

Inclusion Matters: The Importance of Latino Representation on Corporate Boards

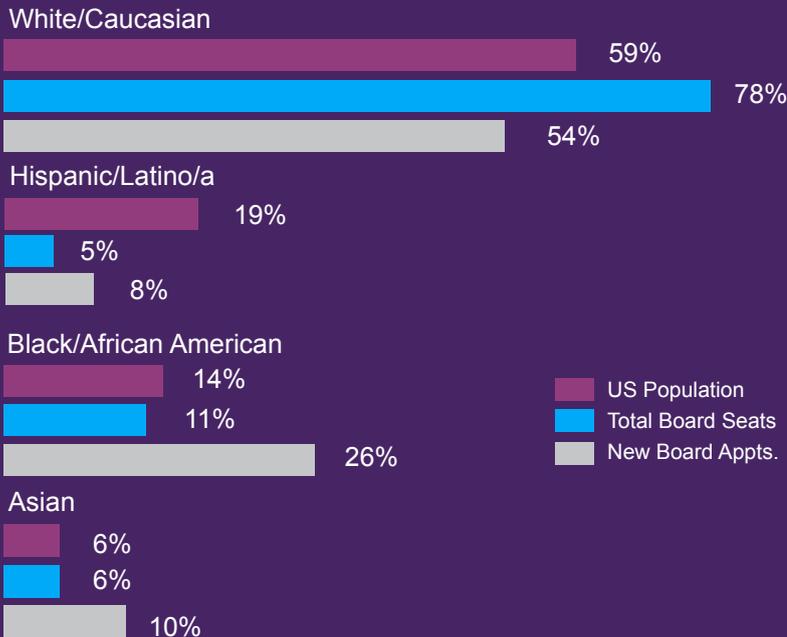
2023 Edition

latinocorporatedirectors.org

Snapshot of Latino Representation

U.S. Hispanics/Latinos remain the least represented and have the widest gap to close.

2022 S&P 500 Racial/Ethnic Board Representation compared to U.S. Population and New Director Appointments ^{1, 2}



	2020	2022
Fortune 500 ⁵	3.7%	4.4%
Fortune 1000 ⁵	3.2%	4.1%
R3K ⁴	1.8%	3.4%



What you need to know:

Despite recent gains, Latino representation on corporate boards still lags far behind other racial and ethnic groups. The gap is widest for Latinos, who make up 19% of the US population but hold only 4.1% of Fortune 1000 board seats.

Latinos and Latinas continue to be the least represented among new director appointments increasing the representation disparity.

It is not a talent supply issue. There is ample executive Latino talent, but systemic recruiting methods and bias impede the identification of Latino candidate pools.⁵

¹ Source: US Census Bureau Quick Facts US Population Demographics.

² Source: Spencer Stuart 2022 S&P 500 Diversity Snapshot. This data draws on the latest proxy statements filed between May 1, 2021, and April 30, 2022.

³ Source: 2022 Latino Board Monitor, Latino Corporate Directors Association

⁴ Source: Institutional Shareholder Services ESG, as of February 2023

⁵ Source: Latino Corporate Directors Association

Corporate America is Leaving Money on the Table

U.S. Hispanics/Latinos today represent **one in five Americans**, 63 million people. By 2050, Latinos are expected to be 25% of the U.S. population. Corporate boards across America without Latino representation will lack the perspective of a key constituency in the boardroom.⁶

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Corporations not capitalizing on the **immense business case** for Latino talent in roles driving business decisions risk missing out on **\$660 billion of unlocked spend** by Latinos.⁷

.....

Companies are leaving money on the table. An integral component to building long-term, sustainable growth and value creation, is having a board that is tuned into current and new market opportunities in the U.S.

⁶ Source: Latino Donor Collaborative, 2022 LDC U.S. Latino GDP Report

⁷ Source: McKinsey & Company: The economic state of Latinos in the US: Determined to thrive, November 2022

Hispanics/Latinos are the Economic Engine of the U.S.

Fast growing consumers, business owners & new entrants into the workforce

62.5 million ⁸

62.5 million Latinos in the U.S., growing at an average of 1 million annually, currently making up 19% of the population.

78%⁸

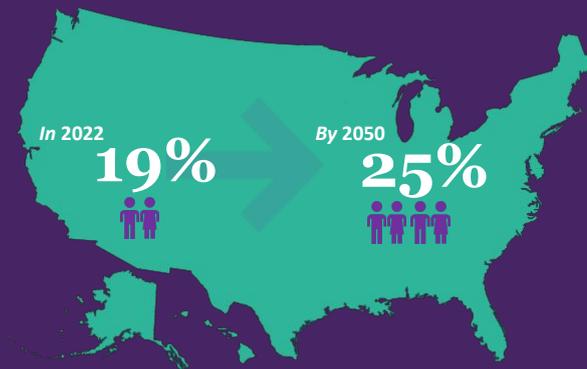
Latinos are projected to account for 78% of net new workers between 2020 and 2030.

Entrepreneurs ⁹

The Latino cohort accounts for 52% of all net new employer businesses, making it the country's most prolific entrepreneurial cohort.

Latinos Are the Future

Latinos are a fast-growing population that will represent over 25% of the population by 2050 and a significant share of the U.S. labor force.⁸



Latinos Are Job Creators

In 2019, Latino-owned businesses generated nearly 3 million jobs.⁹



Latino Youth

Latinos under 18 are 31% of the U.S. population versus 22% of the national average.¹⁰



Median Age

Average median age of Latinos is nearly 9 years lower than the median age of the entire U.S. population.¹⁰



⁸ Source: Latino Donor Collaborative

⁹ Source: Stanford Latino Entrepreneurship Initiative, January 2021

¹⁰ Source: <https://usafacts.org/articles/demographics-hispanic-americans/>

Hispanics/Latinos are the Economic Engine of the U.S.

Driving American buying habits

GDP \$2.8 trillion ¹¹

The U.S. Latino GDP measured \$2.8 trillion in 2020. Making it the **5th** largest GDP in the world.

Consumption growth rate 2X higher ¹²

Latinos have grown their household consumption to reach a cumulative **\$1.1 trillion market** in 2021, a 6% annual growth rate over the last decade versus 3% for the non-Latino population.

Growing Income ¹²

From 2010 to 2020, the Latino income share increased by **18%**. The investment that Latinos are making in education today will ensure that Latino income and consumption will continue to grow more rapidly than non-Latinos.



Retail ¹³

Latinos account for an estimated 34% of the growth in retail apparel purchases with spending reaching an estimated \$49 billion by 2026.



Streaming Services ¹¹

Over-index, consumption of streaming services - Latinos at 77% vs U.S. at 66%.



Restaurants ¹⁴

25% of total restaurant foot traffic, an annual average of 9.8 billion visits attributed to Latinos.



Tech Adopters ¹¹

29% of Latinos engage in social media activities vs 25% for non-Latinos.



Automotive Sales ¹¹

24% of all car sales are made by Latinos, who are like to buy more cars over their lifetime than non-Latinos.



Homeownership ¹⁵

Latino homeownership rate increased to 48.4%, from 47.5%, in 2021. Latino buyers are expected to comprise 70% of homeownership growth over the next 20 years.

¹¹ Source: Latino Donor Collaborative

¹² Source: McKinsey & Company - The Economic State of Latinos in the US: Determined to Thrive, Nov 2022 & The economic state of Latinos in America: The American dream deferred, Dec. 2021

¹³ Source: <https://advertisingweek.com/why-every-company-should-target-hispanic-consumers-starting-immediately/>

¹⁴ Source: <https://www.fsrmagazine.com/consumer-trends/understanding-latino-restaurant-consumer>

¹⁵ Source: The Urban Institute

You Play a Key Role in Advancing Latino Representation



Promote Transparency and Disclosure: Reporting and disclosure are essential for accountability and progress toward achieving board diversity that includes Latinos. Public company directors have a responsibility to be transparent with investors, stakeholders, and shareholders so they can make informed decisions about where to invest their money. The best practice is for directors to voluntarily self-identify their gender, race, ethnicity, and sexual orientation, and report the breakdown of these demographics on the company's website. This information should be readily available to the public.



Invest Wisely: When investing in companies, consider those whose boards are diverse and reflect their customer and workforce base. A growing body of research shows that companies with diverse boards tend to perform better financially.¹⁶ This is because diverse boards benefit from the creativity, innovation, and enhanced problem-solving that occurs when people from different backgrounds work together.



Elevate the Importance of Examining Growing and Untapped Markets: Company boards should ask questions to explore untapped markets in the new U.S. mainstream economy. McKinsey research shows that 41.5 million Latinos live in under-tapped regions that could generate an additional \$660 billion in spending.¹⁷ Having a Latino perspective in the boardroom can help companies achieve their environmental, social, and governance (ESG) goals and stay relevant in today's rapidly changing society.



Promote Inclusive Recruiting Best Practices: To be successful, boards must update their recruiting practices and sources to include organizations like the Latino Corporate Directors Association (LCDA). In today's talent landscape, every board slate presented to the board should include at least 2-4 Latino/a candidates.



Take the Call to Influence the Pipeline: Take advantage of the opportunity to increase diversity on corporate boards by nominating 5-10 qualified Latino/a candidates. When open seats are available, you move off a board, or you hear of a board search, recommend a Latino/a candidate that you believe would be a valuable addition. Help to pave the way for future generations of Latino/a leaders by opening doors, supporting the pipeline, and supporting one another.

¹⁶ Source: <https://www.sec.gov/news/speech/lee-cji-2020-conference-20200922>

¹⁷ Source: McKinsey & Company -The Economic State of Latinos in the US: Determined to Thrive

Comprehensive Resources to Accelerate Latino Board Placement

LCDA's resources and services play a pivotal role in bridging the network gap, influencing the candidate pool, and elevating Latino talent primed for the boardroom.

Access to Talent



The ultimate source of Latino board talent.

LCDA is a premier talent solution for companies looking to increase diversity on their boards. LCDA tracks thousands of qualified Latino candidates who are ready to step into boardroom roles.

Access LCDA's [Latino Board Talent Directory](#) to search and connect with Latino talent.

Talent Development



Programs designed to prepare and position board proven and board-aspiring directors for boardroom success.

Exclusive programs including LCDEF's [BoardReady Institute \(BRI\)](#), LCDA's Annual Board Leaders Convening, and [BoardWise Virtual](#) enhance the journey to and in the boardroom through governance learning.

Raising Awareness



Committed to elevating the conversation of Latino representation.

LCDA is a trusted resource that informs the public and decision-makers about the strong pool of Latino board-qualified talent and the business case for board diversity. LCDA does this through research tools such as the [Latino Board Tracker](#) and [Latino Board Monitor](#).

A Powerful Network



The largest network of Latino business leaders at the pinnacle of corporate leadership and governance.

With a highly-vetted membership comprised of Latinos at the highest levels of corporate governance and business leadership, LCDA's [exclusive events](#) offer opportunities for members and partners to network and learn from each other.

Influencing the Pipeline Through Partnerships

LCDA collaborates with partners who are catalysts for greater diversity and inclusion at the highest levels of corporate leadership and governance.

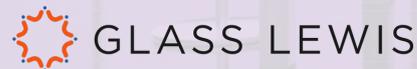
Search Firm/ Talent Partners



Private Equity/Venture Capital



Proxy Advisor/Institutional Investors/Shareholder Activism



The companies listed are official partners of LCDA. LCDA does provide limited talent services support to non-official partners.



About Latino Corporate Directors Association (LCDA)

The Latino Corporate Directors Association (LCDA) is a membership organization focused on developing, supporting, and increasing the representation of Hispanic/Latinos on corporate boards. LCDA has more than 500 members, including corporate board directors, senior executives, and business leaders. LCDA advocates for and provides talent to corporate boards, search firms, private equity, and institutional investors.

About Latino Corporate Directors Education Foundation (LCDEF)

The Latino Corporate Directors Education Foundation (LCDEF) is the affiliated foundation of LCDA. Together with LCDA, the foundation is committed to paving the way for the next generation of US Latina and Latino corporate directors. Its strategic priority is to prepare, position and grow the supply of Latino C-Suite executives prepared for corporate board service and lead with research-based reports and thought leadership.

For more information or to schedule a call, contact:

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