



ADVANCING LATINOS ON BOARDS: THE ROLE OF LCDA

A FOREWORD BY ESTHER AGUILERA, PRESIDENT & CEO



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I am pleased to launch TRENDING TOPICS in the boardroom as part of a partnership between the Latino Corporate Directors Association (LCDA) and Latino Leaders magazine. There has never been a better time for a feature like this, that celebrates the talented Latinos and Latinas who represent the highest reaches of corporate leadership in our country. And there has never been a better time to highlight the need for more diversity in America's boardroom. This column is designed to keep you apprised of the latest governance trends in corporate America.

This first issue focuses on the growing momentum for diversity in corporate boardroom, fueled by a push by large institutional investors like BlackRock, Vanguard, State Street, and state pension funds like Service Employees International Union (SEIU) and the California Public Employees' Retirement System (CalPERS). These investors are leveraging the proxy season, shareholder resolutions, and are writing letters to companies that lack gender diversity.

Why is this important to investors? It's about shareholder value and the bottom line. There's a growing body of research that has demonstrated the correlation between board diversity that is inclusive of gender, race, and ethnicity, and corporate financial performance. According to the 2018 McKinsey study, "Delivering Through Diversity," companies in the top quarter for racial and ethnic diversity are 33 percent more likely to have financial returns above their respective national industry medians. Diversity also helps boards avoid "group think" and leads to more informed decision making.

While Latinos represent the fastest growing segment of customers and employees of today and tomorrow, a vast majority of the largest corpora-



ESTHER AGUILERA

• Esther Aguilera is the President and CEO of the Latino Corporate Directors Association (LCDA) and the Latino Corporate Directors Education Foundation (LCDEF). She is recognized as a social entrepreneur and turnaround specialist leading scale-up, innovative change, and managing high performance teams. She brings a 25-year record of success executing strategic business plans to drive organizational effectiveness, growth, and impact. Previous positions include leading the Congressional Hispanic Caucus Initiative (CHCI) for 11 years as its President * CEO, Principal at the Dewey Square Group, Senior Advisor to the Secretary of the U.S. Department of Energy, Executive and Legislative Director of the Congressional Hispanic Caucus (CHC), and Policy Analyst at the National Council of La Raza. She has a Bachelor of Arts in Public Policy from Occidental College and completed the Harvard Corporate Governance Executive Program in 2005

tions lack Latinos at the highest levels of corporate governance. LCDA tracking of Fortune 1000 companies shows that 75 percent lack a single Latino or Latina director.

LCDA has partnered with the Institutional Shareholder Services (ISS – the largest proxy advisory firm) to compile and track the representation of Latinos in the boardroom. Jointly with ISS, we recently released new data on the board composition of S&P 1500 companies over the past ten years. What’s troubling is that the data confirms what we already know, Latinos are the group least represented in the boardroom. This poor representation is far below Latinos’ size of the population and economic clout.

The fact is, Latinos account for the vast majority of the growth in the US workforce, approximately 74 percent of the 10.5 million workers to be added to the labor force through 2020. Latinos are also driving consumption. The US Latino gross domestic product (GDP) represents a whopping \$2.13 trillion.

While their consumer clout is increasing, the appointment of Latinos among new directors is actually decreasing. In 2018, the number of Latino directors was 4 percent, down from 6



ABOUT LCDA

The Latino Corporate Directors Association (LCDA) is the only association made up of U.S. Latinos that serve on publicly traded and large private company boards. LCDA gathers accomplished U.S. Latinos and Latinas at the highest level of corporate leadership behind a critical mission: to increase the number and influence of qualified U.S. Latinos on corporate boards. Along with its affiliated Latino Corporate Directors Education Foundation (LCDEF), a 501c3 organization, LCDA’s programs focus on three strategy areas to promote Latino inclusion at the highest levels of corporate governance:

Grow the Supply: Provide programs designed to identify, prepare, and grow the pool of Latino board-qualified candidates.

Grow the Demand: Work with strategic partners and influencers to increase opportunities for a greater number of talented Latinos to serve on corporate boards.

Raise Awareness: Convene directors and leading authorities to promote excellence in corporate governance and promote thought leadership on board diversity.

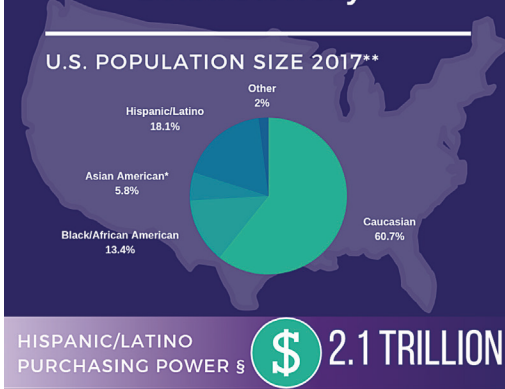
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percent in 2017, according to Heidrick and Struggles.

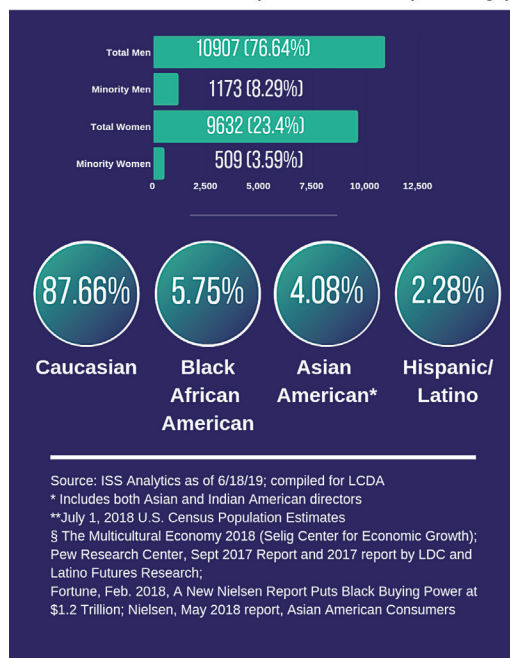
The first step in addressing this problem is exposing it. In June, LCDA testified at a House Financial Services Committee hearing on increasing board diversity. The Committee passed, on a bipartisan basis, the “Improving Corporate Governance Through Diversity Act of 2019” which promoted transparency and disclosure on the gender, race, ethnic, and veteran composition on boards. This bill is



S&P 1500 Board Diversity



2019 S&P 1500 Board Seats (total number and percentage)



a step in the right direction because our data and tracking is incomplete without disclosure.

Never before have we had this level of attention...and action...on this topic. These advancements speak to the timeliness of LCDA’s work

Over the past ten years Latino Leaders magazine has showcased Latino corporate directors and the largest corporations in America where Latinos are at the table. Thank you, Jorge, for your leadership and for this partnership. ●