



# Latino representation on Fortune 1000 boards

**2020 edition**

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# Introduction

As business leaders plan for long-term growth and sustainability, they must take into consideration the role that Latinos play as their companies' employees, consumers, and business partners. Due to this important and growing role, there is a strong business need for Latino corporate directors to guide their companies as they work to remain relevant in today's diverse marketplace. According to RBC Capital Markets, "Diversity drives growth; it's critical to reflect customers in your board and culture."<sup>1</sup> However, the Latino voice is rarely represented in the corporate boardroom, despite increasingly loud calls for improved diversity on boards.

The importance of the Latino community to the U.S. economy cannot be overstated. Latinos comprised 82 percent of net new entrants to the U.S. labor force between 2010 and 2017.<sup>2</sup> According to U.S. Census Bureau data, Latinos comprised 18.5 percent of the U.S. population in 2019,<sup>3</sup> and this number is expected to grow to 29 percent by the year 2050.<sup>4</sup> In 2018, Latino consumers contributed \$2.6 trillion or 25 percent of the U.S. GDP. Adjusted for inflation, the GDP of U.S. Latinos grew 8.7 percent from 2017 to 2018, a growth rate faster than the top 10 world economies.<sup>5</sup> The Latino community is the engine driving U.S. consumption growth, driven by higher educational attainment rates<sup>6</sup> and growth in wage and income.

Despite their economic might, the number of U.S. Latinos on corporate boards is staggeringly low, and there has been no progress in the last decade by any measure.

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In stark contrast to the size and economic strength of the U.S. Latino population, as this study shows, Latinos hold a mere 3 percent of the board seats among the companies listed on the 2020 Fortune 1000 list. Diversity without Latinos is incomplete.

To date, studies of the racial and ethnic backgrounds of directors and executives have been limited by a lack of consistent data since companies are not required to disclose these demographics in their regulatory filings. This lack of data has often led to misconceptions about the number of diverse directors and the pipeline of qualified Latino and Latina executives. There is a **strong and growing pool of qualified** Latina and Latino candidates with expansive business experience ready to contribute in the boardroom.<sup>7</sup>

With the growing call by investors and shareholders for equity and inclusion in the boardroom, 2021 presents tremendous potential to move the needle on Latino board representation.

This research report is one element of a robust partnership between KPMG and the Latino Corporate Directors Association (LCDA). KPMG was an early supporter, helping to launch and grow LCDA since its inception. We want to extend our profound gratitude to KPMG and its Board Leadership Center (BLC) for their investment in this study and in our mission, with special thanks to KPMG audit partner and former Audit Committee Institute leader Jose R. Rodriguez and BLC Senior Advisor Annalisa Barrett for their continuing leadership and unwavering support.

<sup>1</sup> RBC Capital Markets, "M&A Inflection Points Episode 3: D&I and Boards."

<sup>2</sup> Dan Hamilton et al., "2020 LDC U.S. Latino GDP Report: Quantifying the New American Economy," Latino Donor Collaborative.

<sup>3</sup> U.S. Census Bureau, "U.S. Hispanic Population Growth," August 11, 2020.

<sup>4</sup> Jeffrey S. Passel and D'Vera Cohn, "U.S. Population Projections: 2005–2050," Pew Research Center, February 11, 2008.

<sup>5</sup> Hamilton et al., "2020 LDC U.S. Latino GDP Report."

<sup>6</sup> Jens Manuel Krogstad, "5 facts about Latinos and education," Pew Research Center, July 28, 2016.

<sup>7</sup> See [Member Directory](#)—Latino Corporate Directors Association.



# Prevalence of Latino directors on Fortune 1000 boards

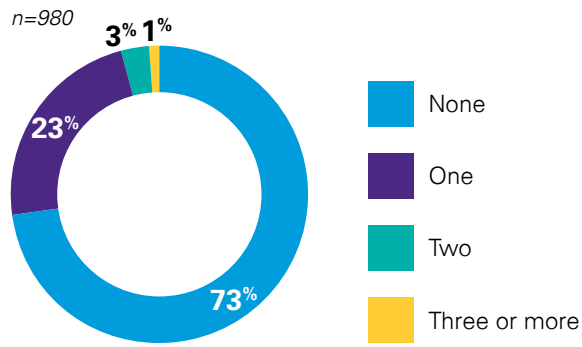
Conducted by KPMG and LCDA, this second annual study of Latinos serving on Fortune 1000 boards finds that there continues to be a paucity of Latinos serving in U.S. boardrooms. While nearly 20 percent of U.S. residents are Latino,<sup>8</sup> only 3 percent of Fortune 1000 corporate directors are Latino.

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<sup>8</sup> United States Census Bureau Quick Facts.

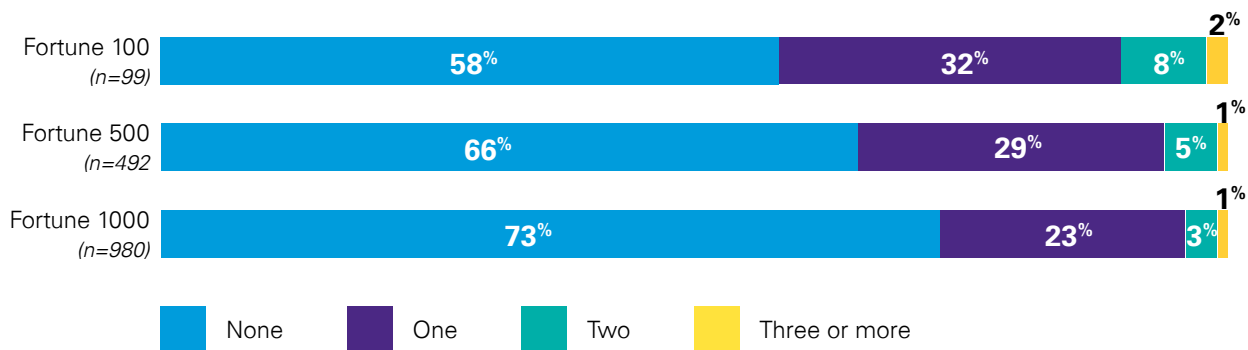
Nearly three-quarters (73 percent) of Fortune 1000 companies do not have the benefit of the Latino perspective in the boardroom. It is rare to find more than one Latino director serving on a Fortune 1000 board—only 4 percent have multiple Latino directors.

### Number of Latino directors on Fortune 1000 boards



### Number of Latino directors on boards

Comparison by company size (Fortune rank)



Does not equal 100% due to rounding.

Larger U.S. companies are more likely to have the Latino perspective in the boardroom. Almost half (42 percent) of the companies in the Fortune 100 (the 100 Fortune-ranked companies with the highest revenues) have at least one Latino director.

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## Director gender

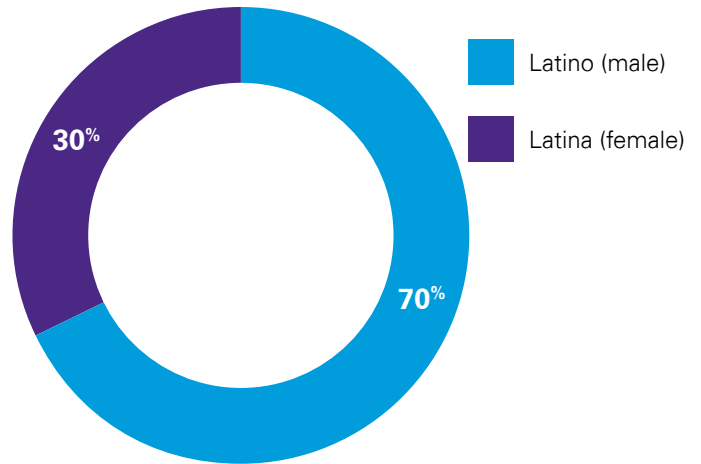
The important deliberations that take place in the boardroom benefit from all aspects of diversity—including age, tenure, and racial/ethnic background. Gender has historically been the most common focus of discussions about diversity in corporate boardrooms—although the conversation is now broadening to include racial/ethnic diversity and diversity of sexual orientation.

Historically, men have held the vast majority of U.S. company board seats. Therefore, it is not surprising that more than two-thirds of the Latinos serving on Fortune 1000 boards are male.

However, the balance between the genders is better for Latino directors than it is for the broader population of corporate directors. While only 30 percent of Latino directors are female, that is slightly higher than the 26 percent of directors serving on the boards of the public Fortune 1000 companies who are female.

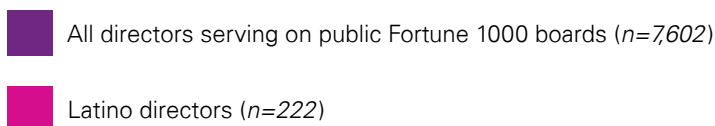
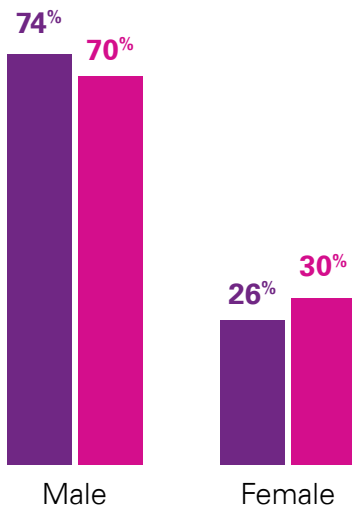
## Gender of Latino directors serving on public Fortune 1000 boards

n=222



## Director gender

Comparison of Latino directors to all public Fortune 1000 company directors



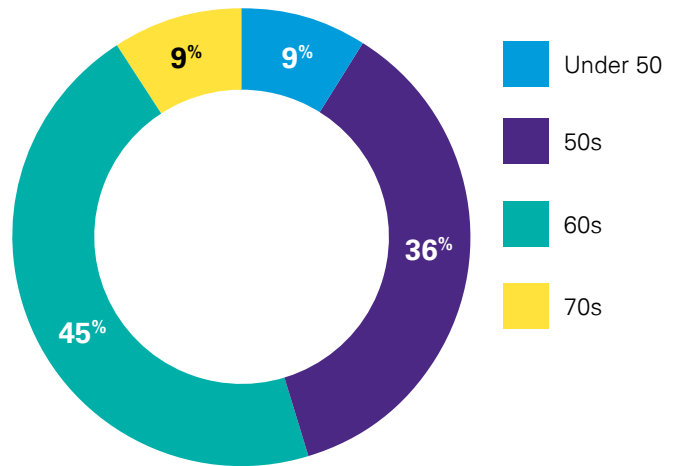
## Director age

Having directors from different generations helps bring a broader range of perspectives and life experiences to the discussions around the boardroom table. While serving on a public company board used to be seen as a role taken on late in one's career or after retirement, it is becoming more common for accomplished senior executives—such as those running large corporate divisions or entrepreneurs who have launched successful businesses—to be sought after for board seats.

The Latino directors studied tend to be younger than the overall population of directors serving on public Fortune 1000 boards. While 45 percent of the Latino directors studied are under age 60, only 35 percent of the directors serving on the boards of the public Fortune 1000 companies are in that age range. There are no Latino directors in their 80s or above. Slightly more than one in five public Fortune 1000 board directors are in their 70s or above, compared to only 9 percent of Latino directors.

## Ages of Latino directors serving on public Fortune 1000 boards

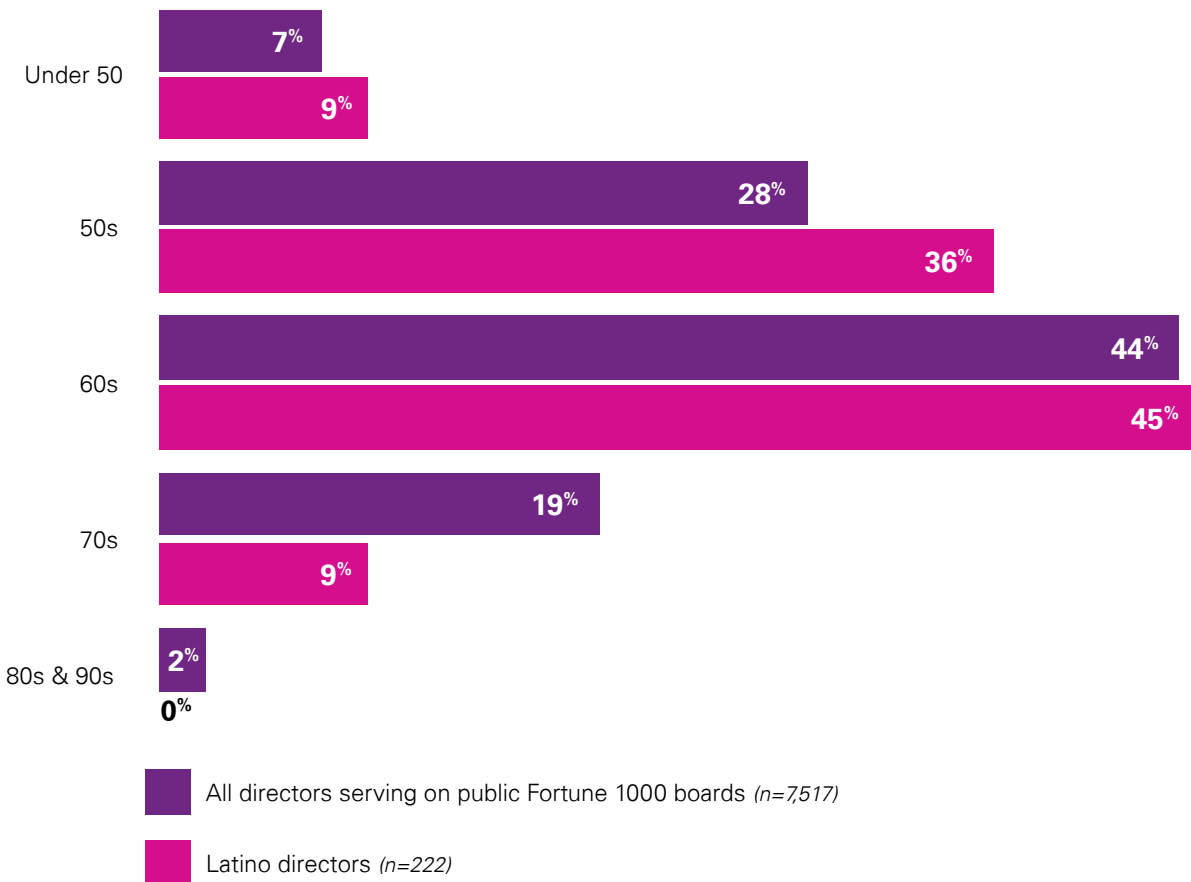
n=222



Does not equal 100% due to rounding.

## Director ages

Comparison of Latino directors to all public Fortune 1000 company directors



Does not equal 100% due to rounding. Ages were not available for 85 directors serving on public Fortune 1000 boards.

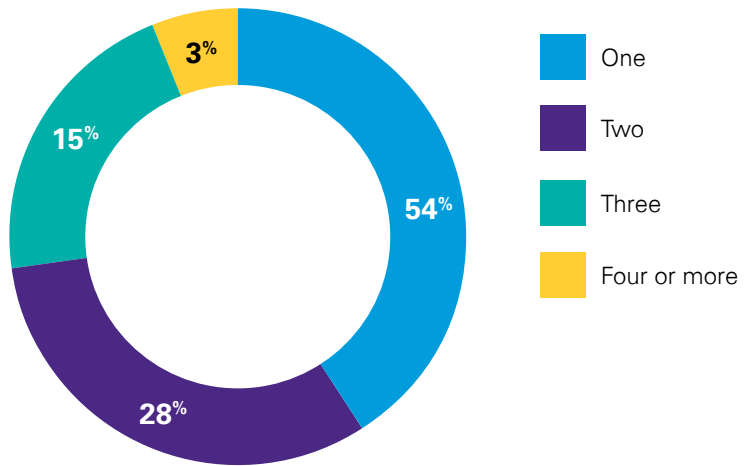
## Board service

While there are benefits to having directors with experience serving on multiple boards, such as the sharing of effective corporate governance practices and experience serving as a director during a circumstance similar to that facing the company, overboarding concerns may arise when a director serves on several corporate boards simultaneously.

While the majority (54 percent) of Latino directors serve on only one public company board, nearly one in five (18 percent) serve on more than two public company boards.

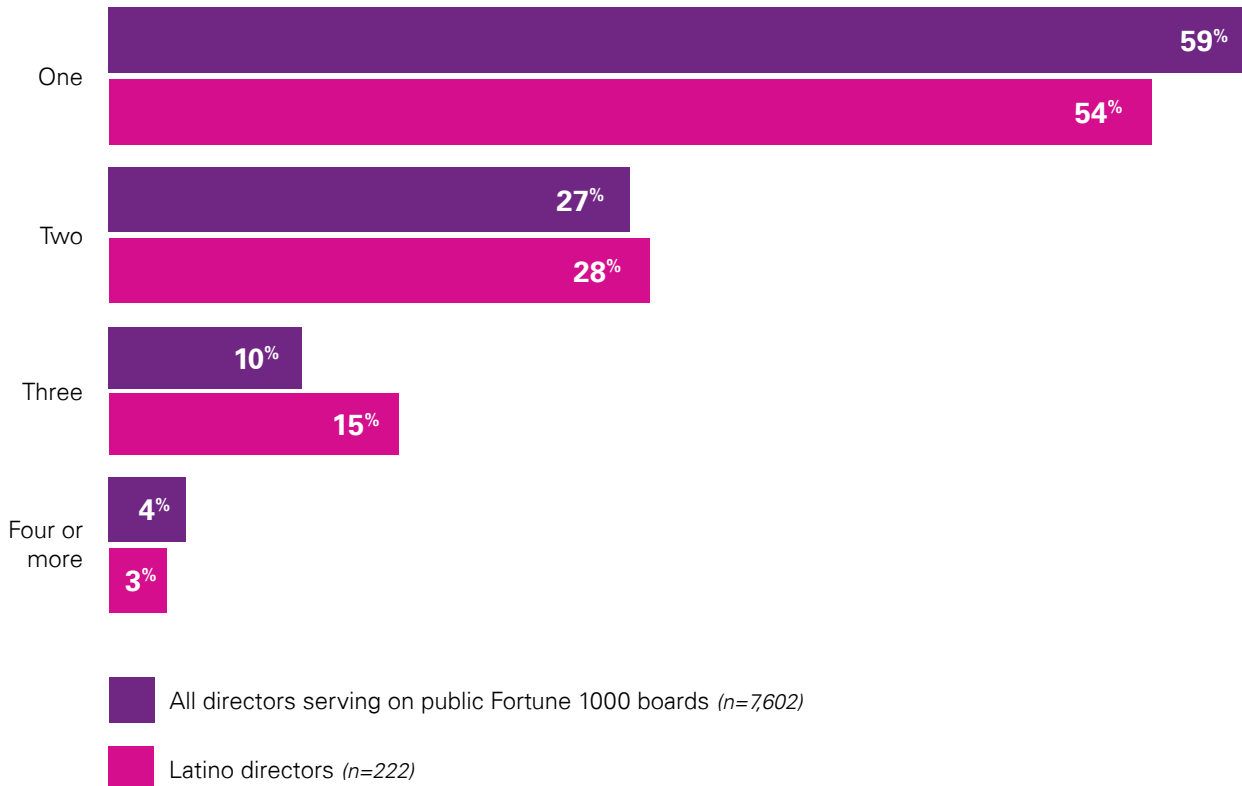
## Number of public company boards on which Latino directors serve

n=222



## Number of public company boards on which directors serve

Comparison of Latino directors to all public Fortune 1000 company directors



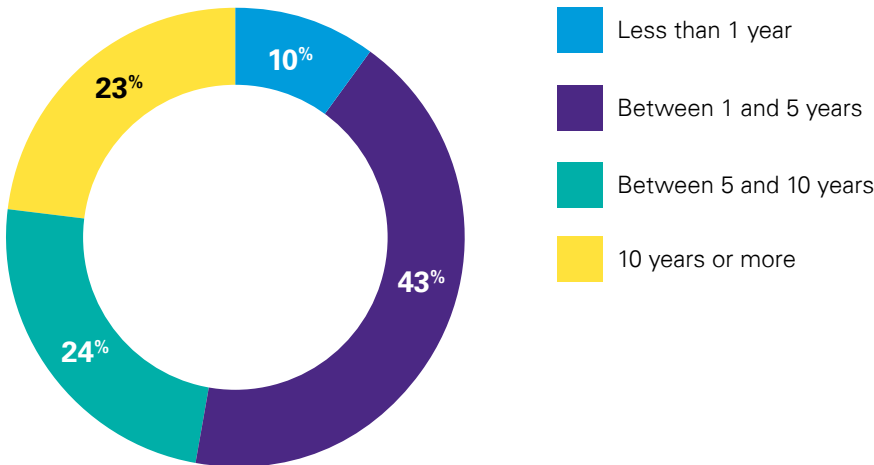


## Board tenure

An examination of board tenure provides insights into the years of experience directors have serving in the boardroom. Additionally, trends in demographic shifts can be evident when considering the newest directors (those who have joined boards within the year prior to the company’s most recent proxy filing). Only 10 percent of board seats held by Latinos are held by Latino directors who are that new to their board roles. Additionally, Latinos are much less likely to have been serving on boards for more than 10 years. Nearly one-third (32 percent) of all Fortune 1000 board seats are held by directors with more than 10 years of tenure, compared to fewer than one-quarter (23 percent) of board seats held by Latinos.

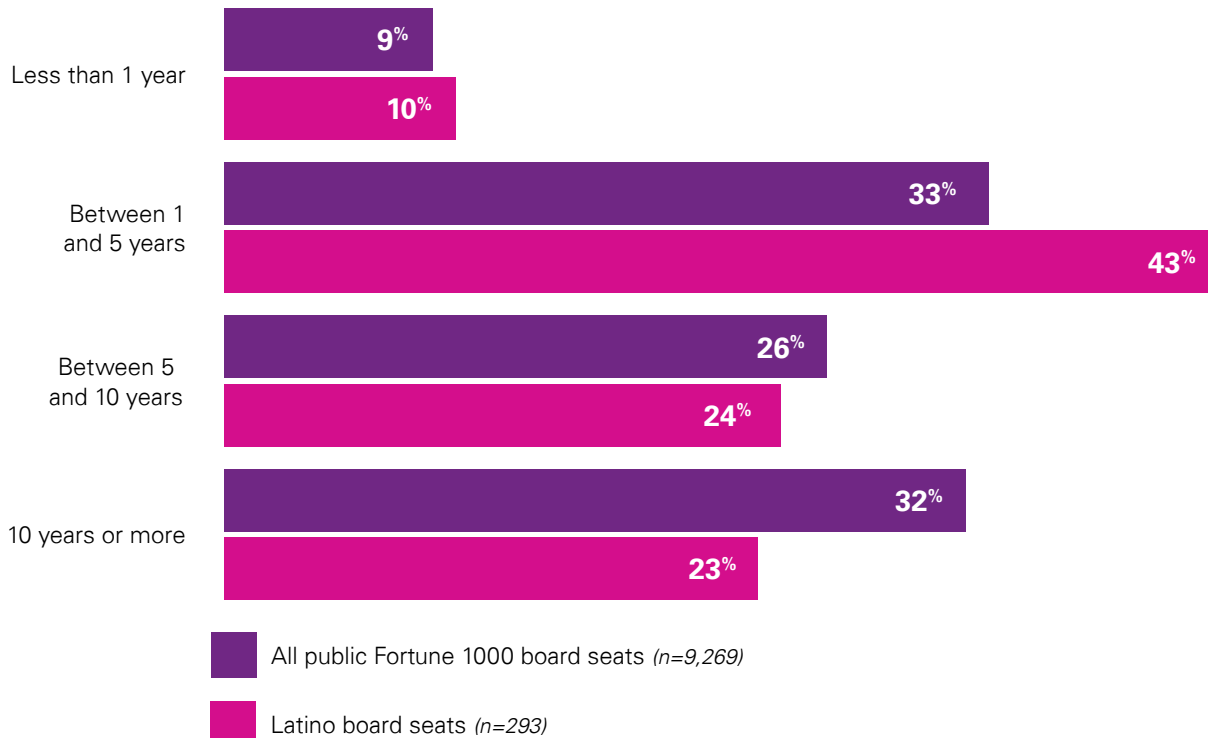
### Tenure of Latino directors serving on public Fortune 1000 boards

n=293



### Director tenure

Comparison of board seats held by Latino directors to board seats held by all public Fortune 1000 company directors



Tenure was not available for 11 directors serving on public Fortune 1000 boards.

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## Latino board leaders

At **17** Fortune 1000 public companies, a Latino director serves as chair of the board.

**7** of these Latino board chairs also serve as CEO of the company.

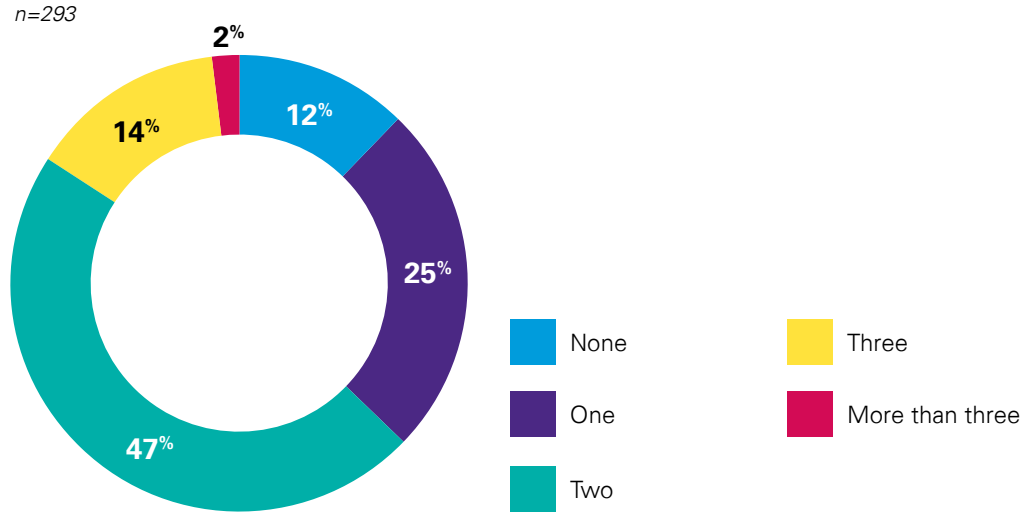
Latinos serve as the lead director of **9** Fortune 1000 public company boards.



## Committee service

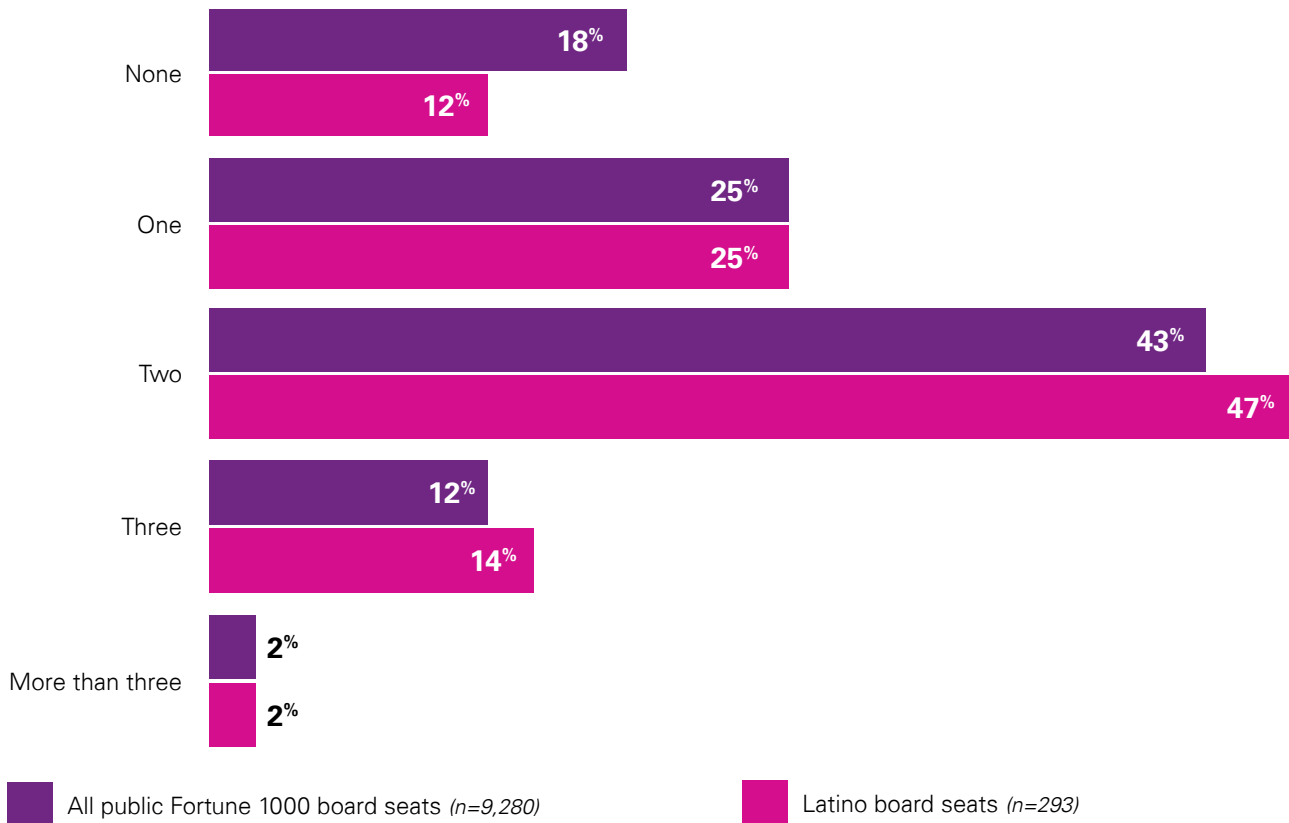
Serving on board committees is an important way for directors to contribute to the work done by the board. The vast majority of the Latino Fortune 1000 directors studied serve on multiple board committees. Nearly two-thirds (63 percent) of the board seats held by Latino directors are held by Latinos who serve on more than one board committee. That is in contrast with 57 percent of board seats held by all public Fortune 1000 directors.

### Number of committees on which Latino directors serve



### Number of board committees

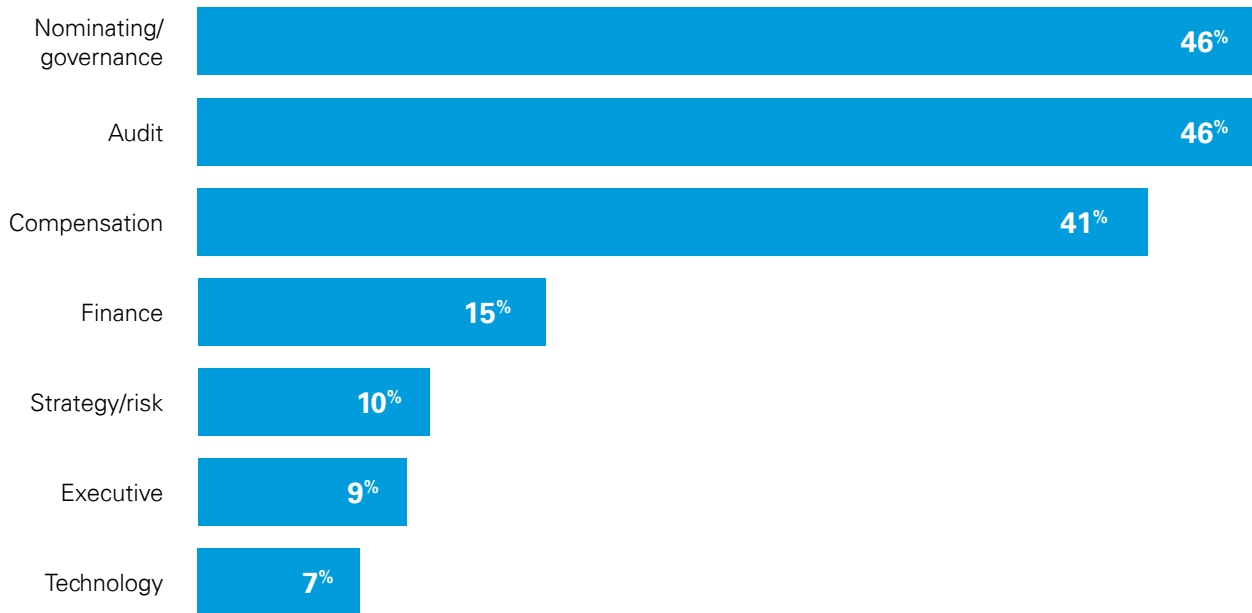
Comparison of board seats held by Latino directors to board seats held by all public Fortune 1000 company directors



The Latino directors studied who serve on board committees most commonly serve on the nominating/governance committee and/or the audit committee.

## Board committees on which public Fortune 1000 Latino directors serve

*n=259; multiple committees possible*



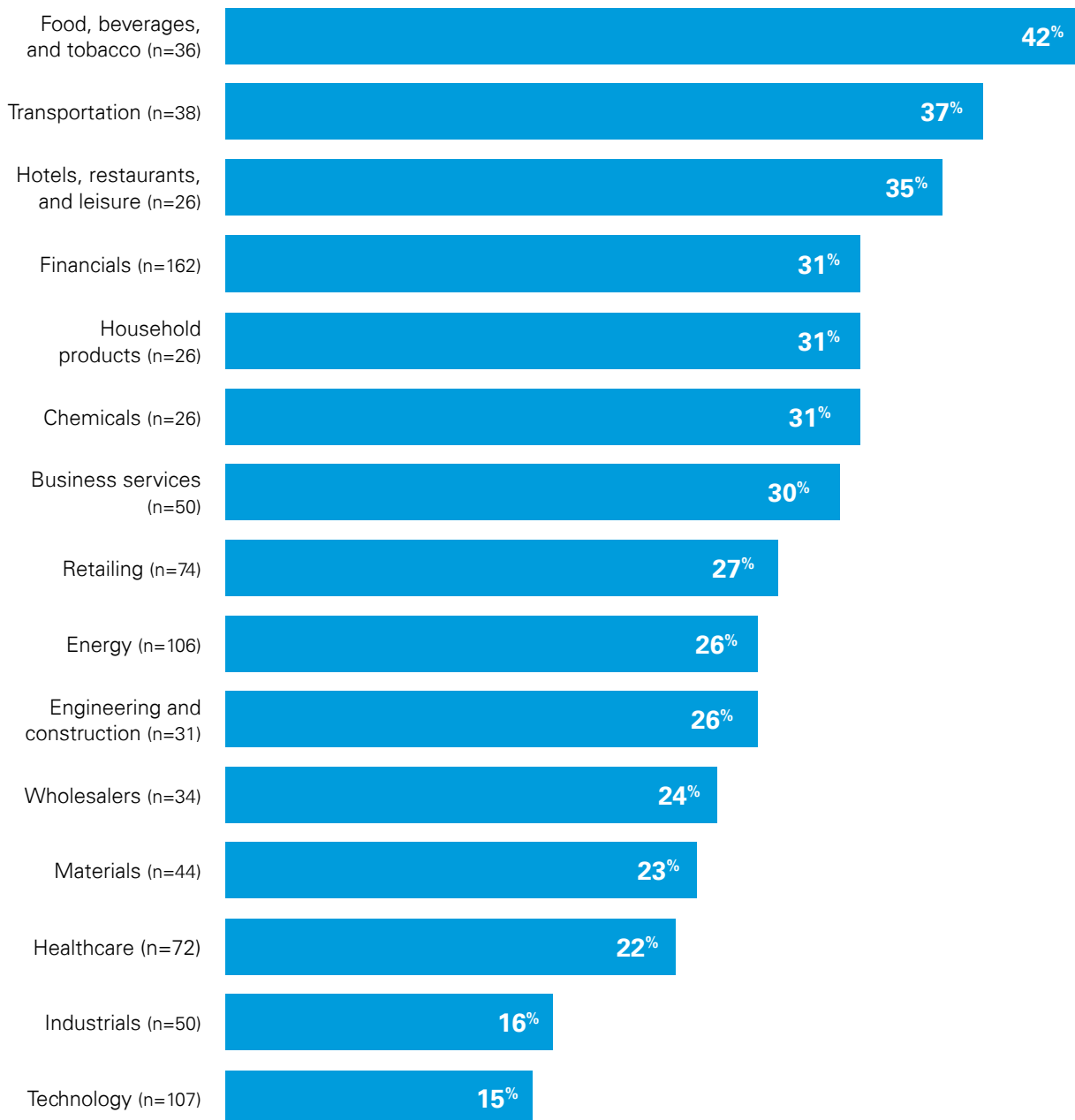
## Comparison by industry<sup>9</sup>

As nominating committees consider the mix of skill sets and backgrounds represented on their boards, industry expertise is among the most important criteria included in the evaluation of board composition. In addition to a professional background in the industry, it is often important for directors to be knowledgeable users of the company's products or services.

Companies in the food, beverages, and tobacco industry are most likely to have the Latino perspective in the boardroom, with 42 percent having at least one Latino director. On the other hand, only 15 percent of the Fortune 1000 companies in the technology industry have a Latino director on their board.

### Percentage of Fortune 1000 companies with at least one Latino director

Comparison by industry



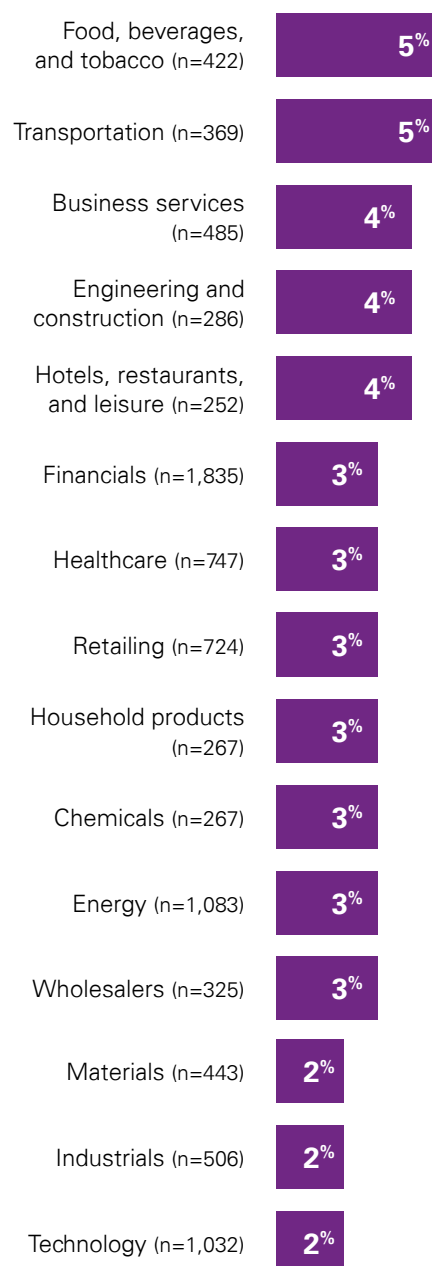
<sup>9</sup> Industry classifications are from the Fortune ranking website. Charts do not include the following industries, which each have fewer than 25 companies in the Fortune 1000: aerospace and defense, apparel, entertainment, food and drug stores, media, motor vehicles and parts, and telecommunications.



The food, beverages, and tobacco industry and the transportation industry also have the highest percentage of directors who are Latino, with 5 percent of the directors serving on the boards of companies in each of those industries being Latino. In contrast, less than 2 percent of board seats of companies in the technology industry are held by Latino directors.

## Percentage of Fortune 1000 directors who are Latino

Comparison by industry



## Comparison by state of corporate headquarters

Traditionally, a significant portion of a company's workforce is drawn from the state where it is headquartered. Given the board's increasing role in overseeing human capital management issues, a comparison of board demographics to those of the state in which the company is headquartered is especially relevant.

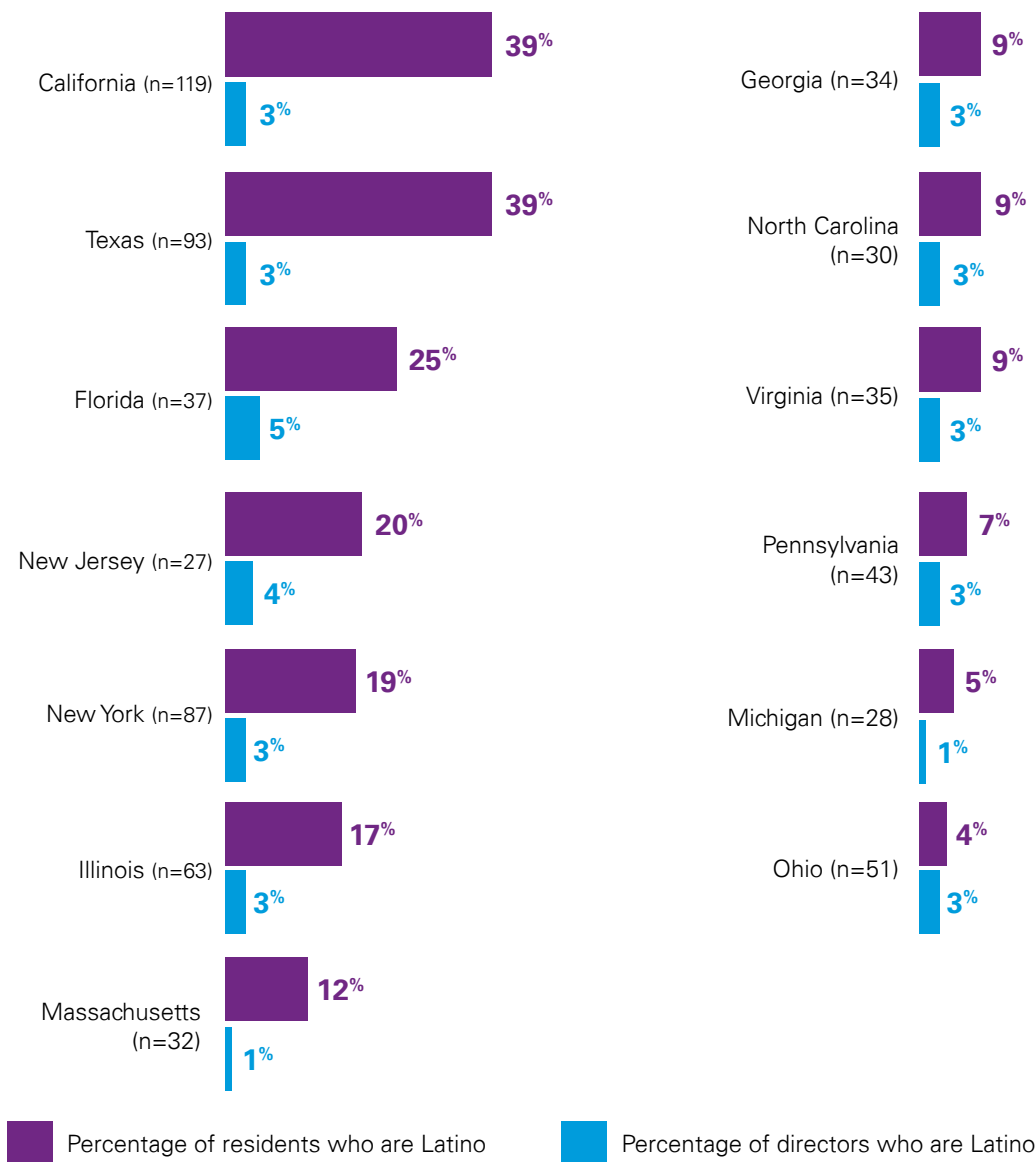
The chart below presents the Latino population in states in which at least 25 Fortune 1000 companies are headquartered. This is shown in contrast to the percentage of Latino directors serving on the boards of the Fortune 1000 companies headquartered in those states.<sup>10</sup>

In all cases, the prevalence of Latino directors is lower than the prevalence of Latino residents.

Although 39 percent of California residents are Latino, only 3 percent of the directors serving on the boards of Fortune 1000 companies headquartered in the state are Latino. The pattern is very similar in Texas, where the prevalence of Fortune 1000 directors who are Latino is also 3 percent. Among the states with at least 25 Fortune 1000 companies, the state with the highest prevalence of Latino directors is Florida, where 5 percent of Fortune 1000 directors are Latino.

## Latino population compared to the percentage of Fortune 1000 directors who are Latino

Comparison by state of company headquarters



<sup>10</sup> World Population Review, "Hispanic Population by State," 2020.

# Methodology

This report presents analyses of the Latino directors serving on the boards of companies on the 2020 Fortune 1000 list as of July 31, 2020, when 980 of the 2020 Fortune 1000 companies were still in business as stand-alone companies, referred to throughout the report as the “Fortune 1000 companies.” The analyses that are based on the number or percentage of Latino directors serving on a board are based on these 980 companies.

The data required for the analyses of director demographics (e.g., age, gender) or board-related information (e.g., tenure, number of boards served, committee service) is only disclosed by publicly held companies. Therefore, the universe of Fortune 1000 companies in these analyses are those public companies that are also in the 2020 Russell 3000 Index. These companies are referred to as “public Fortune 1000 companies” throughout the report. Director and governance data for the public Fortune 1000 companies was provided by **Equilar**, an executive compensation and governance data firm, and was pulled from the companies’ 2020 proxy statements.

There are 901 public Fortune 1000 companies analyzed in the report, and these companies collectively have 9,280 board seats. Since many directors serve on more than one of these boards, 7,602 unique individual directors serve in these board seats. The director universe is used when the analysis is related to the individual director (e.g., gender, age, number of public company boards), while the board seat universe is used when the analysis is related to features of board service unique to each board on which the director serves (e.g., tenure, committee service).

Latino directors serving on Fortune 1000 boards were identified by the LCDA. LCDA compiled this data by identifying individuals who reside in the United States and self-identify as Latino, and who served on the boards of

companies on the 2020 Fortune 1000 list as of July 31, 2020, using the following methodology:

- Hispanic/Latino(a) is defined as a “person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.”<sup>11</sup>
- The individual is a U.S. citizen, a noncitizen national of the United States, or a lawful permanent resident of the United States.
- Publicly available information was used to identify U.S. Latinos based on the director’s name, diversity affiliations, biography, relationships, and other resources.
- LCDA and its strategic partners engaged the board member or company to confirm that the appropriate racial/ethnic designation had been made.
- No surveys were provided for individuals for self-identification.

LCDA follows the model of the U.S. Securities and Exchange Commission and federal bipartisan legislation that promotes “self-identification” by directors for companies to disclose and track the race and ethnic composition of their boards.

Among the “Fortune 1000 companies,” 262 have at least one Latino director on the board. Among these 262 companies, 239 individual Latino directors occupy a total of 317 board seats. Among the “public Fortune 1000 companies,” 243 have at least one Latino director. Among these 243 companies, there are 222 individual Latino directors serving in 293 board seats.

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<sup>11</sup> United States Census Bureau Quick Facts.



## About the author

Annalisa Barrett is a senior advisor with the KPMG BLC where she plays a key role in the development of research and thought leadership and advises directors on emerging trends in corporate governance.

## About the Latino Corporate Directors Association (LCDA)

LCDA is a national nonprofit membership organization whose membership is composed of Latino corporate directors, C-suite executives, and board-ready business leaders. LCDA champions diversity at the highest levels of corporate leadership behind a critical mission: to increase the representation of U.S. Latinos on corporate boards. LCDA serves as an advocate and resource to corporate boards, search firms, private equity, and institutional investors interested in gaining access to exceptional Latino board talent. For more information about LCDA visit [www.latinocorporatedirectors.org](http://www.latinocorporatedirectors.org).

## About the KPMG Board Leadership Center

The KPMG Board Leadership Center (BLC) champions outstanding governance to help drive long-term corporate value and enhance investor confidence. Through an array of programs and perspectives—including the KPMG Audit Committee Institute, the WomenCorporateDirectors Foundation, and more—the BLC engages with directors and business leaders to help articulate their challenges and promote continuous improvement of public- and private-company governance. Drawing on insights from KPMG professionals and governance experts worldwide, the BLC delivers practical thought leadership—on risk and strategy, talent and technology, globalization and compliance, financial reporting and audit quality, and more—all through a board lens. Learn more at [kpmg.com/us/blc](http://kpmg.com/us/blc).

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