the past few years, I have had the privilege of presenting my corporate governance case studies at the HACR Annual Symposium at sessions where there were corporate board directors and senior executives from the most notable businesses in the U.S., who without exception, make these connections.

There is both a challenge and an advantage found in the *HACR 2013 Corporate Governance Study*. The challenge is that Corporate America is at an inflection point and has stalled in leveraging diversity as strength in its boardrooms and C-Suites. However, knowing it is, at this point-of-change, an advantage. If Corporate America is not dissatisfied with its current state, it would be difficult to change. I commend this study as a stimulus for change in the securing of competitive advantage from increased diversity in the boardroom and C-Suite. HACR continues to be a primary resource for its Corporate Members, sponsors, and other interested parties to ensure Corporate America’s boardrooms and C-Suites mirror the marketplace.

ABOUT DR. KLEPPER

Dr. William Klepper, PhD is a professor of Management and academic director, Executive Education at Columbia Business School. His most recent book, *The CEO’s Boss: Tough Love in the Boardroom*, was ranked as one of the Top Five Books by *The Wall Street Journal’s* *livemint.com*. He has worked with a number of corporations in custom programs including AT&T, Altria, General Electric, and Johnson & Johnson, among others.

 **Columbia Business School**

¹ Herring, Cedric (2009). “Does diversity pay?: Race, gender, and the business case for diversity.” University of Illinois at Chicago. Chicago, Illinois.

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LETTER FROM CARLOS F. ORTA , PRESIDENT & CEO, HACR



20 Years of Progress?

Every few years HACR conducts its *Corporate Governance Study* (CGS), a census on Hispanic representation in governance and C-Suite positions within the *Fortune 500*. Since the publication of the first CGS in 1993, HACR has cemented its position as the leader in research on Hispanic inclusion in Corporate America. Between 1993 and 2003, we saw an increase of more than two percent in Hispanic representation on corporate boards, we saw the number of Hispanic CEOs in the *Fortune 500* increase as well, and perhaps Corporate America became too comfortable with these gains.

This year, the data indicates that Hispanic representation at the highest levels of Corporate America has stalled. Since 2003, Hispanics have made only minimal gains in board representation and only two percent of *Fortune 500* CEOs are Hispanic.

In 20 years, Hispanics remain woefully underrepresented at the decision making tables of the *Fortune 500*. This is a missed opportunity for Corporate America. The quickly shifting demographics of the U.S. will require Corporate America to step up and take notice of the Hispanic population or suffer the economic consequences of excluding the fastest-growing segment of the U.S. population.

Companies who wanted to stay ahead of the changing demographics and who wanted to ensure their product was relevant to the Hispanic population did so by opening the door to the boardroom in 1993. In 2013, those that have not done so yet are failing to tap into the tremendous potential of the group who will be their future workforce, their customer, and their biggest critic moving forward. Hispanic population growth is outpacing representation in Corporate America and it is time that the business world picks up the pace to achieving parity.

By and large, voluntary diversity efforts have failed, and we can no longer depend on companies to diversify their higher ranks because it is the right thing to do. We need to find a way to show them diversity is the rational thing to do and if that requires government intervention, so be it. Much in the way the government intervened in the 1960s to end employment discrimination among rank and file employees, we are in need of an intervention in picking up the pace to parity for Hispanics on corporate boards and in C-Suite positions.

Sincerely,

A handwritten signature in black ink that reads "Carlos F. Orta". The signature is fluid and cursive, with a prominent "C" and "O".

Carlos F. Orta
President & CEO

A SEARCH FIRM'S PERSPECTIVE, VICTOR ARIAS, JR., SENIOR CLIENT PARTNER, KORN FERRY



Slow Progress for Board Diversity

The slow progress made in board diversity can be traced directly to the economic crisis of 2008-2009, when companies focused almost solely on survival. From 2009 to 2012, there was very little board turnover, and when new members were recruited, most often they were former CEOs and CFOs who had expertise in navigating challenging times. That pool of candidates provided little to no diversity.

Overall, the percentage of female and under-represented minority directors has shown little progress. While we have seen some gains in Hispanic representation in the *Fortune 500* over the past decade, we have seen an overall decline in Hispanic representation across the *Fortune 1000*. In fact, representation on *Fortune 1000* boards is less than it was 10 years ago.

Now, however, some hopeful signs point to change. Over the past 18 months, there has been a resurgence of interest in greater diversity at the board level, with more representation of minorities and women. Companies in the consumer space, in particular, recognize the demographic changes that are impacting the marketplace—among them, the growth of the Hispanic community that accounts for 20 percent of the total U.S. population, and is projected to grow to about 30 percent in the coming decades.

The release of the 2010 census and the November 2012 presidential election were wake-up calls to many onlookers. The conclusion: the Hispanic market and voters are not to be ignored. To that end, companies recognize the competitive advantage of having board members who understand the tastes, preferences, and cultural influences of Hispanic consumers.

Today, savvy companies are beginning to look at board recruitment differently, outside the narrow scope of standing and former CEOs and CFOs, in order to gain leadership talent and representation by ethnic minorities. To improve recruitment of Hispanic board members, groups such as HACR and search firms like Korn Ferry must be proactive in bringing qualified, potential candidates to the attention of Corporate America. These leaders can come from a variety of backgrounds, including general managers of large business units, CEOs of smaller-cap companies, board members of private equity-backed firms, or trustees of foundations and universities who bring valuable governance experience.

At the same time, boards need to understand how their companies embrace diversity and inclusion (“D&I”) throughout their organizations. Corporations and boards are conducting diversity audits to determine the strength and gaps related to D&I as a corporate value. Similarly, boards are using board effectiveness tools to study their progress on issues like D&I among the directors and within the corporation.

Given the importance of talent development and succession at all levels of organizations, greater attention to D&I initiatives will increase the breadth of the talent pool. Among the younger generation, attracting the best and brightest minority candidates can best be accomplished when a company’s board and executives are also diverse.

The next five years will be crucial in how well Corporate America moves the needle on improving board diversity. A lack of progress may invite more calls to mandate change as has happened along the gender front in parts of Europe. Corporate America must take a leadership role in making these changes. After all, this is about smart business.

ABOUT VICTOR ARIAS, JR.

Victor Arias, Jr. is a senior client partner and leader, Global D&I Initiative, for Korn Ferry, based in the firm’s Dallas Office. Korn Ferry is the world’s largest executive search firm and a leader in talent management.



EXECUTIVE SUMMARY & KEY FINDINGS

Shifting demographics have brought the Hispanic population to the forefront of the U.S. political, financial, and business pictures. There is no doubt that as the population of Hispanics continues to grow, Corporate America will need to step up and take notice of this population.

For nearly 30 years, HACR has been leading the charge for inclusion of Hispanics in Corporate America. During this time we have celebrated the accomplishments and forward thinking of some companies and their efforts to embrace diversity in the pursuit of their goals for success.

This year marks the 20th anniversary of HACR's benchmarking of Hispanic inclusion at the highest levels of Corporate America. Between 1993, 2003, and 2007, we saw significant momentum in Hispanic representation in the corporate boardroom. However, this year's data suggests the momentum has been lost and while yes, there were some gains, it is important to highlight these gains were at best minimal and not nearly representative given the size and financial strength of the U.S. Hispanic population.

The picture is sobering. Between 2007 and 2013, Hispanic representation in the corporate boardroom increased by less than one percent. The number of Hispanics serving as CEO increased from six to 10,

a 67 percent increase, but that number still only represents two percent of CEOs in the *Fortune 500*. Hispanics continue to be underrepresented at the highest level of Corporate America.

The picture for women is even more dismal. Latinas currently hold less than one percent of board seats in the *Fortune 500*. Unfortunately, this trend has not changed significantly since the inception of this report in 1993 and carries over into the executive leadership of the nation's largest companies. Currently, not one company in the *Fortune 500* is run by a Latina. And while we have seen some improvements for women generally in this respect, for Latinas, assuming the helm of a *Fortune 500* company continues to remain an elusive goal.

There are of course, a number of reasons why we may be observing these trends. Perhaps the recent economic downfall has led companies to play it safe with board appointments in an effort to minimize risk and avoid potential financial loss. Or perhaps diversity is no longer seen as such a priority within Corporate America. We don't know, but nonetheless, the quickly shifting demographics of the country and the increasing buying power of the Hispanic consumer warrant further consideration of this lack of representation. America's economic future depends on the Hispanic community.

KEY FINDINGS

IN 2013...

HISPANICS HELD **THREE PERCENT** OF SEATS IN THE BOARDROOM OF THE *FORTUNE 500*.

70 PERCENT OF THE *FORTUNE 500* DID NOT HAVE A HISPANIC ON THEIR BOARD.

LATINAS HELD LESS THAN **ONE PERCENT** OF BOARD SEATS IN THE *FORTUNE 500*.

THERE WERE ONLY **10** HISPANIC CEOs IN THE *FORTUNE 500*.

134 HISPANIC INDIVIDUALS HELD 172 BOARD SEATS IN THE *FORTUNE 500*.

ONLY **FOUR PERCENT** OF *FORTUNE 500* COMPANIES HAD MULTIPLE HISPANICS ON THEIR BOARD.

PICKING UP THE PACE TO PARITY

This year's *Corporate Governance Study* (CGS) shows that while we have made some gains in the number of seats held by Hispanics in the boardroom those gains are negligible at best. Impactful change requires thoughtful consideration of the factors that may be replicating such poor diversity among the corporate elite and what is necessary to change the status quo.

To help Corporate America understand this, we lay out the essential components of a business case: reflecting the marketplace, increasing innovation, and improving financial performance and relate them to Hispanic inclusion. The time is now for Corporate America to pick up the pace to parity and here is the road map for how to do it.

REFLECT THE MARKETPLACE

Today Hispanics account for more than 50 million consumers who collectively possess \$1.3 trillion in buying power, a figure which makes them the world's 14th largest economy.² Couple this with rising per capita incomes and a young population with aspirations for a strong future, and it is clear that a competitive edge necessitates the full integration of Hispanics into companies across America. Clearly then, for a company to reflect the marketplace and enhance its reputation with the Hispanic consumer, these changing demographics would tell Corporate America that the logical move would be to embrace representation of this segment of the market on their board and in their C-Suite. Only through this can our nation's largest companies leverage the talent pool that is available to carry them into the future. The fact remains that this is not a collective vision shared by Corporate America. As such, Hispanics are woefully underrepresented in the boardroom and corner office.

INCREASE INNOVATION

As we emerge from challenging economic times, companies have had to reimagine what R&D means and re-conceptualize it to include leveraging all available talent. Diversity in leadership is one way companies have continued to grow and prosper amid this economic climate. Diversity is good for

innovation because it enhances creativity, problem-solving, and performance by capitalizing on differences.³ And while there are some who would argue that diversity is counterproductive because it introduces conflict into what would otherwise be a cohesive group, there are equally as many who would say that greater group cohesion results in decreased ability to adapt to change and decreased innovation.⁴ In the current economic climate, there aren't too many companies who can afford to decrease adaptability and innovation.

IMPROVE FINANCIAL PERFORMANCE

Effective corporate governance improves the financial performance of the corporation. Corporate governance at its best leads an organization to success in business through the practice of values, actions, and accountability towards investors, employees, and stakeholders. Hispanics can bring different experiences, insights, and guidance to boards and can help develop competitive strategies to vie in today's global market. Given that shareholder value is inextricably linked to a company's ability to compete, grow revenues, cut costs, and increase profits in the global market, corporations need leadership and management that understand this dynamic sphere and that are representative of it as well. Hispanics bring that understanding to the board. The recruitment of Hispanic directors will provide a fresh perspective which can help develop new strategies necessary for success in today's competitive market.

RENEWED INTERVENTION

Much of the conversation regarding diversity in Corporate America has centered around relying on companies to "do the right thing;" to make a rational decision which will improve their companies' position. Over time we have learned that relying on Corporate America to implement voluntary diversity and inclusion programs, strategies, and plans has not had the anticipated impact on diversifying the highest ranks within the *Fortune 500*. Voluntary diversity efforts by and large have not worked. Women and minorities, and Hispanics specifically, have only made minimal gains in the past 20 years. An intervention is needed.

² U.S. Census Bureau, Population Division Release Date: December 2012

³ Herring, Cedric (2009). "Does diversity pay?: Race, gender, and the business case for diversity." University of Illinois at Chicago. Chicago, Illinois.

⁴ IBID

20 YEARS OF SLOW AND STEADY PROGRESS?

Tracking Hispanic representation on corporate boards is, at best, similar to trying to hit a moving target. Corporate governance is quite dynamic and can be influenced by a number of factors including the financial position of the company, operating strategies, and other appointments held by prospective board members. Nevertheless, HACR has been tracking Hispanic representation in *Fortune 500* boardrooms for 20 years now in an effort to improve the representation of Hispanics at the highest levels of Corporate America.

The figure below plots the gains that Hispanics have made in the corporate boardroom since 1993 against Hispanic population growth in the same time period. Over the past 20 years, the Hispanic population has increased from six percent in 1990 to more than 16 percent in present day. In this same time period, Hispanics have gone from holding less than one percent of board seats in the *Fortune 500* to just over three percent in 2013. Although this represents an increase of two percentage points, 20 years have passed and that increase is not representative of the size of the Hispanic population, their potential for continued growth, or their purchasing power.

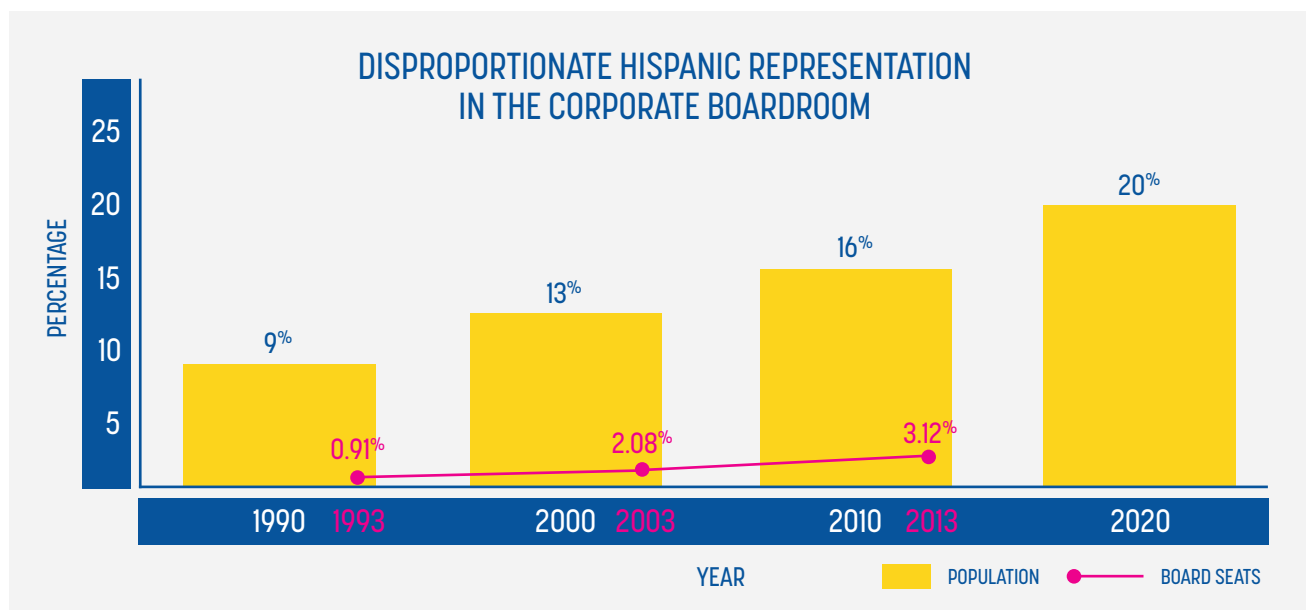
Today, 134 Hispanics hold 172 board seats out of 5,511 total seats in the *Fortune 500*, again representing just more than three percent of board seats. Among the *Fortune 500*, 348 companies have no Hispanic board members, leaving only 152 with Hispanic representation on their board. For those companies

with Hispanics on their board, the majority (133) had only one Hispanic board member and 19 companies had multiple Hispanic directors in 2013.

In both 1993 and 2003, there was one company in each census with three Hispanic board members - CITGO Petroleum Corporation in 1993 had three Hispanic board members and in 2003 the Kellogg Company also had three Hispanic directors. Today as in the previous reports, only one company, Honeywell International Inc., has three Hispanic directors. At a time when the U.S. is experiencing major demographic shifts, the power of the voice of the Hispanic community is being heard, and the effect of their purchasing power is being felt, it seems that Hispanics are still underrepresented at the decision making tables of this nation's largest companies.

WHY THIS MATTERS!

A company's bottom line is inextricably linked to its ability to compete in an increasingly global economy. Diversity among directors who serve in the boardrooms of Corporate America's largest firms is required to provide the necessary leadership in an ever changing global marketplace. Hispanics bring different insights, experiences, and guidance to the table – all essential components for continued success in today's global environment. Moreover, many Hispanic directors bring with them an understanding of their community, which can help foster a company's success among the Hispanic demographic more generally.



MEET THE DIRECTORS

HACR is highlighting several directors this year as part of the Corporate Governance Study. Across the next several pages, you will see biographies and photos of selected directors from some of HACR's member companies, others from non-member companies who participated in the data verification process, and some who are members of the Latino Corporate Directors Association and who participate in HACR's annual Corporate Directors Summit™.



DR. RICHARD CARMONA, M.D., M.P.H., FACS

THE CLOROX COMPANY

Dr. Richard H. Carmona has been vice chairman of Canyon Ranch (a life-enhancement company) since October 2006. He also serves as chief executive officer of the Health division and president of the nonprofit Canyon Ranch Institute. He is also the first Distinguished Professor at the Zuckerman College of Public Health at the University of Arizona.

Prior to joining Canyon Ranch, Dr. Carmona served as the 17th Surgeon General of the U.S. (2002-2006), achieving the rank of Vice Admiral. Previously, he was chairman of the State of Arizona Southern Regional Emergency Medical System; a professor of surgery, public health, and family and community medicine at the University of Arizona; and surgeon and deputy sheriff of the Pima County, Arizona, Sheriff's Department. Dr. Carmona served in the U.S. Army and the Army's Special Forces.



DR. MARTA TIENDA

TIAA-CREF

Marta Tienda has been the Maurice P. During '22 Professor in Demographic Studies at Princeton University since 1999, where she joined the faculty as professor of Sociology and Public Affairs in 1997. From 2010 to 2011, she was a research fellow at the New York University Center for Advanced Research in Social Sciences.

Dr. Tienda is on the boards of the Jacobs Foundation and the Alfred P. Sloan Foundation. She is also a member of the visiting committee at the Harvard University Kennedy School of Government, a member of the Diversity Advisory Committee of Brown University, a director of the Consortium of Social Science Associations, and a member of the President's Advisory Commission on Education Excellence for Hispanics. She resumed service in 2012 as an advisor to the Stanford University Center for the Study of Poverty and Inequality.



ABELARDO BRU

KIMBERLY-CLARK CORPORATION AND KRAFT FOODS GROUP

Abelardo Bru retired as vice chairman of PepsiCo in 2005. He joined PepsiCo in 1976. Mr. Bru served from 1999 to 2003 as president and CEO and from 2003 to 2004 as CEO and chairman of Frito-Lay Inc., a division of PepsiCo. Prior to leading Frito-Lay, Mr. Bru led PepsiCo's largest international business, Sabritas Mexico as president and general manager from 1992 to 1999. Mr. Bru is a proud member of the board of directors of the Education is Freedom Foundation. Public company boards served on: Office Depot, Inc. (through December 2008) and Kraft Foods Group, Inc. (since October 2012).

20 YEARS OF PROGRESS FOR LATINAS?

In the past 20 years we have seen an increase in the representation of Hispanic women in the corporate boardroom. In 1993, eight Latinas held 13 board seats in the *Fortune 500*. This number represented a paltry 0.20 percent of seats in the *Fortune 500*. In 2003, we saw a rise in the number of Latinas in the boardrooms of the *Fortune 500* with 18 Latinas holding 25 seats between them. While this represented a significant increase from 1993, it still was an extremely small proportion of the total board seats. In 2013, we have once again seen an increase in representation of Latinas with 30 Latinas holding 38 seats, but again, they collectively represent less than one percent of the board elite of the *Fortune 500*.

Gains for Latinas have flatlined. Between the last time the *Corporate Governance Study* was conducted (2007) and today, Latinas have actually experienced no change in the proportion of seats held (0.68 percent).

WHY THIS MATTERS!

Recent research indicates that Latinas are the primary decision makers in the Hispanic community, yet this voice, which is largely responsible for making the financial decisions of how that \$1.3 trillion is being spent, is absent from the table. We see this as a missed opportunity for Corporate America. Companies are missing out on this voice and the innovation, creativity, and insights that this group provides.

Additionally, U.S. Census research indicates that Latina-owned businesses are the fastest-growing segment of the entrepreneurial market.⁵ Successful Latina entrepreneurs are a potential source for directorships. These Latina entrepreneurs can bring with them the required experience of managing successful operations as well as a significant understanding of the Hispanic community. Failure to capitalize on this knowledge and experience is another missed opportunity for Corporate America.



IN 2013...



**LATINAS HELD 38 OUT OF 5,511
BOARD SEATS AT FORTUNE 500
COMPANIES.**

⁵ U.S. Census Bureau, Population Division Release Date: December 2012

PROFILES OF LATINA DIRECTORS



LINDA ALVARADO

3M AND PITNEY BOWES

Linda Alvarado is president and chief executive officer of Alvarado Construction, Inc., a commercial general contracting firm based in Denver, CO. The firm specializes in commercial, industrial, environmental, and heavy engineering projects and has successfully constructed numerous projects throughout the U.S. and internationally.

Ms. Alvarado made history as the first Hispanic owner of a major league baseball franchise. As a co-owner of The Colorado Rockies her role is also significant as it marked the first time that any woman was involved in a bid for ownership of a Major League team.

Ms. Alvarado is also a corporate director of 3M and Pitney Bowes. Her leadership in business, civic, and charitable organizations has earned her numerous awards for achievement. She is a founding member and past chairman of the board of the Denver Hispanic Chamber of Commerce and has served as a Commissioner of the White House Initiative for Hispanic Excellence in Education.



KIMBERLY CASIANO

FORD MOTOR COMPANY

Kimberly Casiano is the president of Kimberly Casiano & Associates, a consulting firm specializing in recruitment and diversity for companies targeting the Hispanic market. She currently serves on the board of directors of Ford Motor Company, Mutual of America, and Mead Johnson Nutrition.

Ms. Casiano is on the board of trustees of the Hispanic College Fund, as well as the board of advisors of the Moffitt Cancer Center in Tampa, Florida. She is a member of the Corporate Directors Council of the Hispanic Association on Corporate Responsibility and former chapter chair of the Young Presidents' Organization in Puerto Rico.



CARI M. DOMINGUEZ

MANPOWERGROUP

Cari M. Dominguez is a corporate director for ManpowerGroup, the Calvert SAGE Fund, and the former chair of the U.S. Equal Employment Opportunity Commission (EEOC).

As chair of the EEOC, she served as the CEO of the Commission, leading and directing all policy matters and operational aspects of the nation's lead agency pertaining to federal equal employment opportunity laws. She worked with the U.S. Department of Labor in various capacities, and during her tenure, launched and led the Labor Department's Glass Ceiling Initiative, a program designed to remove invisible barriers from the workplace. Previously she held senior human resources positions at Bank of America and was a partner and director at two globally recognized executive search firms.

20 YEARS OF PROGRESS FOR HISPANIC FOREIGN NATIONALS?

As with the earlier discussion on Hispanic board seats generally and Latinas, we have seen an increase in the number of board seats held by Hispanic foreign nationals. In 1993, 11 foreign nationals held 13 board seats; 0.20 percent of all seats in the *Fortune 500*. In 2003, these numbers more than doubled with 21 individuals holding 29 seats. However, the gains between 2003 and 2013 were not as significant with only 28 Hispanic foreign nationals holding 35 board seats within the *Fortune 500*.

Similar to the trends for Latinas, these gains have been minimal at best and between 2007 and today, foreign nationals, like Latinas, have actually experienced a slight loss in the proportion of seats held (0.68 percent versus 0.64 percent).

WHY THIS MATTERS!

As with our discussion about women and Hispanics more generally, the absence of foreign nationals from the boardrooms of the corporate elite is a missed opportunity for Corporate America. As global citizens, foreign nationals can offer their perspective on the global market. Their lack of representation further hinders companies seeking to tap the global marketplace to help their bottom line.

In 1993, foreign nationals accounted for nearly 22 percent of the seats held by Hispanics. In 2003, we saw this percentage increase to 24 percent. Today, Hispanic foreign nationals account for 20 percent of the seats held by Hispanics. Overtime we have seen an overall decline in the use of Hispanic foreign nationals to fill available board seats.

The decline in the proportion of Hispanic foreign national directors in the *Fortune 500* is also worthy of discussion as it can perhaps be seen as an indicator that companies are starting to refocus their attention on the U.S. Hispanic population.

In 2013, Hispanic foreign nationals held **less than one percent** of the board seats in the *Fortune 500*.

37%
entered the U.S.
since 2000.

36.2%

of the U.S. **Hispanic** population
was foreign-born in 2011.

Only 5.5% of the **Hispanic** Foreign born population entered the U.S. before 1970.

Over **half (53%)** of the foreign-born population in the U.S. is from **Latin America**.

PROFILES OF FOREIGN NATIONAL DIRECTORS



JAIME CHICO PARDO

AT&T AND HONEYWELL INTERNATIONAL

Jaime Chico Pardo is founder and CEO of ENESA (a private fund investing in the energy and health care sectors in Mexico). He was co-chairman of the board of Teléfonos de México, S.A.B. de C.V. (Telmex), and previously served as its chairman from 2006 until 2009 and its vice chairman and CEO from 1995 until 2006. He was co-chairman of IDEAL (Impulsora del Desarrollo y el Empleo en América Latina, S.A. de C.V., a publicly listed company in Mexico in the business of investing and managing infrastructure assets in Latin America) from 2006 to 2010 and served as chairman of Carso Global Telecom, S.A. de C.V. (a telecommunications holding company) from 1996 to 2010.

Mr. Chico is a director of Honeywell International Inc. and has been a director of AT&T since 2008. He holds a B.A. in industrial engineering from Universidad Iberoamericana and earned his MBA from the University of Chicago Graduate School of Business.



CARLOS REPRESAS

MERCK & CO, INC.

Mr. Represas is retired chairman, Nestlé Group Mexico, since 2011, prior to which he served as chairman since 1983, and non-executive chairman, Bombardier Latin America since 2011.

His roles include, director, Bombardier Inc. since 2004 (aerospace & transportation company), Swiss Re Group and Swiss Re America Holding Corporation since 2010 (reinsurance and insurance companies); Board Member, Mexican Health Foundation since 1985 (not-for-profit private organization); Trustee, National Institute of Genomic Medicine, Ministry of Health, Mexico since 2004; Member, Latin America Business Council and the Dean's Advisory Board, Harvard School of Public Health. Mr. Represas was also a director of Merck Sharp & Dohme Corp. (formerly known as Merck & Co., Inc.) from February to November 2009 and served on the board of Vitro S.A.B. de C.V. from 1998 to 2008 (glass manufacturing company).



ANNA R. CABLIK

BB&T CORPORATION

Anna R. Cablik serves as president of Anasteel & Supply Company. The self-made entrepreneur began her career in the mid-'70s as a clerk at an Atlanta construction materials company and worked her way up to vice president of the business in seven years. In 1982 – with \$500 and one employee – she left to start her own business, Anatek Inc., a subcontractor specializing in highway bridges.

Since 2004, she has sat on the board for BB&T Corporation as a director. Ms. Cablik earned her undergraduate degree in medical technology from Panama's Canal Zone College.

RECOGNIZING THE COMMITMENT TO DIVERSITY

A number of companies have demonstrated a steadfast commitment to Hispanic inclusion in governance activities by including multiple Hispanic directors on their board. In 2013, 18 companies had two Hispanic directors. This represents an increase from 2003 when only nine companies had two Hispanic directors and from 1993 when only four companies had made this commitment. Consistent with past years, only one company, Honeywell International Inc., had more than two Hispanic directors.

COMPANIES WITH MULTIPLE HISPANIC DIRECTORS

ADVANCE AUTO PARTS

AMR

AUTOMATIC DATA PROCESSING

THE CLOROX COMPANY

EASTMAN CHEMICAL COMPANY

EDISON INTERNATIONAL

HONEYWELL INTERNATIONAL

KIMBERLY-CLARK CORPORATION

MANPOWERGROUP

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

THE MCGRAW-HILL COMPANIES

MOLINA HEALTHCARE INC.

NEWS CORP.

NII HOLDINGS

PHILLIPS VAN HEUSEN

PITNEY BOWES INC.

RYDER SYSTEM, INC.

WELLS FARGO & COMPANY

THE WESTERN UNION COMPANY

HACR would like to recognize Corporate Member, Wells Fargo & Company, for recognizing the value of diversity and the ways in which having Hispanic board members can contribute to their long-term success.



ENRIQUE HERNANDEZ, JR.

BOARD MEMBER, WELLS FARGO & COMPANY

Mr. Hernandez has served as the chairman, president and CEO of Inter-Con Security Systems, Inc., a provider of security services located in Pasadena, California, since 1984. Before joining Inter-Con Security Systems, Mr. Hernandez was a litigation attorney with Brobeck, Phleger & Harrison in Los Angeles. He graduated with honors from Harvard University and went on to attend Harvard Law School, from which he graduated in 1980. Mr. Hernandez is also a director of Chevron Corporation, McDonald's Corporation, and chairman of the board of Nordstrom, Inc. He is also a member of the board of trustees of the University of Notre Dame, and a member of the Harvard College Visiting and Harvard University Resources Committees and The John Randolph Haynes and Dora Haynes Foundation.



FEDERICO PEÑA

BOARD MEMBER, WELLS FARGO & COMPANY

Mr. Peña has been a senior advisor of Vestar Capital Partners, a global private equity firm headquartered in New York, since January 2009 and previously served as a managing director of Vestar from 1999 to 2009. Prior to joining Vestar, he led the Department of Energy from 1997 to 1998 and the Department of Transportation from 1993 to 1997. He founded and was president and CEO of Peña Investment Advisors, an asset management firm, from 1991 to 1993. Mr. Peña served as the mayor of the city and county of Denver, Colorado from 1983 to 1991 and in the Colorado House of Representatives from 1979 until 1983. He is a member of the board of directors of Sonic Corporation and the Toyota North American Diversity Advisory Board, as well as a member of several non-profit organizations, including the COMPETE Coalition. Mr. Peña earned his undergraduate and law degrees from the University of Texas.

HISPANIC CEOS IN THE *FORTUNE* 500

In general we have seen an increase in the number of Hispanics serving as CEOs of *Fortune 500* companies since 1981 when Roberto Goizueta became the first Hispanic CEO in the *Fortune 500*. In 1993 and 2003, less than one percent of the *Fortune 500* companies were led by Hispanics. Today, two percent of *Fortune 500* companies have Hispanic CEOs.

CEO ⁶	COMPANY NAME	<i>FORTUNE</i> 500 RANK IN 2013
GEORGE PAZ	EXPRESS SCRIPTS HOLDING COMPANY	24
JOSUE ROBLES, JR.	THE UNITED SERVICES AUTOMOBILE ASSOCIATION	139
ANDRES GLUSKI	THE AES CORPORATION	153
ANTONIO URCELAY ⁷	TOYS "R" US, INC.	204
CARLOS RODRIGUEZ	AUTOMATIC DATA PROCESSING	255
J. PAUL RAINES	GAMESTOP	298
JOSEPH ALVARADO	COMMERCIAL METALS COMPANY	335
ROBERT SANCHEZ	RYDER SYSTEM, INC.	404
PAUL DIAZ	KINDRED HEALTHCARE INCORPORATED	410
J. MARIO MOLINA	MOLINA HEALTHCARE INC.	423

Now is the time for Corporate America to embrace Hispanics and expand the professional opportunities available to them. The Hispanic imprint is being felt on American culture but not in the American boardroom. For Corporate America, it is essential to include Hispanics into the fabric of their existence including at the very top of their company.



J. PAUL RAINES
CEO, GAMESTOP

J. Paul Raines is the chief executive officer of GameStop. Mr. Raines and his team have led the transformation of GameStop into the leading multichannel player in video gaming, building online platforms, download and streaming technologies, and maintaining world-class retail store operations. Operating in 15 countries across Europe, Canada, Australia, and the United States, GameStop is one of the most global retailers in the world. Mr. Raines currently sits on the board of directors of Advance Auto Parts.

"Being an Hispanic CEO means I can see our customers, employees, and shareholders in a broader and richer context. At the same time, it's important for me to continue creating opportunities for Hispanic and other diverse leaders in our business and give back for the opportunities I have received."

- J. Paul Raines
CEO, GameStop

⁶Note this listing does not include Richard Gonzalez, the CEO of the newly formed company AbbVie which split from Abbott Labs in 2013. At the time of publication their *Fortune 500* rank was unknown.

⁷Antonio Urcelay was named interim CEO of Toys "R" Us in May 2013 and subsequently appointed CEO in October 2013.

ONE COMPANY WHO'S GOTTEN IT RIGHT - RYDER SYSTEM, INC.

HACR would like to recognize Ryder System, Inc. for its steadfast commitment to Hispanic inclusion at all levels and share with you its perspective on the importance of diversity.

THE RYDER WAY

At Ryder we know that the most successful companies are those that can attract and retain a diverse base of employees. For our workforce, diversity means being inclusive of people with different backgrounds and experiences who can bring innovative perspectives to Ryder's business. This diversity of thought helps drive innovation and improve the effectiveness of Ryder's solutions, which are critical to our future success.

To ensure diversity is a consistent part of Ryder's organizational DNA, the tone comes from the top. The Ryder Diversity & Inclusion Council was established

in 2009 and is led by Chairman and CEO, Robert E. Sanchez. The Council's mission is to recommend diversity and inclusion initiatives that attract, develop, and optimize best in class talent and support the achievement of Ryder's business objectives. The Council consists of senior and executive leaders from across the company.

Many people know Ryder best for its familiar trucks and logistics solutions, but what really differentiates the company is the quality of its people. These are the people who work behind the scenes to help deliver products for some of the most well-respected brands in the world.

Ryder's employees are critical as we focus on new and innovative ways to solve our customers' problems and grow Ryder's business.



ROBERT E. SANCHEZ
CHAIRMAN & CEO, RYDER SYSTEM, INC.

Robert E. Sanchez is chairman and chief executive officer of Ryder System, Inc., a *Fortune 500* transportation and supply chain management solutions company. Over the course of two decades at Ryder, Mr. Sanchez has served in senior executive leadership positions in operations, finance, and information technology.

Mr. Sanchez serves on the board of directors of Texas Instruments and serves on the board's compensation committee. He also serves on the board of directors of the Truck Renting and Leasing Association (TRALA), as well as the Association of Cuban Engineers (ACE), for which he chairs the Scholarship Foundation. Mr. Sanchez earned his MBA from The Wharton School at the University of Pennsylvania and a Bachelor of Science in Electrical Engineering from the University of Miami.



LUIS P. NIETO
BOARD MEMBER, RYDER SYSTEM, INC.

Luis (Lou) P. Nieto currently serves on the board of directors of Ryder System, Inc. and AutoZone. Mr. Nieto retired as consumer foods president for ConAgra Foods, one of North America's largest packaged foods companies, in 2009. Prior to ConAgra Foods, he was president and chief executive officer of the Federated Group, a private label supplier to the retail grocery and food service industries from 2002 to 2005. Mr. Nieto earned a Bachelor of Arts from the University of Chicago and an MBA from Harvard Business School. He is also a graduate of St. Ignatius College Prep in Chicago.

ABOUT RYDER SYSTEM, INC.

Ryder is a *Fortune 500* commercial transportation, logistics and supply chain management solutions company. Ryder's stock (NYSE: R) is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index. Ryder operates two, inter-related business segments: Fleet Management Solutions (FMS) and Supply Chain Solutions (SCS). Ryder's FMS business provides one-stop outsourcing of a range of solutions for commercial truck fleet operators, including vehicle maintenance, leasing and rental, used vehicle sales, as well as services such

as roadside assistance, fueling, safety and financing options. Ryder's SCS business offers a broad range of innovative solutions designed to optimize day-to-day logistics operations and synchronize the supply of parts and finished goods with customer demand. Solutions are strategically engineered to address customer requirements, and include lead logistics management, dedicated services, warehousing, transportation management, packaging, and other value-added services. For more information on Ryder System, Inc., visit www.ryder.com.



CRISTINA A. GALLO-AQUINO

VICE PRESIDENT AND CONTROLLER, RYDER SYSTEM, INC.

Cristina ("Cristy") Gallo-Aquino is vice president and controller of Ryder System, Inc., a *Fortune 500* transportation and supply chain management solutions company. In this position, she is responsible for corporate accounting and planning, internal and external financial reporting, and various accounting departments.

Ms. Gallo-Aquino is a member of Ryder's Diversity & Inclusion Council, a team of 11 cross-functional business leaders that works to drive accountability for diversity initiatives within Ryder. Ms. Gallo-Aquino is a member of the American Institute of Certified Public Accountants and the National Association of Women MBAs.

Ms. Gallo-Aquino is a Florida Certified Public Accountant and holds an MBA and a Bachelor of Science in Accounting (cum laude) from Florida International University.



FRANK LOPEZ

SENIOR VICE PRESIDENT, GLOBAL HUMAN RESOURCES OPERATIONS, RYDER SYSTEM, INC.

Frank Lopez is senior vice president of Global Human Resources Operations for Ryder System, Inc., a *Fortune 500* transportation and supply chain management solutions company. He is responsible for leading Ryder's field Human Resources support function globally for both the Fleet Management Solutions and Supply Chain Solutions divisions, as well as Central Support Services.

Mr. Lopez has a Bachelor's in Political Science from Florida International University and a JD from Emory University School of Law.

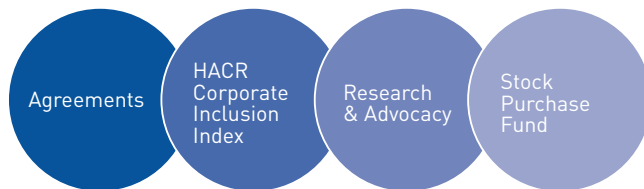
MOVING THE NEEDLE

The numbers are clear: Hispanic representation on corporate boards has stalled. In the 10 years between 1993 and 2003, board seats held by Hispanics more than doubled. However, between 2003 and 2013, Hispanic representation has only grown by a small proportion. In fact, since the *2007 Corporate Governance Study*, we have only seen minimal gains. Clearly relying on companies to diversify themselves and their boards is not working – something else needs to be done to help move the needle along.

HACR CORPORATE ACCOUNTABILITY STRATEGY

HACR's board adopted the HACR Corporate Accountability Strategy in 2009. The strategy provides a roadmap for HACR to identify and report on, in collaboration with *Fortune 500* companies and HACR corporate members, Hispanic inclusion in Corporate America. The HACR Corporate Accountability Strategy is comprised of several focus areas designed to aid HACR in achieving its objectives in measuring and encouraging Hispanic inclusion:

CORPORATE ACCOUNTABILITY STRATEGY



AGREEMENTS

Establish contractual relationships with corporate members, which 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 corporations.

HACR CORPORATE INCLUSION INDEX

Takes a comprehensive measurement of the business practices and corporate strategies of participating companies around HACR's four pillars: Employment, Procurement, Philanthropy, and Governance.

RESEARCH & ADVOCACY

Allows HACR to gather data on *Fortune 500* companies, to make survey requests of these corporations, and to partner with other research and advocacy organizations to study the diversity performance of *Fortune 500* companies. One such partnership is the Alliance for Board Diversity.

Founded in 2004, the Alliance for Board Diversity (ABD) is a collaboration of HACR and three leadership organizations: Catalyst, The Executive Leadership Council (ELC), the Leadership Education for Asian Pacifics, Inc. (LEAP); and The Prout Group, Inc., an executive search firm, which is a founding partner of the ABD and serves as advisor and facilitator. The ABD's mission is to enhance shareholder value in *Fortune 500* companies by promoting inclusion of women and minorities on corporate boards.

STOCK PURCHASE FUND

An actionable plan to invest in and support companies that help advance HACR's mission and access to companies that remain unaware of the benefits of Hispanic inclusion to their profitability. Currently, HACR owns stock in 50 companies.

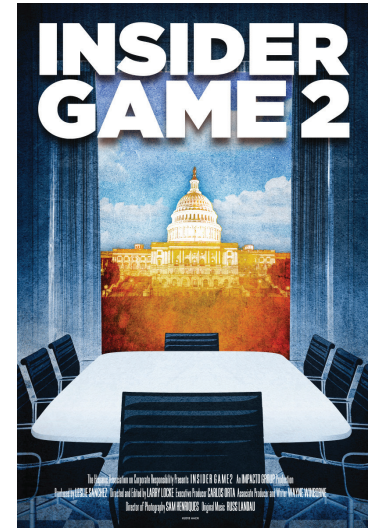
Through its Corporate Accountability Strategy and its partnership with the ABD, HACR has sought to raise awareness surrounding the issue of Hispanic representation in Corporate America. For the past three decades, HACR has been committed to advancing the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions. In pursuit of this mission, HACR has created a number of initiatives and programs to not only raise awareness about this issue but also to help develop and prepare qualified individuals to fill these vacancies. Across the next several pages, more information is provided on these programs and initiatives.

INSIDER GAME: HACR'S AWARD-WINNING DOCUMENTARY

Second installment of award-winning documentary, *Insider Game 2*, continues to advocate for the inclusion of Hispanics in Corporate America

Insider Game 2 (IG2) continues the story of Hispanic-American corporate leaders grappling with their lack of representation in the boardroom. IG2 picks up where the 2012 award-winning documentary *Insider Game* left off and follows the efforts of these leaders and the Hispanic Association on Corporate Responsibility (HACR) as they employ a three-pronged strategy to push for greater inclusion of Hispanics in America's corporate boardrooms.

IG2 is one of the components of HACR's Advocate campaign, an initiative that highlights the need for support from all sectors to ensure Hispanics are fairly and prominently included at the highest corporate levels from the boardrooms of large corporations to the halls of Wall Street. The campaign's call-to-action is to jump-start the dialogue for diversity and inclusion in the ever-changing American demographics.



LUIS A. AGUILAR
U.S. SECURITIES AND EXCHANGE COMMISSIONER

Luis A. Aguilar has been a Commissioner at the U.S. Securities and Exchange Commission since July 31, 2008. He was appointed by President George W. Bush and was reappointed by President Barack Obama.

Prior to his appointment, his practice included matters pertaining to general corporate and business law, international transactions, investment companies and investment advisers, securities law, and corporate finance. Commissioner Aguilar represents the Commission as its liaison to both the North American Securities Administrators Association and to the Council of Securities Regulators of the Americas.

Commissioner Aguilar has received various honors and awards, including: recipient of Honorary Doctor of Public Service, awarded by Georgia Southern University (2013); recipient of the Atlanta Falcons "2012 NFL Hispanic Heritage Leadership Award" (2012); named by *Poder Hispanic* as one of the "100 Most Influential Hispanics in the Nation" (2011); named by *Latino Leaders* magazine as one of the "Top 101 Most Influential Latinos in the United States" (2009, 2010, 2011 and 2012); named to the NACD Directorship 100, the Who's Who of the Boardroom (2009, 2010 and 2011); recipient of The Center for Accounting Ethics, Governance, and the Public Interest "Accounting in the Public Interest Award" (2010); and listed in Best Lawyers in America (2005, 2006, 2007, and 2008).

He is a graduate of the University of Georgia School of Law and also received a master of laws degree in taxation from Emory University. Commissioner Aguilar serves as sponsor of the SEC's Hispanic and Latino Opportunity, Leadership, and Advocacy Committee, the African American Council, and the Caribbean American Heritage Committee.

"Corporate boardrooms must open their doors to receive the benefit of our nation's rich diversity. It is the smart decision."

- Luis A. Aguilar
U.S. SEC Commissioner and
Insider Game 2 Cast Member

ABOUT THE HACR CORPORATE DIRECTORS SUMMIT™ (CDS)

Now in its seventh year, the purpose of the HACR Corporate Directors Summit™ (CDS) is to bring together Latinos currently serving on *Fortune 500* and/or HACR Corporate Member company boards and provide a platform to discuss timely and relevant issues.

HACR CDS business sessions are led by directors themselves or governance experts, and provide a unique platform to discuss challenging boardroom issues through “off-the-record” conversations, encouraging candid discussions and ensuring privacy.

The HACR CDS focuses on HACR’s mission to advance Hispanic inclusion in Corporate America. The insights learned from the HACR CDS program allow HACR to better assist its corporate partners

and support increasing Hispanic inclusion on corporate boards.

THE 2014 HACR CDS WILL TAKE PLACE:
FRIDAY, APRIL 4 - SUNDAY, APRIL 6, 2014
THE US GRANT HOTEL
SAN DIEGO, CALIFORNIA

The 2014 HACR CDS promises to be an exciting weekend full of remarkable speakers, meaningful conversations regarding the future of the Hispanic community, and informative business sessions. Participants will also have an exceptional opportunity to network with fellow directors and C-Suite executives.



Top Row: Fernando Aguirre, Víctor Arias, Jr., Donna M. Alvarado, Darren Rebelez, and Luis P. Nieto Middle Row: Luis Ramirez, Gilbert F. Casellas, Cari M. Domínguez, Patricia Diaz Dennis, Tom Castro, Dr. J. Mario Molina, and Al Zapanta. Front Row: Lu M. Córdova, Patricia Salas Pineda, Aida Alvarez, Jose Luis Prado, Alejandro Silva, Nelson A. Diaz, and Michael Montelongo.

PROFILES OF HACR CDS PARTICIPANTS



GILBERT F. CASELLAS

PRUDENTIAL FINANCIAL, INC.

Gilbert F. Casellas is chairman of OMNITRU, a Washington, D.C.-based consulting and investment firm focusing on defense, intelligence, and homeland security technologies. Before OMNITRU, he led Dell's global corporate responsibility function. During the Clinton Administration, he was chairman of the Equal Employment Opportunity Commission, general counsel of the Air Force, and co-chairman of the Census Monitoring Board.

He has been a member of the board of Prudential Financial, Inc. since 1998 and a trustee of the University of Pennsylvania since 1996 and also serves on the advisory board of Toyota North America, on the board of the Congressional Hispanic Caucus Institute, and chairs the National Hispanic Advisory Council of Comcast Corporation. He received his B.A. from Yale and his J.D. from the University of Pennsylvania.



DONNA M. ALVARADO

CSX CORPORATION

Donna M. Alvarado is the founder and president of Aguila International, a business consulting firm. Her experience in corporate governance includes the manufacturing, banking, transportation, and services industries. She currently serves as a director of CSX Corporation, Corrections Corporation of America, and Park National Bank.

Ms. Alvarado also serves on the boards of the Lindorf Foundation and the Columbus Council on World Affairs. During the past five years, she has served as chairwoman of the Ohio Board of Regents and has led state and national workforce policy boards.



FERNANDO AGUIRRE

AETNA, INC.

Fernando Aguirre is the former chairman and CEO of Chiquita Brands International as well as a speaker, multinational business executive, marketing, and leadership expert. He currently serves on the boards of Aetna, Inc., Levi Strauss & Company and Barry Callebaut. He is a member of Duke University's Fuqua School of Business, Coach K Center On Leadership and Ethics (COLE) board and the advisory council of the Bechtler Museum of Modern Art in Charlotte, N.C.

He is a member of YPO's Intercontinental Chapter and is a member of WPO's Rebel Chapter (Charlotte/Atlanta). In 2001, Mr. Aguirre was a founder and first chairman of the advisory board to the Marshall School of Business at the University of Southern California. He earned his B.S. in Business with a Marketing major in 1980. He was elected to the Athletic Hall of Fame at SIUE in 2007 and to the Alumni Hall of Fame in 2009. In 2012, Mr. Aguirre received an honorary doctoral degree from SIUE.

ABOUT THE LATINO CORPORATE DIRECTORS ASSOCIATION (LCDA)

THE LCDA MISSION:

To increase the number and influence of Latinos on corporate boards to enhance America's economic competitiveness.

Since 2008, Latino corporate directors have gathered annually at the HACR CDS to share knowledge, valuable experiences, and perspectives on the state of Latino participation on the boards of Corporate America.

Recognizing the need to increase the number of Hispanics serving on corporate boards, at the 2010 HACR CDS, the CDS participants discussed the need to launch a new entity led by directors separate from HACR to drive the necessary change in Corporate America. In 2011, a recommendation was put forth to form the Latino Corporate Directors Association (LCDA) and the Latino Corporate Directors Educational Foundation (LCDEF).

In 2012, an interim board was appointed and a mission statement was adopted. Since then both the LCDA and LCDEF have been officially incorporated.

Through the LCDA and LCDEF, the members hope to increase Latino representation on corporate boards and have pledged to continue to support HACR in this endeavor.

WHY:

"Unfortunately, between 2007 and 2011, we saw a decline in the number of Latino directors on corporate boards, the percentage of *Fortune 500* companies with Latino board members shrank from 19 percent to 13 percent."

- Patricia S. Pineda,
Chair, LCDA

WHAT:

"Realizing that organizations like HACR can only move the needle so far, we formed a 501(c)(6) membership organization and an associated 501 (c) (3) charitable foundation."

- Tom Castro,
Secretary, LCDA

WHO:

"We are recruiting self-identified Latinos, who are U.S. citizens or legal permanent residents that have served on the board of a public company listed on a major global exchange or a large private U.S. based company with more than \$250 million in annual revenues within the last five years, to join the LCDA."

- Luis P. Nieto,
Treasurer, LCDA

PROFILES OF THE LCDA EXECUTIVE COMMITTEE



PATRICIA SALAS PINEDA, CHAIR

LEVI STRAUSS AND COMPANY

Patricia Pineda is group vice president at Toyota Motor North America, Inc. (TMA) with primary responsibility for national philanthropy and the Toyota USA Foundation. Ms. Pineda joined TMA in September 2004 as group vice president of Corporate Communications and General Counsel.

Her many affiliations include: director, Levi Strauss & Co., Inc.; advisory trustee, The Rand Corporation; corporate advisory board member, National Council of La Raza; corporate advisory board member, Catalyst; member, The Conference Board's Contributions Council and Executive Committee; and member, Boston College Center for Corporate Citizenship's Executive Forum. Ms. Pineda received a B.A. degree from Mills College and a J.D. from the University of California at Berkeley.



TOM CASTRO, SECRETARY

TIME WARNER CABLE

Tom Castro is the founder and CEO of El Dorado Capital, a Houston-based boutique investment firm that partners with a select number of growth companies. El Dorado is also a vehicle for Mr. Castro to mentor younger entrepreneurs. He is also a partner in IMB a lower-middle market investment fund.

Mr. Castro serves on the board of Time Warner Cable. He is a member of the audit and nominations and governance committees. Tom also serves on the boards of Teach For America in New York; the Smithsonian in Washington, D.C.; IESE, the Barcelona, Spain-based business school; the Surdna Foundation in New York; Media Matters for America in Washington, D.C.; the Latino Donor Collaborative of Phoenix; and the Environmental Defense Fund in New York.



LUIS P. NIETO, TREASURER

RYDER SYSTEM, INC. AND AUTOZONE

Luis (Lou) P. Nieto currently serves on the board of directors of Ryder System, Inc. and AutoZone. Mr. Nieto retired as consumer foods president for ConAgra Foods, one of North America's largest packaged foods companies, in 2009. Prior to ConAgra Foods, he was president and chief executive officer of the Federated Group, a private label supplier to the retail grocery and food service industries from 2002 to 2005. Mr. Nieto earned a B.A. from the University of Chicago and an MBA from Harvard Business School. He is also a graduate of St. Ignatius College Prep in Chicago.

CLOSING THOUGHTS

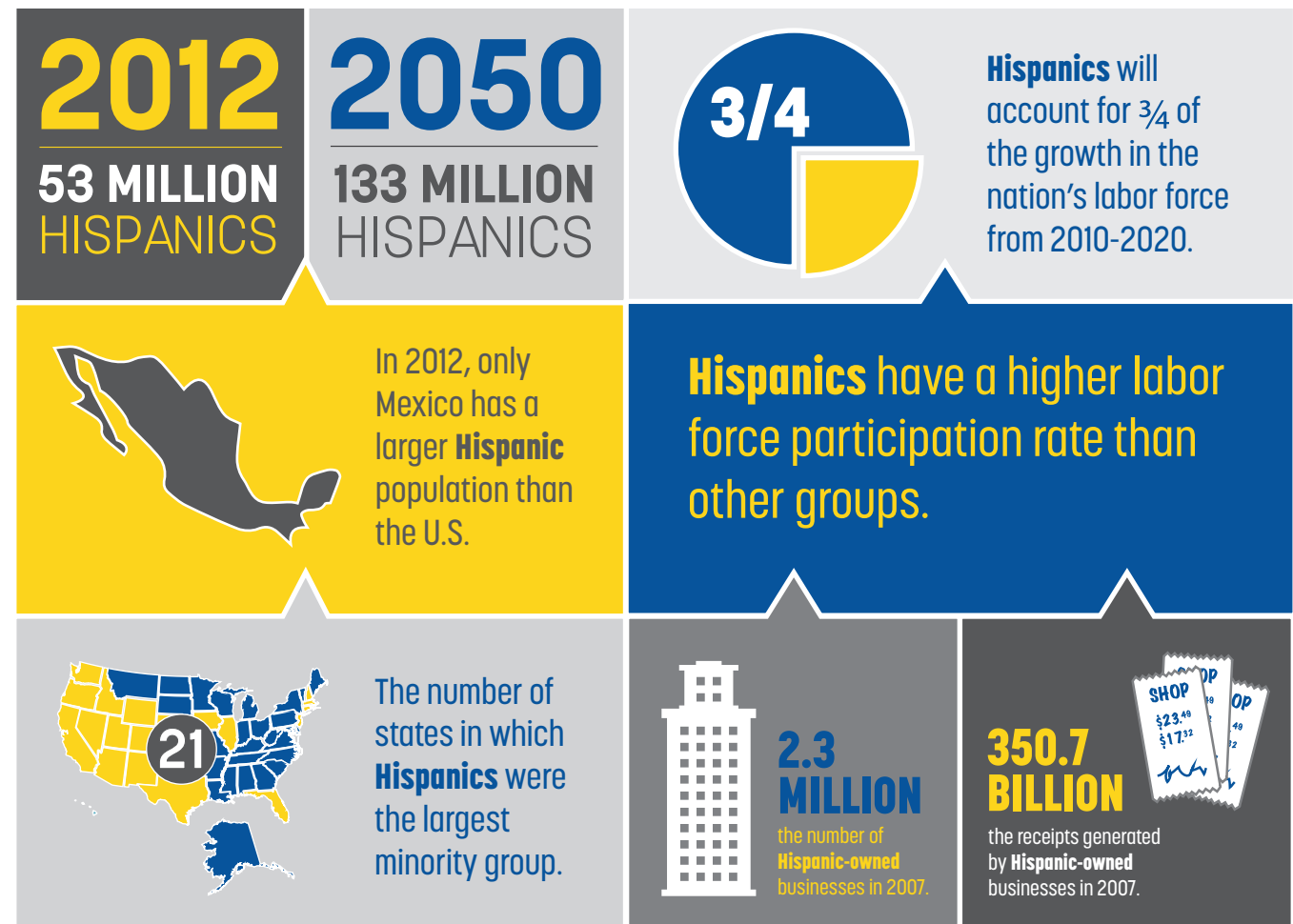
The 2013 *HACR Corporate Governance Study* has revealed that in the 20 years that HACR has been conducting its benchmarking of Hispanic representation on corporate boards, there have only been minimal gains. Since 1993, the proportion of board seats held by Hispanics has increased from roughly one percent to slightly more than three percent. When will Corporate America realize that these minimal gains are not sufficient when it comes to Hispanic representation amongst the corporate elite?

By July 1, 2050, projections indicate there will be 133 million Hispanics in the United States, nearly 30 percent of the nation's total population, according to the U.S. Census. Corporations will

need to rely on this population to not only replace their aging workforce and to attract consumers and investors, but to also provide the foundation on which their governance boards will be able to harness the strength of diversity to solidify their future. The gains that have been made in Hispanic representation on corporate boards is not enough given the trajectory we have seen in terms of population growth for Hispanics in the U.S.

As the size of the Hispanic population increases so will their political and economic power, and their share of the labor force. Companies should be looking at ways of engaging the voice of this population around the decision making table within their organizations. Hispanics have a higher

HISPANICS IN THE UNITED STATES⁸



⁸The data used here comes from two primary sources: The U.S. Census Bureau, Population Division release date 2012 and the Pew Research Center's Hispanic Trends Project.

labor force population rate than any other group in the United States. Additionally, the growth in the nation's labor force will be driven by the growth in the Hispanic population – their voice needs to be represented amongst those who are making the decisions. As educational attainment continues to increase for the Hispanic population and entrepreneurial opportunities abound, there is no legitimate reason why increased board representation cannot follow.

Unfortunately, this is not a problem that is unique to Hispanics. White women and members of other racial and ethnic groups are faced with the same dismal picture. Findings of the Alliance for Board Diversity (ABD) research mirror those of

HACR's *Corporate Governance Study* - women and minorities remained underrepresented in corporate boardrooms while white/Caucasian men held the majority of the *Fortune 500* seats.

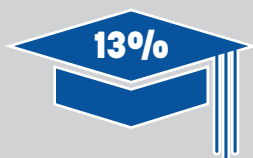
HACR, like the ABD, believes in the business proposition that when diversity leads, Corporate America succeeds. This belief is, in part, based on research which shows that well managed, diverse teams yield better results.



of **Hispanic** high school graduates in the class of 2012 enrolled in college in the fall of 2012, 2% higher than the rate of college enrollment among their white counterparts.



bachelor's degrees or higher degrees that were awarded to **Hispanics** in 2000.



bachelor's degrees or higher degrees that were awarded to **Hispanics** in 2010.

In 2011, the high school dropout rate for **Hispanics** 16-24 years old declined to

14%

**This is down
from 28% in 2000.**

ABOUT THE HACR RESEARCH INSTITUTE

ABOUT THE HRI

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 Employment, Procurement, Philanthropy, Governance, and national demographics. The goal of the HRI is to assess current 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 partnership with other 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.

ABOUT DR. GARCIA

Dr. Lisette Garcia joined the staff of the Hispanic Association on Corporate Responsibility (HACR) in September 2012, revitalizing the role of Director, HACR Research Institute and charting a strategic plan and roadmap for the Institute. In addition to managing HACR's *Corporate Inclusion Index* and *Corporate Governance Study*, Dr. Garcia takes the lead in facilitating the organization's investigative projects and developing new programs and research studies aimed at strengthening HACR's reputation as the key source for information on Hispanic inclusion in Corporate America.

A trained researcher with a Ph.D. in Sociology from The Ohio State University, Garcia has dedicated her career to exploring educational and employment issues within the realm of corporate social responsibility, discrimination, and diversity and inclusion. Garcia has published several articles on employment discrimination and Latino educational attainment in scholarly journals.

ACKNOWLEDGEMENTS

On behalf of the HACR Board of Directors, we would like to acknowledge and extend a special thank you to the following for their support of the 2013 HACR *Corporate Governance Study* and report.

Jeffrey Wuerstlin served as project assistant on the 2013 HACR *Corporate Governance Study* and led efforts on the data collection and verification for the report.

República provided all creative services for the 2013 HACR CGS report. República is a cross-cultural agency specializing in advertising, branding, digital and social media, public relations, media buying, promotions, and research.

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

Thank you! ¡Gracias!

METHODOLOGY⁹

The HACR Research Institute (HRI) began the data collection process for this study in July 2012. Utilizing SEC filings the HRI created a listing of Hispanic¹⁰ board directors and company officers in the *Fortune 500*. HACR Research Institute staff then reviewed this information against what was reported on each company's website to confirm that the information was current. HRI staff reviewed each company's website in an attempt to identify other high ranking Hispanic executives at the company.

Once the preliminary data was compiled, HACR sent a letter dated July 17, 2013 to the Chairman and/ or Chief Executive Officer and the General Counsel of each of the *Fortune 500* companies (as published by *Fortune*, April 2013) requesting information regarding the status of Hispanic directors and officers of the company.

The census date for this report is June 30, 2013. Changes in board or executive appointments after this date are not reflected in the *Corporate Governance Study*.

For board directors, companies were asked to verify if they had served on the board from January 1, 2012 to December 31, 2012 and from January 1, 2013 to June 30, 2013; gender; and citizenship status. Citizenship status was defined as one of four categories as defined by the instructions found on the Form I-9.¹¹

Companies were also asked to verify additional information for the company officers. For these individuals, companies were asked to verify their titles; if they had held their positions from January 1, 2012 to December 31, 2012 and from January 1, 2013 to June 30, 2013; gender; citizenship status as previously defined; and the number of reporting levels from the CEO.

HACR also requested information on other high ranking Hispanic executives at the company. For these individuals, companies were asked to identify Hispanic individuals within three reporting levels of the CEO. If there were no Hispanics within three reporting levels of the CEO, companies were asked to report information for the highest ranking Hispanics at their company. Again, they were asked to provide or verify their titles, if they had held their positions from January 1, 2012 to December 31, 2012 and from January 1, 2013 to June 30, 2013; gender; citizenship status as previously defined; and the number of reporting levels from the CEO.

HACR set a deadline of September 6, 2013 for companies to return the requested information and then followed up with phone calls and e-mails to the General Counsel's office to verify receipt of the information and in an attempt to collect the information until November 8, 2013.

Of the companies in the *Fortune 500*, 110 companies responded to our request for information by mail, telephone, fax, or e-mail. For companies that did not respond to our request, HACR reported information that was publicly available from SEC filings and/or company websites between January 1 and June 30, 2013.

HACR utilized the following sources in support of its research efforts:

- The *Fortune 500* ranking,¹² *Fortune* data store, April 2013;
- Annual reports, forms 10-k and 14-A, proxy statements submitted to the SEC by companies;
- Data provided directly to HACR by the *Fortune 500* companies.

⁹ In March 2014, an additional Hispanic director was identified who met HACR's criteria to be included in this report. HACR has updated the electronic version of this report to include this direction in the 2013 Corporate Governance Study counts.

¹⁰ Hispanic/Latino for the purposes of this study was defined as individuals who are of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish cultures or origins. It does not include people of Portuguese culture or origin. In 2012, HACR officially adopted this definition derived from the HR reporting guidelines created by the Office of Personnel Management (OPM). Trend analyses of Hispanic representation are based on this definition which differs from that used by HACR in 1993, 2003, and 2007. All board members identified in past reports have been reconfirmed based on this definition which may have resulted in the exclusion of some individuals of Portuguese culture or origin previously identified and which may lead to minimal differences between what was reported in prior years.

¹¹ The four citizenship statuses include 1) U.S. Citizen; 2) a non-citizen national of the U.S.; 3) a lawful permanent resident of the U.S.; 4) Foreign National, any person who does not meet one of the citizenship statuses identified already but who is an alien authorized to work in the U.S.

¹² In 1993 *Fortune* ranked industrial companies and service companies separately. In order to create one list for the trend analyses, the staff compiled the Industrial 500 and Service 500 by revenue/profits and sorted by highest revenue/profits. The top 500 were selected as the 1993 *Fortune 500*. In all years, for companies where the total number of directors was not available, the sample average was used.



**HISPANIC ASSOCIATION
ON CORPORATE RESPONSIBILITY**

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About HACR

Founded in 1986, the Hispanic Association on Corporate Responsibility (HACR) is one of the most influential advocacy organizations in the nation representing 16 national Hispanic organizations in the United States and Puerto Rico.

Our mission is to advance the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions.

To that end, HACR focuses on four areas of corporate social responsibility and market reciprocity: Employment, Procurement, Philanthropy, and Governance.

HACR Coalition Members

American GI Forum of the United States
ASPIRA Association, Inc.
Congressional Hispanic Caucus Institute (CHCI)
Congressional Hispanic Leadership Institute (CHLI)
Cuban American National Council (CNC)
Hispanic Association of Colleges and Universities (HACU)
League of United Latin American Citizens (LULAC)
MANA, A National Latina Organization
National Association of Hispanic Publications (NAHP)
National Council of La Raza (NCLR)
National Puerto Rican Coalition (NPRC)
National Hispana Leadership Institute (NHLI)
National Society of Hispanic MBAs (NSHMBA)
SER-Jobs for Progress National, Inc.
United States Hispanic Chamber of Commerce (USHCC)
United States Hispanic Leadership Institute (USHLI)