



2012 HACR

CORPORATE INCLUSION INDEX

CORPORATE
ACCOUNTABILITY
STRATEGY

HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY | hacr.org



Letter from the HACR Board of Directors

We, the 16 members of the Hispanic Association on Corporate Responsibility (HACR) Board of Directors, are honored to present the findings of the 2012 HACR Corporate Inclusion Index (HACR CII). As representatives of the most influential grassroots advocacy groups and national associations in the U.S. and Puerto Rico, we share one common goal: to support the advancement and most importantly, the inclusion of Hispanics in Corporate America. We are pleased to work with our corporate partners, stakeholders, and others to provide them with the expertise and tools that are necessary to ensure the inclusion of Hispanics in our four core areas: Employment, Procurement, Philanthropy, and Governance.

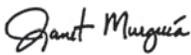
Amid the current economic climate, this year's survey shows on the one hand, the continued commitment by some corporations to include Hispanics in their workforce and the value they place on a diverse workforce. On the other hand, the survey also sheds tremendous light on the work that many companies still have yet to do to ensure that Hispanics are represented at all levels within their companies.

The 2010 U.S. Census reports that Hispanics are the largest minority group in the U.S. with the largest buying power of any minority group. Yet, Hispanics continue to be underrepresented in key positions throughout Corporate America. Research findings support the benefits of diversity and the positive financial impact it has on the corporate bottom line, accordingly those corporations that have embraced these trends have engaged the Hispanic consumer

and converted them into a loyal customer, thus, sustaining their viability through tough economic times. However, it is not enough for a company to hire Hispanic personnel to capture the Hispanic market; they must also lay the necessary groundwork to increase the pipeline of Hispanics into C-Suite and board positions, and strengthen the community through philanthropic support and sourcing to Hispanic vendors.

The HACR CII is poised to become the tool which identifies opportunities for more investment in Hispanics, enabling the *Fortune 100* to provide a means that both effectively benefits our community and becomes a source of competitive advantage for them. HACR will continue to promote the inclusion of Hispanics in Corporate America at all levels and work with our partners to provide them the knowledge to capture market share in our communities.

We are pleased to see an increase in the number of participants in the HACR CII for a fourth year in a row and to have the support of so many corporate partners, without whom what we do would not be possible. As the 2012 HACR CII report illustrates, the overwhelming majority of our corporate partners value the survey and understand it is our responsibility to advocate for Hispanic inclusion. Together, we form one voice and send one collective message to the rest of Corporate America: diversity is not only an ethical imperative, it is an economic necessity. 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.



Janet Murguía
National Council of La Raza



Guarione Díaz
Cuban American National Council



Ronald Blackburn-Moreno
ASPIRA Association, Inc.



Clara Padilla Andrews
National Association of Hispanic Publications



Ignacio Salazar
SER-Jobs for Progress National, Inc.



Albert Gonzales
American GI Forum of the United States



Esther Aguilera
Congressional Hispanic Caucus Institute



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



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



Margaret Morán
League of United Latin American Citizens



Alma Morales Riojas
MANA, A National Latina Organization



Marieli Colon-Padilla
National Hispana Leadership Institute



Rafael Fantauzzi
National Puerto Rican Coalition



Manuel "Manny" Gonzalez
National Society of Hispanic MBAs



Javier Palomarez
United States Hispanic Chamber of Commerce



Dr. Juan Andrade Jr.
United States Hispanic Leadership Institute

Letter from the President & CEO

Hispanics: The Deciding Factor

With the recent November elections, America has learned an important lesson – Hispanics have become the deciding factor and their reach is extending beyond the political arena. As figure one illustrates, U.S. Census projections indicate that the White population of the U.S. will continue to decline while the Hispanic population grows. By 2050, the Hispanic population is expected to account for nearly one-third of the U.S. population, while estimates indicate that Whites will be less than half of our population. Hispanics will quickly become the foundation on which Corporate America will rely on to move into the future, entrusting them to not only renew their aging labor force but to also preserve their market position.

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, 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.

Complete integration requires not only including Hispanics in your workforce and management team, but also sourcing to Hispanic vendors. Companies or prospective clients as well as consumers, want to be associated with and support companies that show a clear commitment to diversity and social responsibility.

Preserving market position also requires thoughtful consideration of ways to ensure that the growing Hispanic population is prepared to bear the long-term responsibility for helping sustain Corporate America. A strategic investment in Hispanics and their communities will go a long way in guaranteeing that there will be a highly educated workforce, poised to lead the *Fortune 500*.

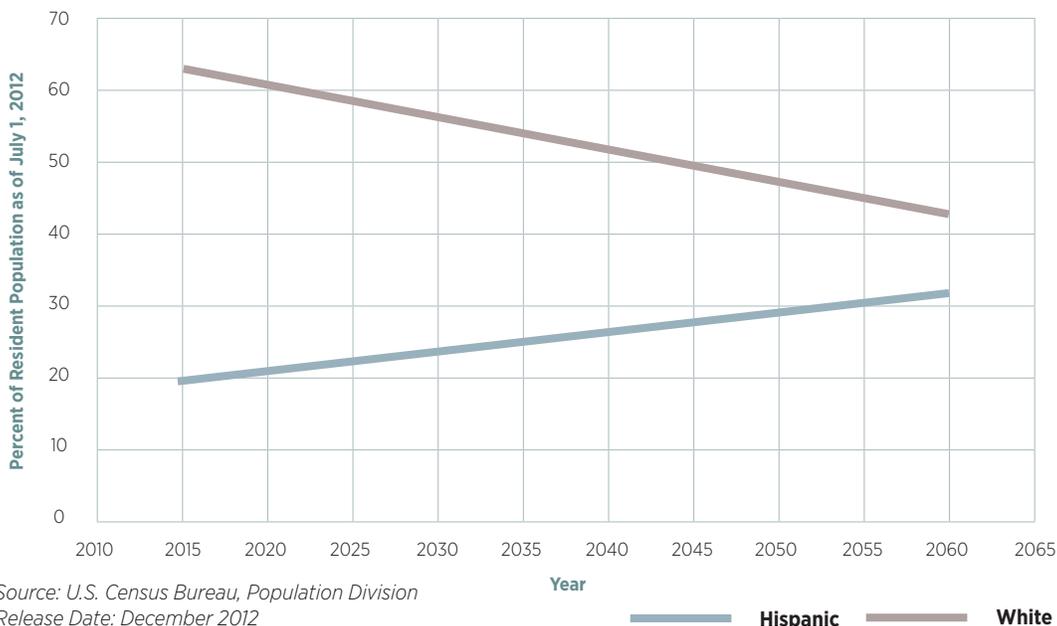
As we emerge from these challenging economic times, the numbers speak for themselves and the message to Corporate America is clear – it is time to recognize the deciding factor – Hispanic inclusion at all levels is a business imperative with clear implications for Corporate America’s economic sustainability.

Sincerely,



Carlos F. Orta
President & CEO

Figure 1: U.S. Population Projections for Hispanics and Whites



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

How Can HACR Hold Companies Accountable?

Through a Comprehensive Corporate Accountability Strategy



Overview of Corporate Accountability Strategy

HACR's 16-member 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 100* companies and HACR corporate members, Hispanic inclusion in Corporate America.

The HACR Corporate Accountability Strategy is comprised of four focus areas designed to aid HACR in achieving its objectives in measuring and encouraging Hispanic inclusion:

Agreements. Establishes 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 of Employment, Procurement, Philanthropy, and Governance.

Research & Advocacy. Allows HACR to gather data on *Fortune 500* companies and to make survey requests of these corporations based on issues relevant to Hispanic inclusion. HACR also surveys community leaders from across the U.S. about the performance of *Fortune 500* companies and their impact on local and national Hispanic communities.

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.

Questions?
Comments?

To learn more about HACR's Research Institute
join our social media network



Hispanics: A Strategic Investment

“

The Hispanic consumer market’s sheer size, growing clout, and buying power of \$1.5 trillion by 2015 requires thoughtful understanding about what the market represents to a company’s bottom line.¹

”

The HACR Corporate Inclusion Index (HACR CII) evaluates Corporate America’s commitment to Hispanic inclusion in four key areas: Employment, Procurement, Philanthropy, and Governance. Data that companies voluntarily share through the HACR CII are key to helping HACR monitor the socio-economic outlook for America’s fastest growing demographic constituency. As the Hispanic population continues to grow, this information will help Corporate America understand if it is responding to shifting market demographics in a way that will ensure its economic sustainability as well as the nation’s prosperity.

This year’s theme for HACR’s CII focuses on the importance of Corporate America’s continued investment in Hispanics and the centrality of these investments for continued business success. Corporations which weathered the recession did so in part by relying on the Hispanic consumer market and their collective \$1.3 trillion purchasing power by converting them into a brand loyal consumer. This is the age old business case for diversity, and has been the sole motivator for targeting Hispanic consumers in the past.

It is time to give the business case a fresh spin, in order to start thinking about it as more than converting individuals into brand loyal consumers by targeting them with creative ad campaigns or Spanish language campaigns, and get companies to recognize the value add that integrating Hispanics into their business operations can have. Corporate America’s investment in Hispanics goes far beyond discovering marketing or research and development opportunities. The full integration of Hispanics is a strategic measure that ensures profitability and economic sustainability.

¹Source: Selig Center for Economic Growth, *The Multicultural Economy*, Athens, GA 2010.

EMPLOYMENT



Hispanics represent a majority of the young workforce segment, since nearly two-thirds of the population is under the age of 35.² As we are seeing and will continue to see in the future, Corporate America is going to rely on this population to not only replace their aging workforce, but also to attract new brand loyal consumers and to open doors to new opportunities. Can Corporate America afford to exclude these employees?

PROCUREMENT



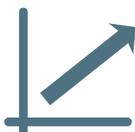
Did you know that the fastest growing segment of small business owners are Hispanic, and Hispanic females at that?³ A growing number of Latino-run small businesses are also sustainable and eco-friendly,⁴ key elements as we move into the future and companies are becoming ever cognizant of their ecological footprint. What is Corporate America doing to actively source those vendors and connect to the wealth of new market opportunities they have to offer?

PHILANTHROPY

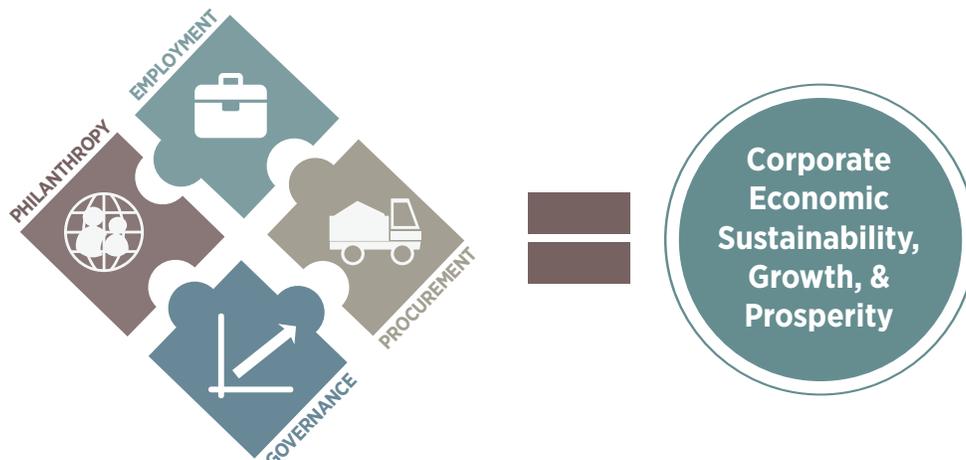


The time is now for Corporate America to invest resources in the Hispanic community and their children. Funding is needed to ensure that the future workforce has the education required to develop the necessary skills to lead them into the future. Philanthropic efforts in the community help recruit, engage, and retain new employees as well as, attract future customers and investors. Can Corporate America afford to miss out on this opportunity?

GOVERNANCE



We are emerging from challenging economic times, diversity in leadership is one way many companies have continued to grow and prosper given the economic climate. Diversity and inclusion in leadership is a return on investment that firms cannot ignore. Firms must harness the strength found in diversity to solidify their position, illustrate their commitment to the community, and enhance their reputations, without which, they risk losing their competitive edge. Can Corporate America afford to let this leadership potential continue to go untapped?



²Source: U.S. Census 2010.

³Source: Regional Hispanic Chamber of Commerce, Web. 1 February 2013.

⁴Source: Triple Pundit. Sustainable Businesses Need to Focus on Latinos, Web. 1 February 2013.

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 corporate governance, workforce, employment, philanthropy, procurement, economics, and national demographics. The goal of the HRI is to assess current Hispanic trends and stimulate discussion on Hispanic inclusion in Corporate America.

Through the HRI, HACR publishes annual studies on the state of the Hispanic community and corporate best practices in Employment, Procurement, Philanthropy, and Governance along with the HACR Corporate Inclusion Index. The research institute also publishes the Corporate Governance study, and other independent studies conducted internally and through 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 inequity that exists.

Dr. Lisette Garcia - Director, HACR Research Institute



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 CII and the

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.

As the former Study Director for the Women of Color Policy Network at New York University, she used her statistical knowledge and techniques to design survey

tools, supervise various research projects, co-author research reports, and present findings at professional meetings and conferences nationwide.

Garcia's employment and research experience is deeply rooted in higher education. Prior to joining HACR, she was a faculty member at George Mason University; she has also taught at New York University, Montclair State University, and The Ohio State University.

An active member of Sigma Lambda Upsilon/Señoritas Latinas Unidas Sorority, Inc., she held a seat on the national leadership team and represented the organization through service on the board of the National Association of Latino Fraternal Organizations (NALFO). Additionally, Garcia has served as a mentor for young women through the sorority's LADYS program and participated in numerous community service projects with Alumni chapters in New Jersey and Virginia, focusing on the organization's national initiative to promote literacy in the Latino community.

In addition to her doctoral degree, Garcia holds an M.S. in Sociology from Virginia Tech and dual undergraduate degrees from Penn State in Sociology and Labor and Industrial Relations. She is a proud recipient of the NCID Exemplary Diversity Scholar Citation for her contributions in diversity-related research, practice, and teaching.

Methodology

The data for the 2012 Hispanic Association on Corporate Responsibility Corporate Inclusion Index (HACR CII) is drawn from a survey designed and administered by HACR. 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 2012 HACR CII were sent to all *Fortune 100* companies and HACR corporate members. 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 executive responsible for human resources and/or diversity when it was possible to obtain their contact information. If a corporation had previously participated in the HACR CII, surveys were first sent to the individuals responsible for previous submissions with additional communications sent to senior level executives. The survey period was from June 4, 2012 to January 18, 2013.⁵

A total of 126 corporations received invitations to take part in the survey; of that number, 55 submitted surveys⁶ and all were rated. For the respondents who completed the survey – 38 were HACR corporate members and 17 were non-members, 49 of the survey participants were repeat participants from 2011.

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 the report being published.

There may be variances between the total survey respondents and the number of respondents for every question. This is due to the fact that not all participants responded to every question. Information reported for each question was calculated solely based on the number of complete responses.

Acknowledgements

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 2012 HACR CII report.

Roxana Vergara – principal at V Consulting, served as Project Consultant on the 2012 HACR CII and led efforts on data compilation, analysis, and result findings. V Consulting is a management consulting practice working with clients through business transformation at the crossroads of marketing and technology.

República provided all creative services for the 2012 HACR CII report. República is a cross-cultural agency specializing in advertising, branding, digital, social media, public relations, media buying, promotions and research.

⁵ On October 1, 2012, Kraft Foods Inc. separated into two companies, Mondelez International, Inc. and Kraft Foods Group, Inc. Data reported for the 2012 CII pertains to Kraft Foods Inc. prior to the separation.

⁶ These numbers do not include AARP, a non-profit corporate member of HACR. Aggregate data results are based on 52 complete submissions, responses which were incomplete (3) were excluded from subsequent analyses as was AARP since it is a non-profit corporate member.

2012 HACR Corporate Inclusion Index: Companies that Participated

AARP*

Allstate Insurance Co.

Altria Group*

American Express*

AMR Corporation

Anheuser-Busch, Inc.*

AT&T*

Bank of America Corp.*

Chrysler Group LLC*

CitiGroup*

The Coca-Cola Company

Comcast Corporation*

Comerica Bank*

ConAgra Foods, Inc.*

Deere & Company

Dell, Inc.*

Diageo North America*

DuPont

Express Scripts Holdings

Ford Motor Company*

General Electric*

General Motors Company*

Goldman, Sachs & Co.

Hewlett-Packard

Humana

Intel Corporation*

Johnson & Johnson*

JPMorgan Chase & Co.

Kraft Foods, Inc.*

The Kroger Co.

Macy's, Inc.*

Marriott International, Inc.*

Marsh & McLennan Companies*

McDonald's Corporation*

MetLife

MGM*

Microsoft*

MillerCoors LLC*

Morgan Stanley

New York Life Insurance

Northrop Grumman Corporation*

PepsiCo, Inc.*

Pfizer, Inc.

Prudential Financial*

Sodexo, Inc.*

State Farm Insurance Cos.*

Target*

Time Warner, Inc.*

Toyota Motor North America, Inc.*

UPS*

United Technologies Corporation

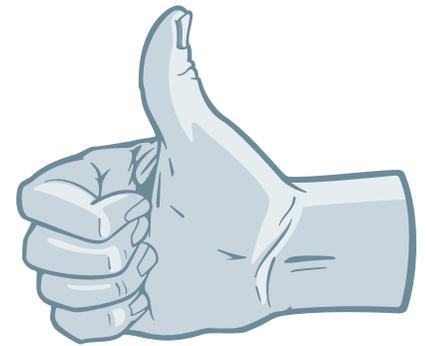
Verizon Communications, Inc.*

Walmart*

WellPoint

Wells Fargo & Co.*

Wyndham Worldwide*



*HACR Corporate Member



**First Year
Participants**

American Express*
AMR Corporation
Express Scripts Holdings
Humana

MetLife
MGM*
Morgan Stanley
United Technologies Corporation



**Improved
in 2012**

Allstate Insurance Co.
Altria Group*
Anheuser-Busch, Inc.*
Bank of America Corp.*
The Coca-Cola Company
Comcast Corporation*
Comerica Bank*
ConAgra Foods, Inc.*
Deere & Company
DuPont
Ford Motor Company*
Goldman, Sachs & Co.
Johnson & Johnson*
JPMorgan Chase & Co.

Kraft Foods, Inc.*
Marriott International, Inc.*
Marsh & McLennan Companies*
Pfizer, Inc.
Prudential Financial*
Sodexo, Inc.*
State Farm Insurance Cos.*
Time Warner, Inc.*
Toyota Motor North America, Inc.*
Walmart*
WellPoint
Wyndham Worldwide*

*HACR Corporate Member

Industry Participation

TRANSPARENCY COUNTS.

The HACR CII is open to all *Fortune 100* companies and HACR corporate members. The 2012 HACR CII saw a record number of participants, and certain industrial classifications were better represented than others. Over the next few pages you will see a breakdown of participation based on *Fortune 100* industry classifications.

COMMERCIAL BANKING

There are seven companies in the *Fortune 100* industrial classification of commercial banking, and with the addition of Morgan Stanley this year, all seven completed the 2012 HACR CII. HACR recognizes the commercial banking sector for complete participation and for championing the economic, political, and social development of our nation through the inclusion of Hispanics in Corporate America.

PARTICIPANTS

AMERICAN EXPRESS
BANK OF AMERICA CORP.
CITIGROUP
GOLDMAN, SACHS & CO.
JPMORGAN CHASE & CO.
MORGAN STANLEY
WELLS FARGO & CO.

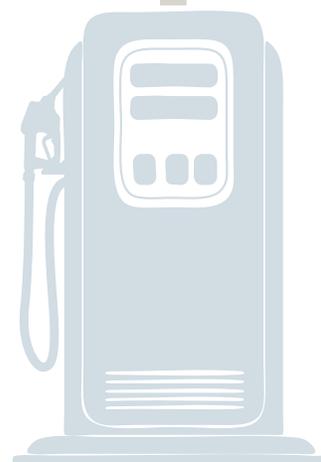


PETROLEUM REFINING AND PIPELINES



NON-PARTICIPANTS

CHEVRON
 CONOCOPHILLIPS
 ENTERPRISE PRODUCTS PARTNERS
 EXXONMOBIL
 HESS
 MARATHON PETROLEUM
 MURPHY OIL
 PLAINS ALL AMERICAN PIPELINE
 SUNOCO
 VALERO ENERGY



Since the inception of the HACR CII, we have yet to secure a participant from these industries.* Being transparent is important, so why are the biggest companies in these sectors not participating in our survey?

**Although these are two classifications in the Fortune 100 listing, we have grouped them together since the nature of their work is interrelated.*



Industry Participation

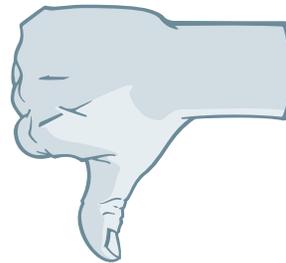
There are eight *Fortune 100* companies classified under the general merchandise and telecommunication categories. One company in each of these industrial classifications failed to participate in this year's HACR CII. Congratulations to those companies who participated, and for recognizing the importance of diversity and Hispanic inclusion in Corporate America.

GENERAL MERCHANDISERS



PARTICIPANTS

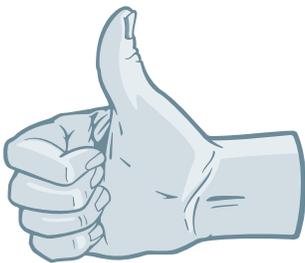
MACY'S, INC.
TARGET
WALMART



NON-PARTICIPANTS

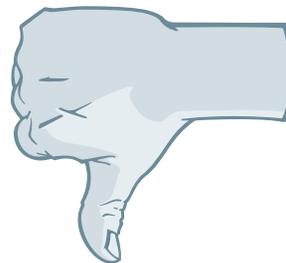
SEARS HOLDINGS

TELECOMMUNICATIONS



PARTICIPANTS

AT&T
COMCAST CORPORATION
VERIZON COMMUNICATIONS, INC.



NON-PARTICIPANTS

SPRINT NEXTEL

Industry Participation

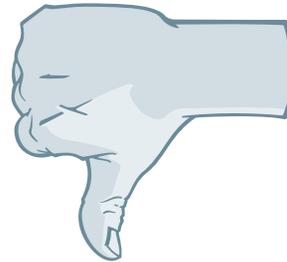
Only one *Fortune 100* company in each of these industrial segments participated in this year's HACR CII. Thumbs up to Time Warner, Inc. in the entertainment sector, and The Kroger Co. in the food and drug classification for participating in this year's HACR CII and for recognizing the importance of diversity and Hispanic inclusion as a business imperative in Corporate America.

ENTERTAINMENT



PARTICIPANTS

TIME WARNER, INC.



NON-PARTICIPANTS

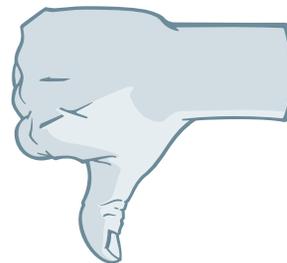
THE WALT DISNEY CO.
NEWS CORPORATION

FOOD & DRUG STORES



PARTICIPANTS

THE KROGER CO.



NON-PARTICIPANTS

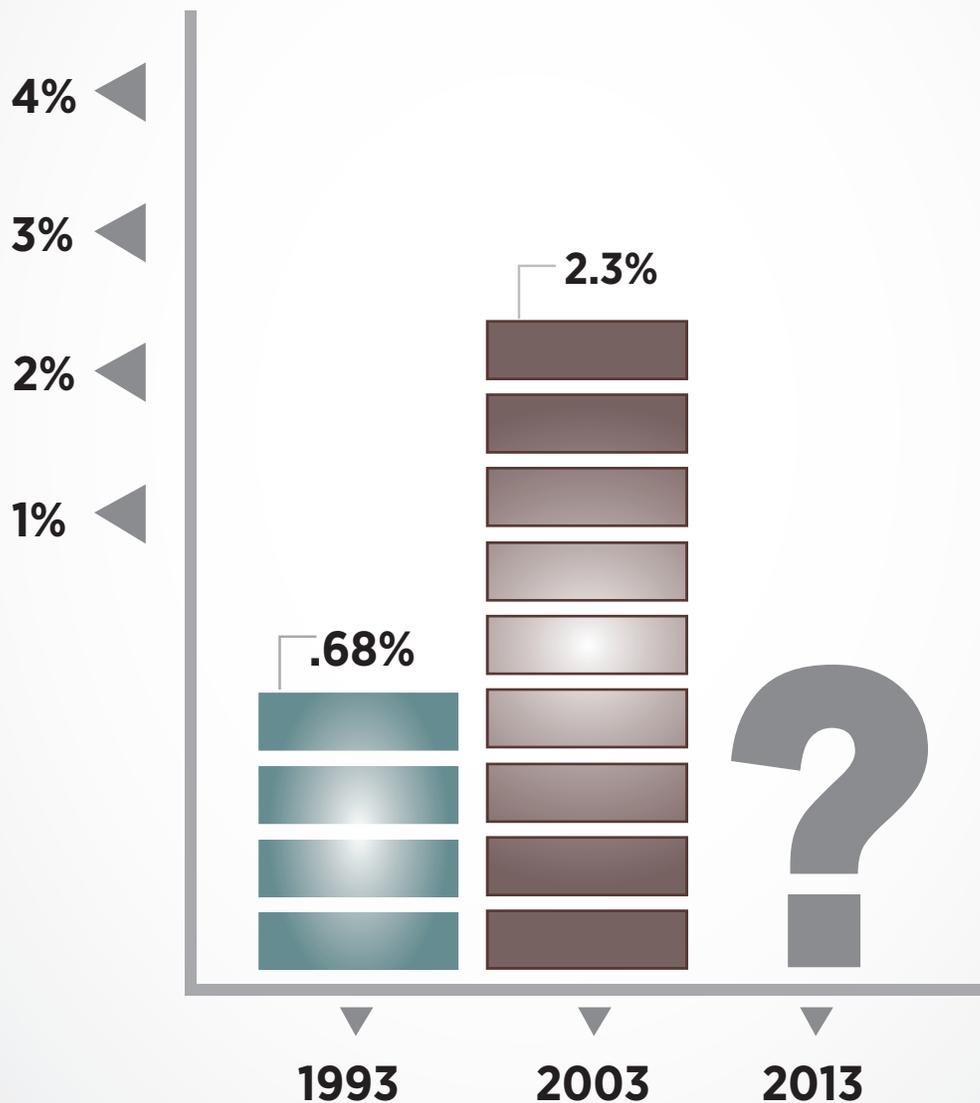
CVS CAREMARK
SAFEWAY
SUPERVALU
WALGREENS

Ratings Criteria

	POINTS POSSIBLE
1. EMPLOYMENT — WORKFORCE & RECRUITMENT	[30]
A. Does the company have a Hispanic employee association?	5
B. Does the organization have an executive champion?	5
C. Does the company specifically monitor the attrition rate of Hispanic employees?	5
D. What percentage of total 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 your Hispanic supplier spend goal as % of total opportunity dollars?	10
• 6% > = 10	
• 1-5.99% = 5	
B. Does the company have a full-time executive responsible for supplier diversity?*	5
C. Is this executive or function held accountable for establishing and attaining supplier diversity goals?	5
3. PHILANTHROPY — COMMUNITY INVESTMENT	[20]
A. What is your Hispanic give as % of total dollars contributed/invested?	15
• 11% > = 15	
• 6-10.99% > = 10	
• 1-5.99% = 5	
B. Does your company have a plan for outreach & corporate giving to local and national Hispanic organizations?	5
4. GOVERNANCE — LEADERSHIP	[30]
A. What percentage of total board members are Hispanic (2011)?	10
• 10% > = 10	
• 5-9.99% = 5	
B. What percentage of total executive officers are Hispanic (2011)?	10
• 6% > = 10	
• 1-5.99% = 5	
C. Does management report to the Board of Directors on Diversity performance annually?	5
D. Does the company have a full-time executive responsible for Diversity?	5
CORPORATE INCLUSION INDEX TOTAL POSSIBLE	100

*In 2009 & 2010 – Previously rated question: 2B) Does your company actively source Hispanic vendors?

HISPANIC INCLUSION ON *FORTUNE* 500 BOARDS



After 20 years, have the numbers increased?

The 2013 HACR Corporate Governance Study will be released in the third quarter of this year. Please visit www.hacr.org for more details.

HACR Corporate Inclusion Index Ratings

Company Name	Employment					Procurement			Philanthropy		Governance				CII Rating			
	1A	1B	1C	1D	1E	2A	2B	2C	3A	3B	4A	4B	4C	4D	2012	2011	2010	2009
Allstate Insurance Co.															70	55	55	55
Altria Group, Inc															60	50	50	60
American Express															75	*	*	*
AMR Corporation															80	*	*	*
Anheuser-Busch, Inc.															75	45	*	*
AT&T															95	95	85	80
Bank of America Corp.															65	60	55	40
Chrysler Group LLC															65	70	*	*
CitiGroup															90	95	70	55
The Coca-Cola Company															90	85	85	75
Comcast Corporation															75	60	50	50
Comerica Bank															80	65	70	65
ConAgra Foods, Inc.															55	50	65	*
Deere & Company															45	40	35	*
Dell, Inc.															65	70	60	60
Diageo North America															75	75	*	*
DuPont															55	35	*	*
Express Scripts Holdings															55	*	*	*
Ford Motor Company															75	65	65	65
General Electric															65	65	70	40
General Motors Company															85	85	*	*
Goldman, Sachs & Co.															60	55	60	*
Hewlett-Packard															55	65	70	*
Humana															50	*	*	*
Intel Corporation															60	60	60	*
Johnson & Johnson															75	55	50	*
JPMorgan Chase & Co.															65	60	55	*
Kraft Foods, Inc.															70	50	65	65

*Indicates companies that did not participate in the 2009, 2010 and/or 2011 HACR CII Survey. Shaded boxes indicate that the response given met the ratings criteria listed on page 16.

HACR Corporate Inclusion Index Ratings

Company Name	Employment					Procurement			Philanthropy		Governance				CII Rating			
	1A	1B	1C	1D	1E	2A	2B	2C	3A	3B	4A	4B	4C	4D	2012	2011	2010	2009
The Kroger Co.															45	45	45	*
Macy's, Inc.															60	65	60	*
Marriott International, Inc.															80	65	80	75
Marsh and McLennan Companies															55	50	*	*
McDonald's Corporation															65	*	65	60
MetLife															75	*	*	*
MGM															80	*	*	*
Microsoft															55	65	60	*
MillerCoors LLC															85	85	75	50
Morgan Stanley															65	*	*	*
New York Life Insurance															75	75	*	*
Northrop Grumman Corporation															55	65	60	*
PepsiCo, Inc.															75	75	60	55
Pfizer, Inc.															55	40	*	*
Prudential Financial															75	60	65	55
Sodexo, Inc.															90	85	85	90
State Farm Insurance Cos.															75	70	70	60
Target															70	70	75	*
Time Warner, Inc.															90	75	70	65
Toyota Motor North America, Inc.															80	75	*	*
UPS															60	60	55	55
United Technologies Corporation															55	*	*	*
Verizon Communications, Inc.															75	75	80	70
Walmart															75	70	85	60
WellPoint															80	60	50	*
Wells Fargo & Co.															75	75	55	55
Wyndham Worldwide															85	80	60	40

Follow the Leaders

HACR would like to recognize AARP, a nonprofit, corporate member and AT&T, a *Fortune 100* company and corporate member, for achieving this year's highest ratings, 95.

AARP

AARP is a nonprofit, nonpartisan organization, with a membership of more than 37 million, that helps people 50+ have independence, choice, and control.

AARP first completed HACR's CII in 2010, marking the first time in the history of the HACR CII that a nonprofit organization, also a corporate member, submitted an HACR CII survey. AARP has rated exceptionally well for the past three years.

AT&T

AT&T is a *Fortune 100* company with more than 100 years of innovation in the telecommunications industry. They are a pioneer in diversity initiatives and have been recognized numerous times as a top company for diversity.

AT&T has been a participant in the HACR CII since its release and has received excellent ratings during this time.

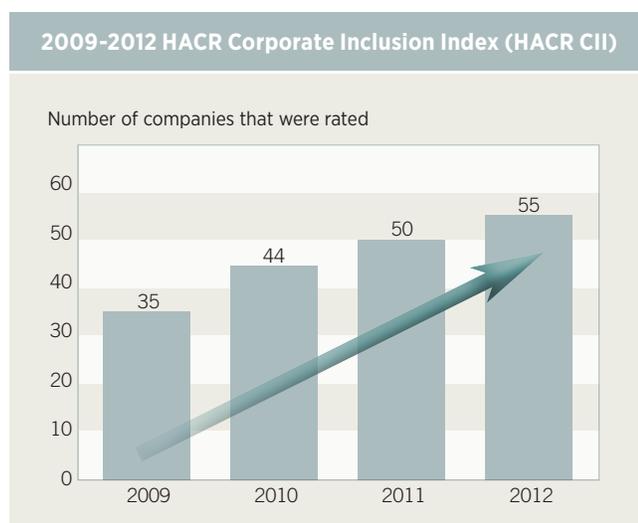
We applaud AARP and AT&T for their commitment to Hispanic inclusion at all levels, from the boardroom to employment, to their philanthropic investments with Hispanic organizations, and sourcing to Hispanic vendors.

CONGRATULATIONS AARP & AT&T!

HACR commends you on your willingness to be transparent and for being leaders in your commitment to Hispanic inclusion in your respective sectors.

Overview of Findings

HACR is pleased to report that the number of participants for the 2012 HACR CII has increased for the fourth consecutive year. A total of 126 corporations comprised of the *Fortune 100* and HACR corporate members received invitations to take part in the survey; of that number, 55 submitted surveys and all were rated. More specifically, 37 percent of *Fortune 100* companies participated in this year's survey, which included five out of the top 10 *Fortune 100* companies. The increase in total participants is a clear sign of the commitment that some corporations have made to cultivating a diverse workforce and on working to include Hispanics.



More than 20 of this year's participants improved their rating from 2011, which reflects their commitment to diversity and Hispanic inclusion and can in part be attributed to the close working relationship between HACR and its participants. HACR conducted 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 10 percent of the total reported employee base in Corporate America.
- Hispanics are more likely to be found in non-exempt positions within Corporate America.
- Findings indicate that fewer Hispanics are in the pipeline for upper level executive positions as reflected in the low level of representation of Hispanics in C-Suites and other managerial positions within the total reported employee base (.03 percent and .68 percent respectively).

Procurement

- For 2011, participants reported that on average nearly five percent of total opportunity dollars were directed to minority firms.
- Of the participating companies, 15 percent reported less than one percent spend with Hispanic suppliers.
- Nearly all participants (98 percent) reported working with trade associations, and other organizations that serve Hispanic vendors.

Philanthropy

- In 2011, the average corporate charitable contributions for the participants was \$127,932,054 and the average annual foundation contributions for 2011 was \$15,720,193.
- Average total charitable contributions made by participants in 2011 equaled \$143,652,247, while average contributions to Hispanic organizations amounted to only \$1,524,485.
- Nearly all participants (98 percent) reported having a plan for outreach and corporate giving to local and national Hispanic organizations.

Governance

- Hispanics held only five percent of board seats among participating companies (29 out of 613 board members were Hispanic), which is higher than the *Fortune 500* average more generally, but is still very low.
- A similar trend was observed with executive officer positions, only 90 out of 2,845 executive officer positions were held by Hispanics (three percent).

Employment Findings

As we learned in the November elections, Hispanics have become the deciding factor. At more than 50 million people strong, Census data indicates Hispanics have now become the largest non-white group in the United States and projections indicate that population growth for Hispanics will continue to outpace growth by any other group in the U.S.⁷

The direct implication of this fact on Corporate America is that it will need to rely on the growing Hispanic population to replace an aging, predominantly white workforce. Companies that leverage Hispanic talent for continued success - attracting consumers and opening doors to new business opportunities - are strategically positioned to ensure future growth.

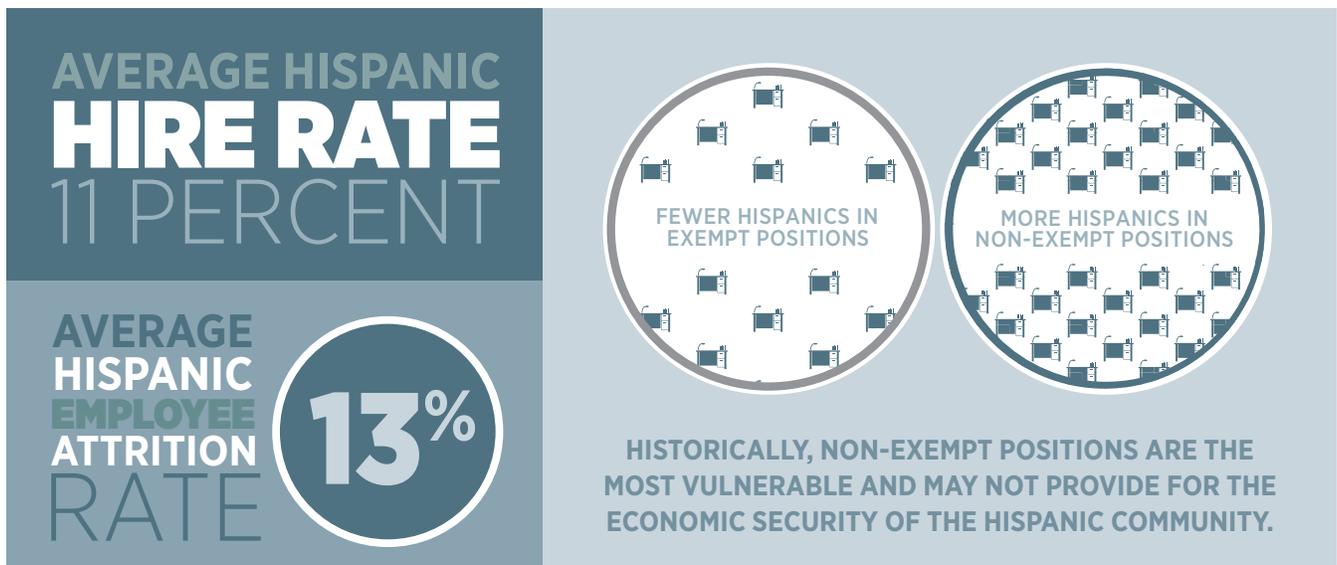
This year's HACR CII revealed many interesting trends within the broader context of employment. Participants have made a clear commitment to bringing Hispanics into their organizations. In fact, 85 percent of respondents indicated that they have an internship program specifically geared toward recruiting Hispanics, which represents an increase from last year. The average hiring rate remained steady from last year to this year at 11 percent. These findings indicate that companies are taking an active interest in bringing in Hispanics and are concerned with their retention as nearly all of those surveyed (94 percent), indicated

that they specifically monitor the attrition rate of their Hispanic employees.

Retention however, continues to present a challenge for the companies surveyed. The average Hispanic employee attrition rate among participants was 13 percent, with 90 percent reporting the highest attrition in entry-level positions. It is as if there is a revolving door in Corporate America, for each new Hispanic hire that is made, one leaves. This should be of concern to companies and we must find strategies for increasing hiring rates while simultaneously decreasing attrition.

Perhaps one way companies can source ideas for addressing this situation is through the use of employee groups to support their Hispanic workforce. Nearly all respondents (98 percent) indicated that they had Hispanic employee groups and 96 percent of those reported having an executive champion for those groups, but it is not clear how these groups are impacting retention.

Although companies have an active interest in bringing Hispanics in and offer services to try and keep them such as the employee groups – they have not been effective in fully reducing attrition yet. More research is needed into how companies are using their employee groups and to see if a greater connection can be made between these resources and retention.



⁷Source: U.S. Census 2010.

Procurement Findings

The shifting demographics of the U.S. has resulted in tremendous growth in minority-owned small businesses, one segment of this market in particular has seen rates of growth that outpace the overall national rate. Latina-owned businesses are now the fastest growing segment of small businesses in the country⁸, and are poised to help Corporate America gain a new competitive advantage. Corporate America bears in part the responsibility to nurture these small businesses and help them develop to realize their full potential.

Although we did see an increase in the average spend with Hispanic suppliers this year to four percent of total procurement, companies' use of Hispanic suppliers still continues to lag. On average there were 24 Hispanic suppliers per company to the reported 807 suppliers generally per company, and 15 percent of respondents reported less than one percent spend with Hispanic suppliers. Keeping in mind that the fastest growing segment of the small business sector are Latina-owned businesses, it seems that low spend rate represents a missed opportunity to leverage this segment of the market. Perhaps the greatest indicator of the missed opportunity is reflected in the fact one-third of the participants do not track by demographics or failed to respond to this item. What are the barriers that companies are facing to engage with diverse suppliers?

Interestingly enough, 96 percent of respondents indicated that the company did have a full-time executive responsible for supplier diversity and 98 percent reported that this executive was held accountable for establishing and attaining supplier diversity goals. Perhaps the area where we need to see improvement here is not in terms of assessing the commitment on the part of management to supplier diversity but rather in how successes are measured.

Signs of Opportunity



⁸ Source: Regional Hispanic Chamber of Commerce, Web. 1 February 2013.

Philanthropy Findings

Prospective business partners as well as consumers want to be associated with and support companies who show a clear commitment to corporate social responsibility. The Hispanic population is a young population with aspirations for a strong future who need to see that Corporate America is interested in preserving that future. Without that commitment from Corporate America we run the risk of raising a population that will be disadvantaged and lack access to basic resources. Now more than ever is the time for Corporate America to get involved and invest in those communities to impact change and ensure that the population that they will come to rely on in the future has the skills and knowledge to continue to move them forward. An investment in Hispanics today is an investment in Corporate America's economic future.

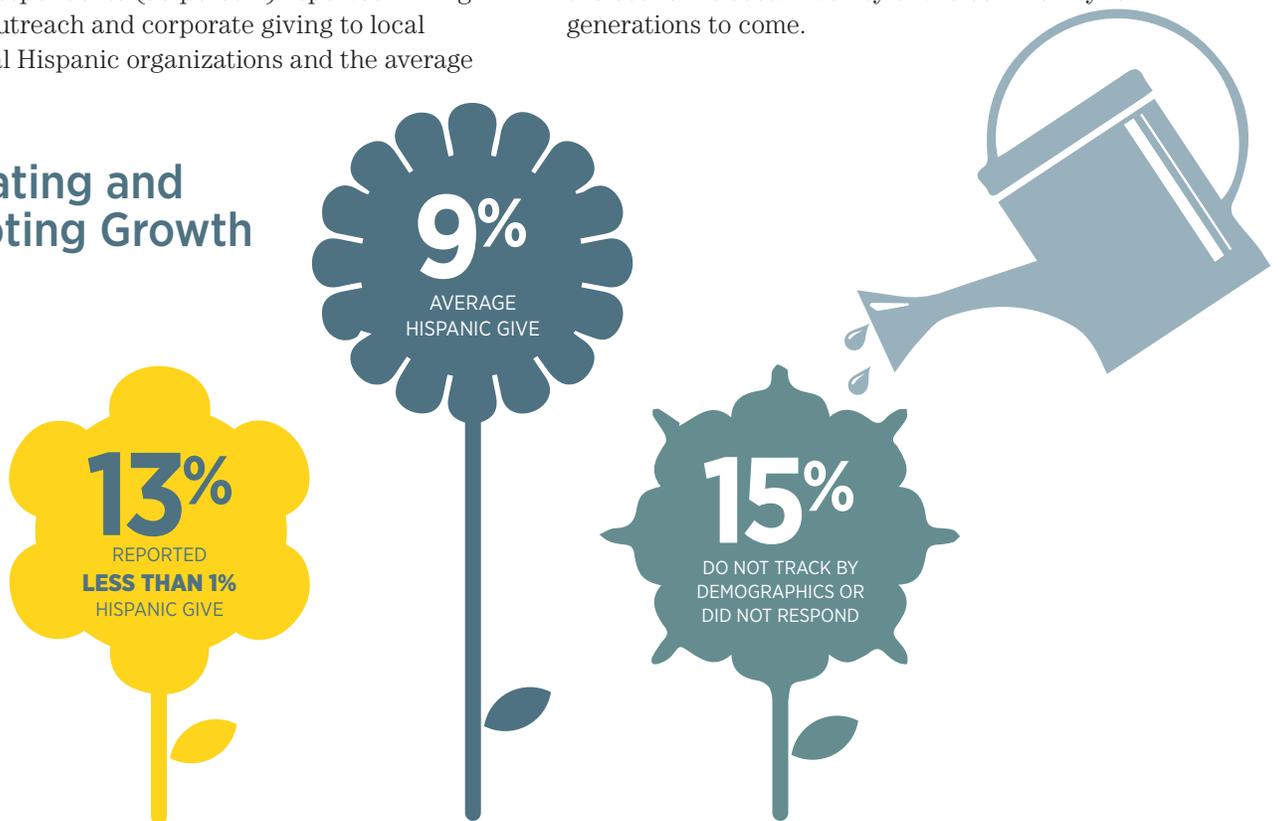
Most participants of the 2012 HACR CII seem to be ahead of the norm when it comes to their philanthropic outreach to Hispanic organizations. Nearly all respondents (98 percent) reported having a plan for outreach and corporate giving to local and national Hispanic organizations and the average

annual give to Hispanic organizations for the sample was nine percent. This figure is significantly higher than the national average allotted to Hispanic programs and organizations which has remained at one percent since 1999.⁹

Although it seems that the majority of survey respondents recognize the value of philanthropic contributions to this community, 13 percent of participants reported less than one percent Hispanic give and 15 percent do not track by demographic groups or failed to respond at all.

While many HACR CII participants are ahead of the curve in their philanthropic efforts, the total give is still not proportionate to the growing size and needs of the population in the U.S. and some companies still do not recognize the value in cultivating a relationship with this community through philanthropic efforts. Investment in and engaging with the Hispanic community will go a long way in attracting future employees, customers, and business opportunities. It's a commitment that lays the groundwork for promoting the economic sustainability of the community for generations to come.

Cultivating and Promoting Growth



⁹Source: *Hispanics in Philanthropy, Foundation Funding and Latino Community Priorities: Gaps and Opportunities*, Web. 1 February 2013.

Governance Findings

Though more and more companies have started to realize that the Hispanic community is ripe with untapped leadership potential, far too many companies have yet to tap into this resource. As the population continues to grow, the companies that have placed themselves in-line to reap economic gains are those that have been able to harness the strength of diversity to solidify their commitment to the community and enhance their reputations. But these are the exceptions, not the rules.

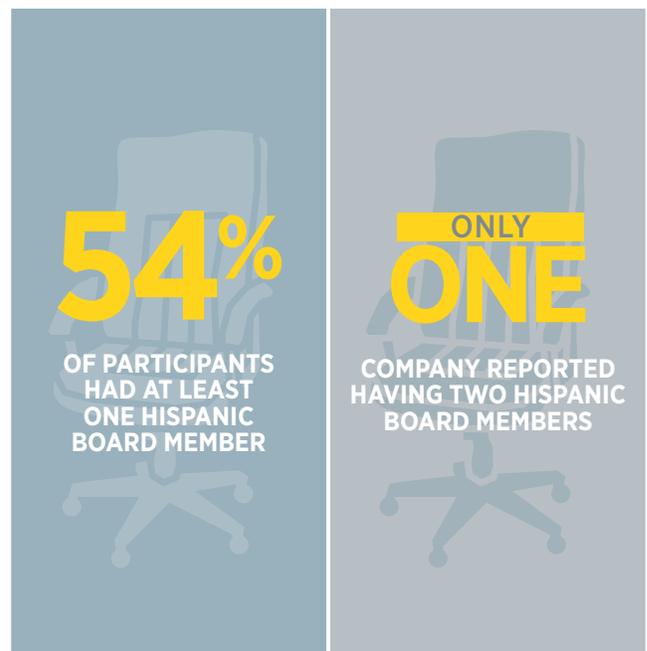
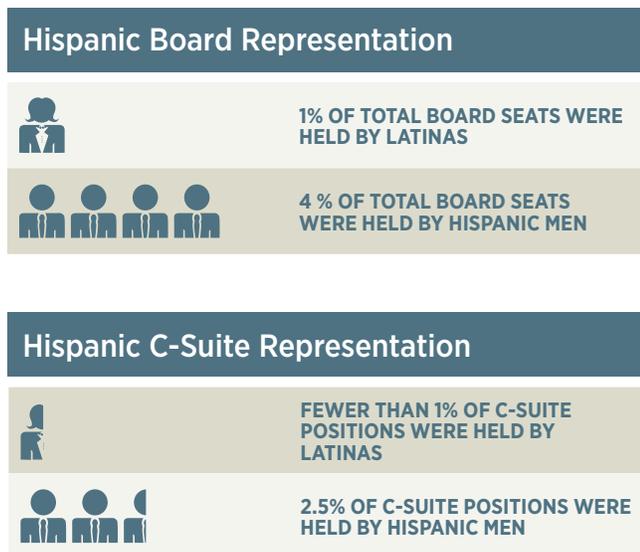
Although nearly all respondents reported having a full-time executive responsible for diversity (96 percent) and 98 percent indicated that they reported to their board of directors on diversity performance annually, Hispanic representation in the C-Suite and boardroom remains low. Only 28 companies who participated in this year’s HACR CII reported having a Hispanic board member and only one company reported having two Hispanic board members.

Only five percent of board seats for this sample of respondents were held by Hispanics of which only one percent were held by Latinas. For C-Suite positions

it’s even lower, only three percent of executive level positions were held by Hispanics and fewer than one percent were held by Latinas.

All companies reported having full-time staff dedicated to diversity responsible for establishing and attaining diversity goals but there appears to be a disconnect between initiatives and outcomes. Nearly three quarters of the sample reported having accountability metrics for senior level management to deliver on corporate diversity goals specific to Hispanic inclusion. Yet in spite of these goals and metrics, why is Hispanic representation at the top so elusive?

There appears to be a mismatch between diversity initiatives and goals and realized or “actual” outputs, companies need to do a better job of including Hispanics in senior leadership roles. Workplace innovation, integral for the success of any firm, is no longer reliant on research and development, it is driven by the insights, ideas and perspectives of a diverse leadership. Recognizing the value of this and leveraging those talents is a business imperative for economic sustainability.



Closing Thoughts

HACR thanks this year’s participants for their commitment to Hispanic inclusion through their participation in the annual HACR CII. Through data driven conversations designed to support participants, HACR has seen progress over the past four years across the board on everything from an increased interest in participation to better reporting, as well as, improvements in inclusion practices. However, because Hispanic population growth is quickly outpacing progress on inclusion initiatives, we must reexamine the challenges that Corporate America is facing and be more proactive.

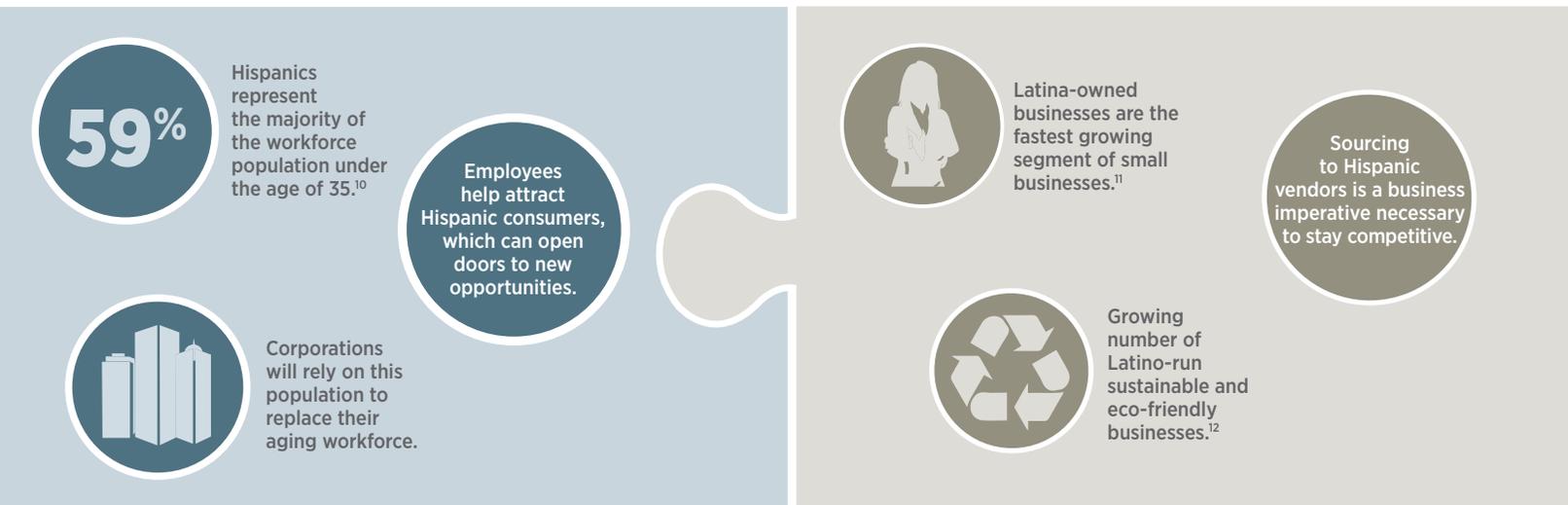
HACR is committed to working with participants in improving their inclusion practices along the four pillars of business operations: Employment, Procurement, Philanthropy, and Governance. These focus areas are not stand-alone elements. They are intricate pieces of Corporate America’s investment puzzle, integral to the success of any firm that leverages insights strategically to ensure economic sustainability. Recognizing the value of these pieces is a business imperative for economic sustainability. Companies that are able to successfully integrate Hispanics at all levels within their organizations are those strategically positioned to solidify their economic stability, and in the future will lead our nation’s growth and prosperity.

Employment

Employment represents the area where we have seen the best response record and metrics for tracking Hispanic inclusion. Across the last several years, we have seen companies develop initiatives such as internship programs, to increase the participation of young Hispanics in Corporate America. These efforts have no doubt had a positive impact on hiring rates, but the time has come, to shift the focus to better understanding how companies are creating working environments that help attract and retain young Hispanic talent.

Procurement

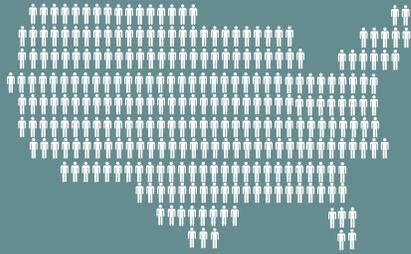
Procurement remains a challenge for Corporate America; better tracking and reporting of specific demographics around vendors who are being sourced is needed. Many companies are unable to report on their level of engagement with Hispanic suppliers simply because appropriate tracking metrics and systems are not in place to capture this information. More work is needed in understanding the challenges that companies are facing in sourcing Hispanic vendors.



¹⁰ Source: U.S. Census 2010.

¹¹ Source: Regional Hispanic Chamber of Commerce, Web. 1 February 2013.

¹² Source: Triple Pundit. Sustainable Businesses Need to Focus on Latinos, Web. 1 February 2013.



By July 1, 2050, it's projected there will be **133 million** Hispanics in the United States, nearly 30% of the nation's total population, according to the U.S. Census.

Philanthropy

Like procurement, philanthropy's challenges are tracking and reporting. Many participants reported not tracking donations by demographic group and often faced difficulty in determining where contributions were being made. Another difficulty often faced by companies in this area was related to understanding the needs of the community and identifying funding priorities, a challenge shared more broadly within the philanthropic world. Additionally, more attention is needed into understanding how charitable contributions are impacting the community in order to help prioritize funding needs for Hispanics.

Governance

While the companies that participated in this year's HACR CII performed better than *Fortune 100*, more generally in this area, much work is needed to promote Hispanic inclusion at the senior ranks of Corporate America. Because there has been a focus on board and executive diversity for several years, tracking and reporting of information in this area is consistently good, however companies are still struggling to reach more diverse outcomes. Long term planning initiatives and strategies for developing a pool of leaders for Corporate America is needed.

Corporate America needs to invest more resources in Hispanic communities and their children.

Philanthropic activities help engage individuals, recruit employees, and attract consumers and investors.

Funding is needed to generate a strong Hispanic middle class.

An increasingly global business climate should be reflected in leadership expertise.

Corporate America needs to harness the strength of diversity to solidify their future.

\$1.5 Trillion

Projected purchasing power of the U.S. Hispanic population by 2015.¹³

¹³Source: Selig Center for Economic Growth, *The Multicultural Economy 2010*.



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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
Congressional Hispanic Leadership Institute
Cuban American National Council
Hispanic Association of Colleges and Universities
League of United Latin American Citizens
MANA, A National Latina Organization
National Association of Hispanic Publications
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