



Latino representation on Fortune 1000 boards

2022 Edition

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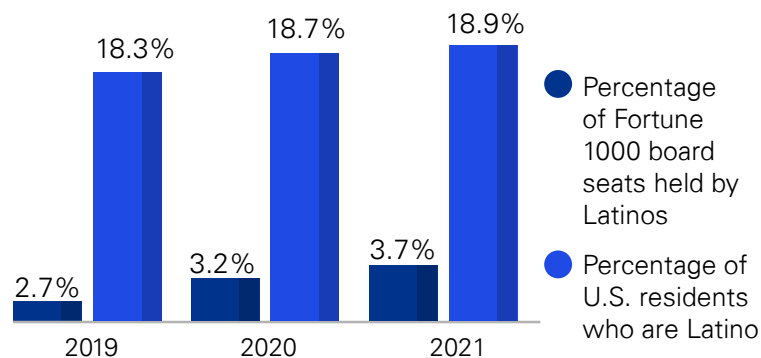
Introduction

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. There is a strong business case for Latinos in the boardroom to help ensure corporations remain relevant in today's diverse marketplace. According to an analysis by RBC Capital Markets, "Diversity drives growth; it's critical to reflect customers in your board and culture."¹ A July 2021 report from BoardReady found that companies with 30 percent or more board seats occupied by nonwhite directors performed better than companies with less than 20 percent of board seats occupied by nonwhite directors.²

However, despite increasingly loud calls for improved diversity on boards, the number of U.S. Latinos on corporate boards remains staggeringly low and there has been little progress to date. U.S. Latino directors now hold 3.7 percent of Fortune 1000 board seats, compared to 2.7 percent in 2019. Meanwhile, Latinos comprise 18.9 percent of the U.S. population.³

The importance of the Latino community to the U.S. economy cannot be overstated. The Latino population is expected to grow to 28 percent by the year 2060.⁴ In 2019, Latino consumers contributed \$2.7 trillion to the U.S. GDP.⁵ While impressive for its size, the U.S. Latino GDP is most noteworthy for its growth, which is driving U.S. consumption growth. From 2010 to 2019, Latino real GDP grew 57 percent faster than the broader U.S. economy⁶; the number of people with bachelor's degrees also grew 2.8 times faster for Latinos during this time period.⁷ Furthermore, Latinos are estimated to comprise 78 percent of net new workers from 2020 to 2030.⁸

As stakeholders focus on board composition reflecting diverse perspectives, it is important to understand the



level of representation of Latino directors in corporate boardrooms. To date, studies of the racial and ethnic backgrounds of directors have been limited by a lack of consistent data since boards are not required to disclose the demographics of each director in their regulatory filings. Supply is not an obstacle—there is a strong and growing pool of qualified Latina and Latino candidates with expansive business experience ready to contribute in the boardroom.⁹

This research report is one element of a robust partnership between KPMG and the Latino Corporate Directors Association (LCDA). KPMG was an early supporter whose investment helped grow LCDA. LCDA extends its profound gratitude to KPMG and its Board Leadership Center (BLC) for their collaboration in this study and support of our mission, with special thanks to former KPMG Audit Committee Institute Leader Jose Rodriguez and KPMG BLC Senior Advisor Annalisa Barrett for their continuing leadership and unwavering support. We would also like to thank both teams at LCDA and KPMG for their contributions, including Ozzie Gromada Meza, Wendy Sturley, Melissa Aguilar, David Lahire, and Katie Keally.

With the growing call by investors and shareholders for boardrooms that reflect America's diverse marketplace, 2022 and beyond present tremendous potential to continue moving the needle on Latino board representation.



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Chair, Latino Corporate Directors Association



Esther Aguilera
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KPMG Board Leadership Center

¹ RBC Capital Markets, M&A Inflection Points Episode 3: D&I and Boards.

² Rajalakshmi Subramanian, Lessons from the Pandemic: Board Diversity and Performance, BoardReady, July 13, 2021, p.16.

³ U.S. Census Bureau, QuickFacts United States, Population Estimates, July 1, 2021. Data on Latino residents in 2019 and 2020 is also sourced from the U.S. Census Bureau.

⁴ U.S. Census Bureau, Hispanic Population to Reach 111 Million by 2060, October 9, 2018.

⁵ Dan Hamilton et al., 2021 LDC U.S. Latino GDP Report: Quantifying the New Mainstream Economy, Latino Donor Collaborative, September 30, 2021, p. 4.

⁶ Dan Hamilton et al., 2021 LDC U.S. Latino GDP Report, p. 4.

⁷ Dan Hamilton et al., 2021 LDC U.S. Latino GDP Report, p. 5.

⁸ Kevin Dubina, Hispanics in the Labor Force: 5 Facts, U.S. Department of Labor Blog, September 15, 2021.

⁹ Latino Corporate Directors Association, Member Directory.

Prevalence of Latino directors on Fortune 1000 company boards

This third annual study conducted by the KPMG Board Leadership Center (BLC) and the Latino Corporate Directors Association (LCDA) finds that the low representation of Latinos in the boardrooms of Fortune 1000 companies persists. While nearly 1 in 5 U.S. residents are Latino,¹⁰ Latinos held just under 4 percent of board seats among Fortune 1000 companies in 2021, an increase of only 1 percent since our first [report](#) was released in 2019.

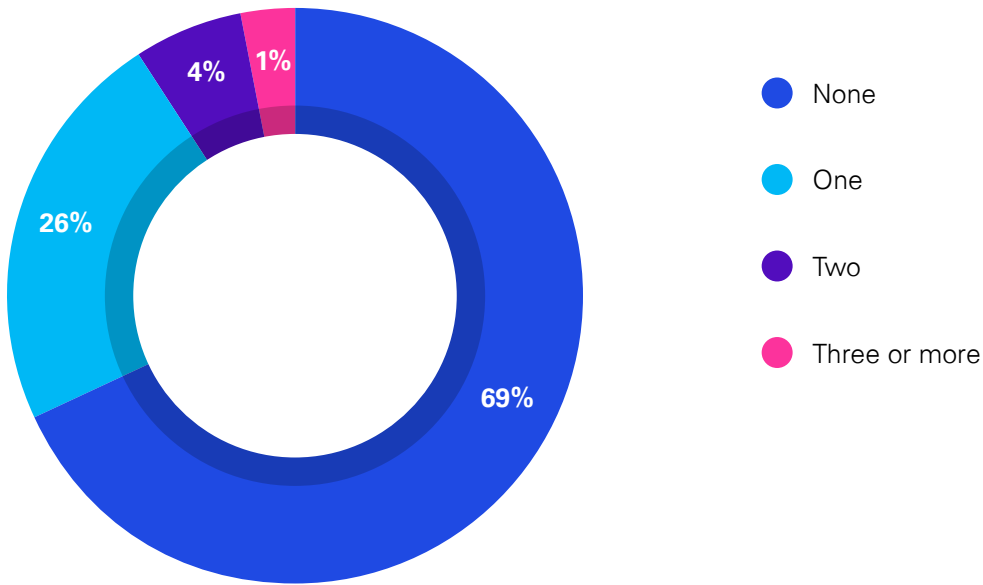
While there has been some improvement, progress has been slow. In 2019, more than three-quarters of Fortune 1000 boards had no Latino directors. In 2021, there were still no Latinos on the boards of more than two-thirds of Fortune 1000 companies. It also remains uncommon to find more than one Latino on a Fortune 1000 board.



¹⁰ U.S. Census Bureau, QuickFacts United States, Population Estimates, July 1, 2021. Accessed August 30, 2022.

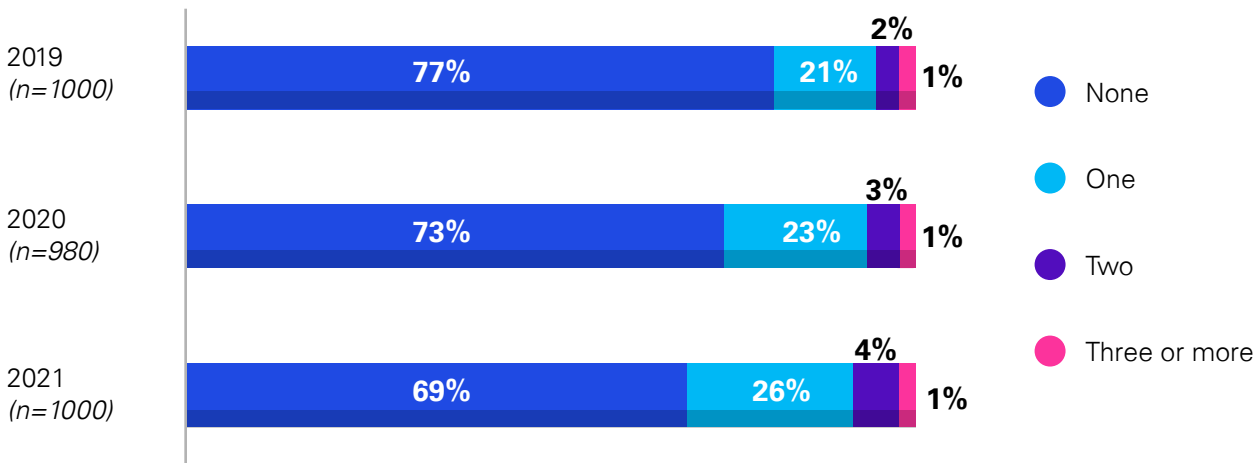
Number of Latino directors per Fortune 1000 board

2021; n=1000 companies



Number of Latino directors per Fortune 1000 board

Year-over-year comparison

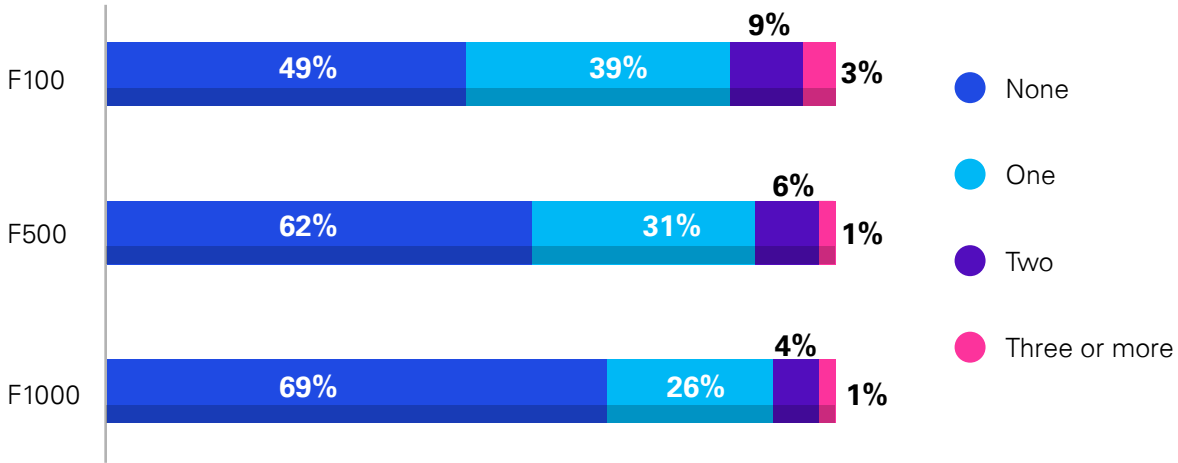


Note: Does not equal 100% due to rounding.

Among the largest companies studied—those on the Fortune 100 list—just over half have at least one Latino board member, and 12 percent have more than one.

Number of Latinos per board

Comparison by company size (Fortune rank) (2021)



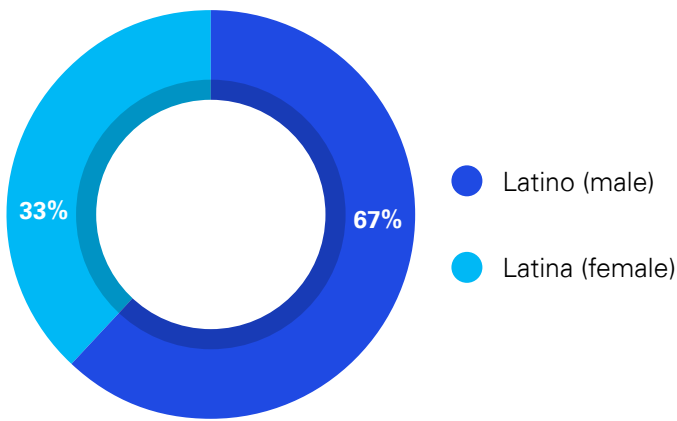
Director gender

Improving gender diversity in corporate boardrooms has been a focus of boards, investors, and other stakeholders for many years. Several institutional investors include specific expectations for gender diversity in their proxy voting guidelines, and a number of states have adopted legislation addressing gender diversity for boards of companies headquartered there. In addition, Nasdaq requires companies listed on its U.S. exchange to disclose a board matrix including voluntarily self-identified demographics, including director gender, as well as race, ethnicity, and LGBTQ+ status.¹¹

Just over one quarter of all directors serving on public Fortune 1000 company boards are female.¹² By comparison, 33 percent of the Latino directors serving on the boards of public Fortune 1000 companies are female. This represents a slight increase since 2020, when 30 percent of the Latino directors on public Fortune 1000 company boards were female.

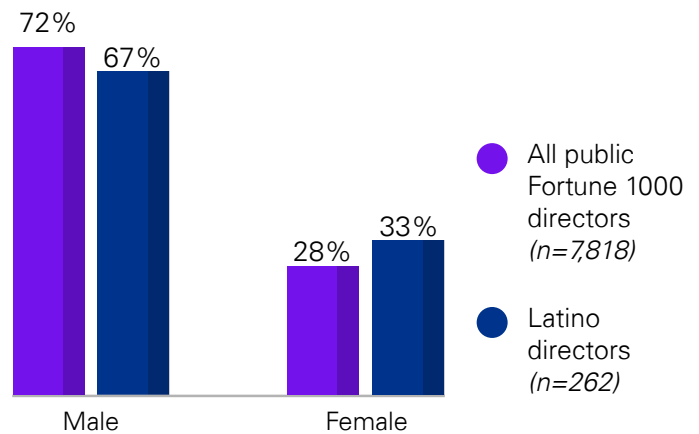
Gender of Latino directors serving on public Fortune 1000 boards

2021; n=262 directors



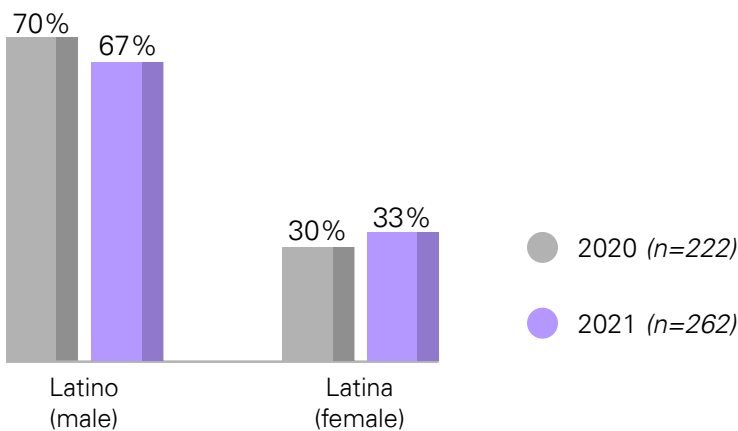
Director gender

Comparison of Latino directors (male and female) to all public Fortune 1000 directors (2021)



Director gender

Year-over-year comparison



¹¹ Nasdaq, Inc., Board Diversity Matrix Instructions, February 18, 2022.

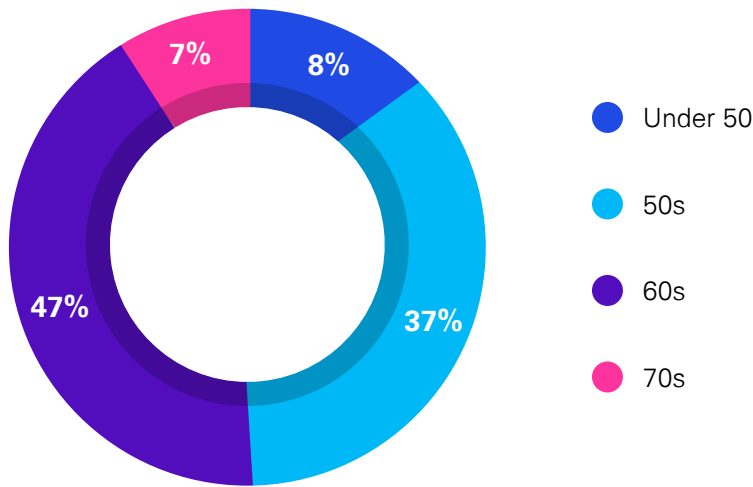
¹² Since details regarding board composition and director demographics are only available for publicly traded companies, the analyses in the remainder of the report consider only the 913 Fortune 1000 companies that are publicly traded, i.e., "public Fortune 1000 companies."

Director age

As nominating committees seek director candidates with diverse backgrounds and expertise to the boardroom, many have tapped younger executives to bring perspectives from different generations and life experiences. In general, Latino directors are slightly younger than all public Fortune 1000 directors. The average age of the Latino directors studied is 60, while the average age of all public Fortune 1000 directors is 62. Latino directors are also less likely to be 70 or older, but more likely to be under age 60, compared to all public Fortune 1000 directors.

Ages of Latinos serving on public Fortune 1000 boards

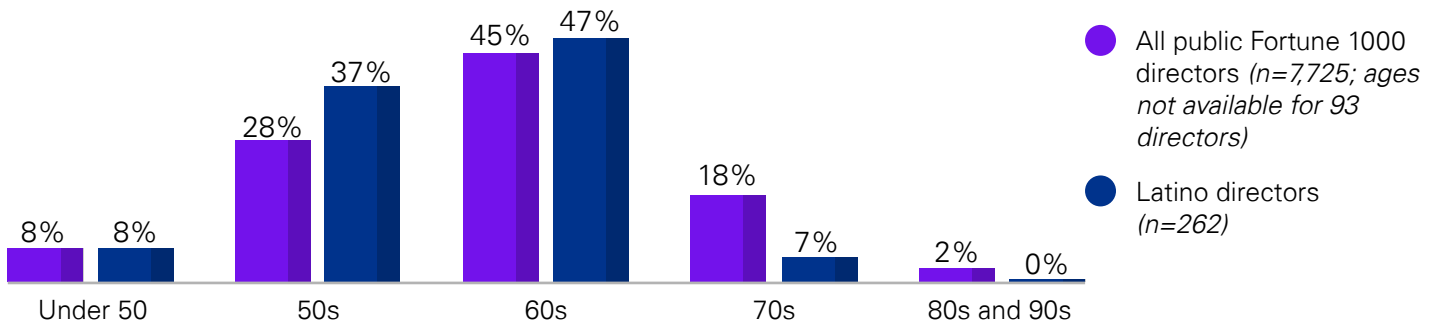
2021; n=262 directors



Note: Does not equal 100% due to rounding.

Director ages

Comparison of Latino directors to all public Fortune 1000 directors (2021)



Note: Does not equal 100% due to rounding.

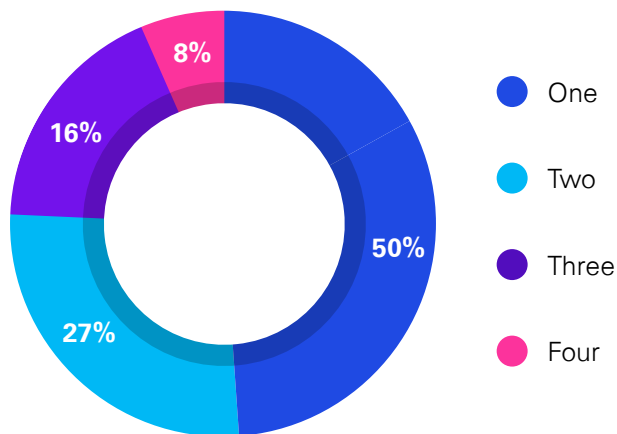
Board service

Serving on multiple corporate boards enables directors to bring their oversight experience, business/industry knowledge, and diverse backgrounds to each boardroom. However, as demands on directors have increased, many boards have enforced limits on the number of other boards on which their directors may serve. As discussed previously, there has been a growing acknowledgement of the benefits of board diversity, as well as requirements from various entities for boards to disclose the composition of the board. This increased focus on diversity has raised concerns that experienced diverse directors may be tapped for service on multiple boards, which may increase the potential for director overboarding.

In light of these concerns, it is notable that our study finds that half the Latino directors studied serve on only one public company board. However, Latino directors are more likely to serve on more than one board than they were in 2020. They are also more likely to serve on multiple boards than public Fortune 1000 directors overall. Specifically, the percentage of Latino directors sitting on three or four boards has increased since 2020, while the percentage sitting on one or two boards has decreased.

Number of public company boards on which Latino directors serve

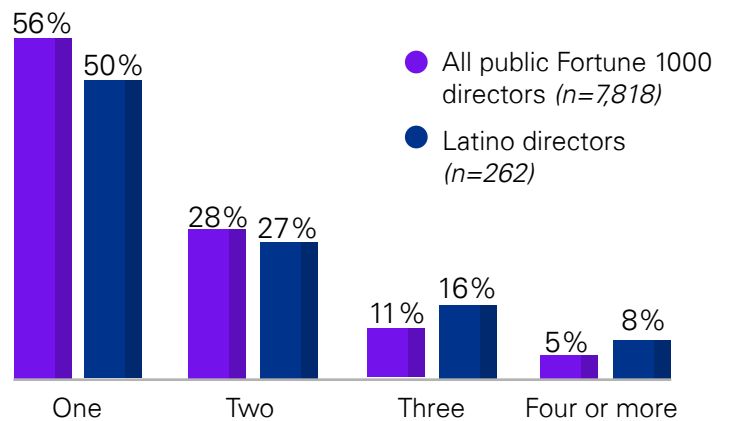
2021; n=262 directors



Note: Does not equal 100% due to rounding.

Number of public company boards on which directors serve

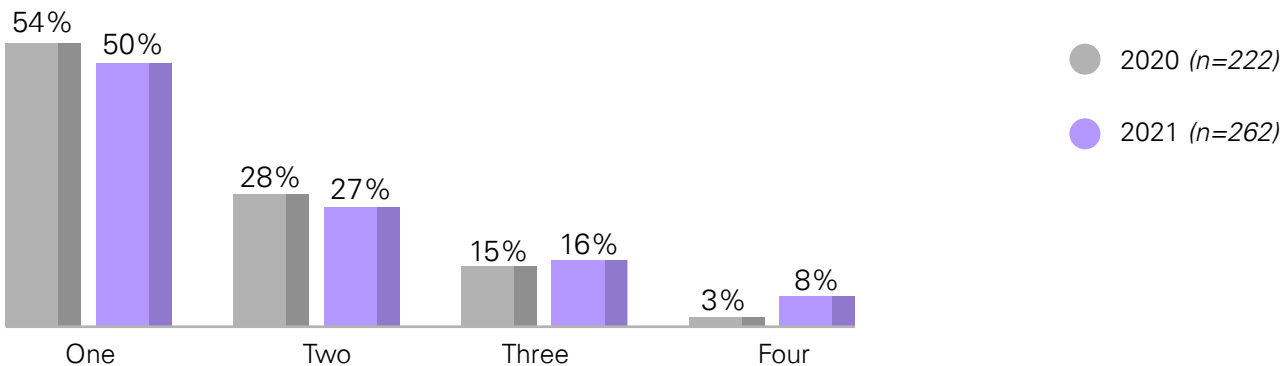
Comparison to all public Fortune 1000 directors (2021)



Note: Does not equal 100% due to rounding.

Number of public company boards on which Latino directors serve

Year-over-year comparison



Note: Does not equal 100% due to rounding.

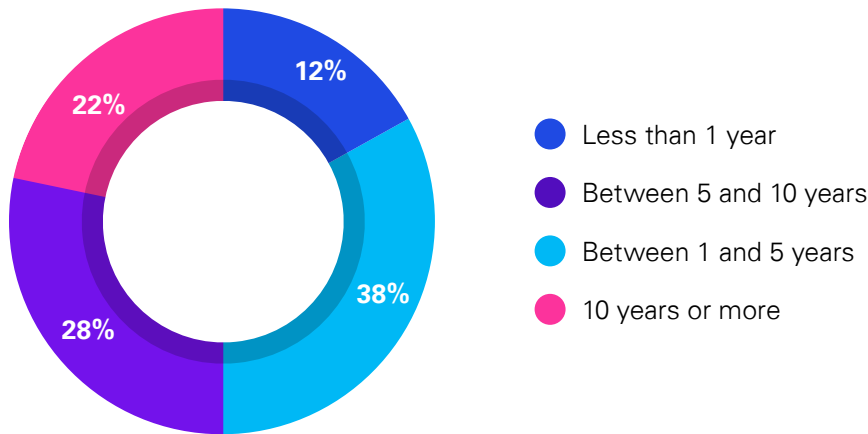
Board tenure

Boards typically seek a range of tenures among the directors serving at any given time. Longer-tenured directors bring the benefit of institutional memory and established relationships with key stakeholders, while directors with shorter tenures may offer new ideas and help avoid complacency—and often bring diversity and expertise from newer fields that may be relevant for the company now and in the future (e.g., artificial intelligence, climate risk).

Half of Latino directors studied have joined their boards within the last five years. In fact, about one-third have served for three years or less. By comparison, 41 percent of all public Fortune 1000 directors have served for less than five years. Furthermore, only 22 percent of Latino directors have served for 10 years or more, compared to 32 percent of all public Fortune 1000 directors.

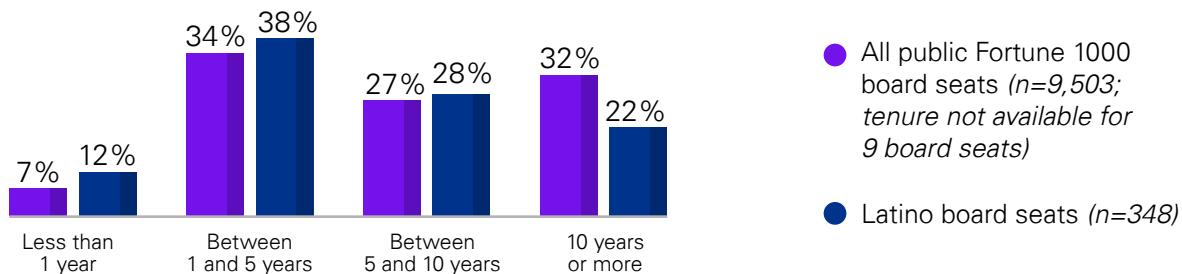
Tenure of Latino directors serving on public Fortune 1000 boards

2021; n=348 board seats



Director tenure

Comparison of board seats held by Latino directors to board seats held by all public Fortune 1000 directors (2021)





Latino board leaders

A Latino director serves as board chair at

15

public Fortune 1000 companies.

7

of these Latino board chairs are also the CEO of the company.

Latinos serve as the lead independent director on

11

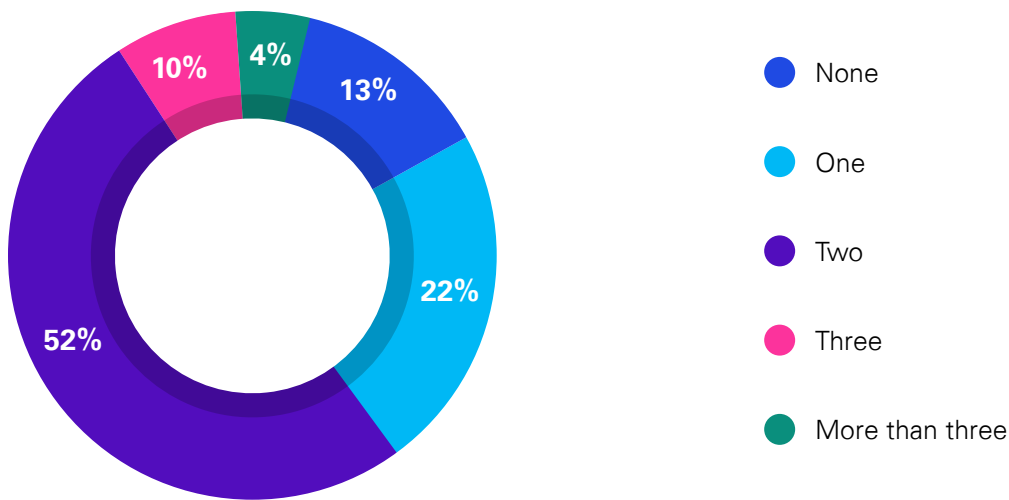
public Fortune 1000 boards.

Committee service

Boards frequently delegate specific, in-depth oversight responsibilities to standing committees. Serving on these committees is a vital way for directors to contribute to the important work of the board. Similar to all public Fortune 1000 company directors, a majority of Latino directors serve on more than one board committee. Latino directors—as well as all public Fortune 1000 directors—most commonly serve on two board committees.

Number of committees on which public Fortune 1000 Latino directors serve

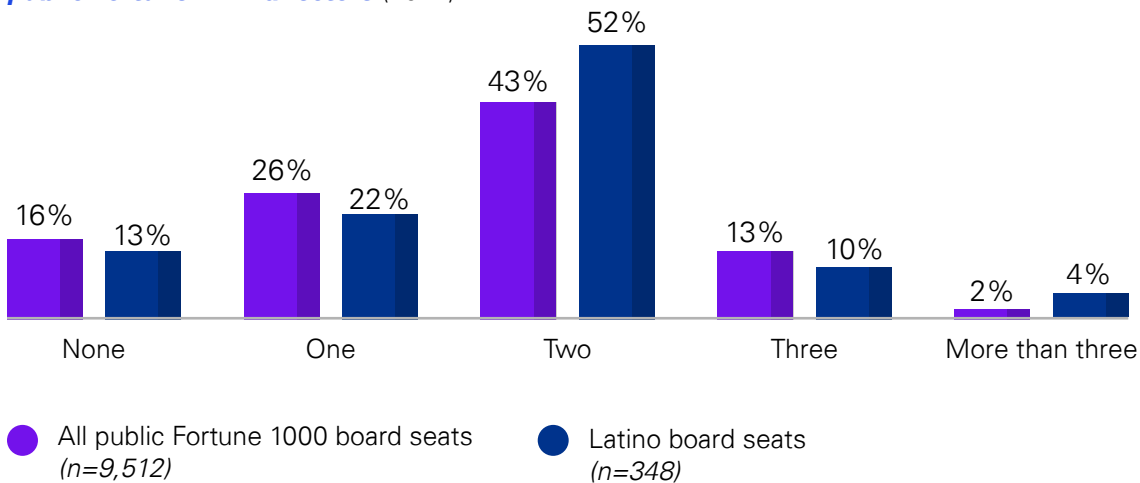
2021; n=348 board seats



Note: Does not equal 100% due to rounding.

Number of board committees

Comparison of board seats held by Latino directors to board seats held by all public Fortune 1000 directors (2021)



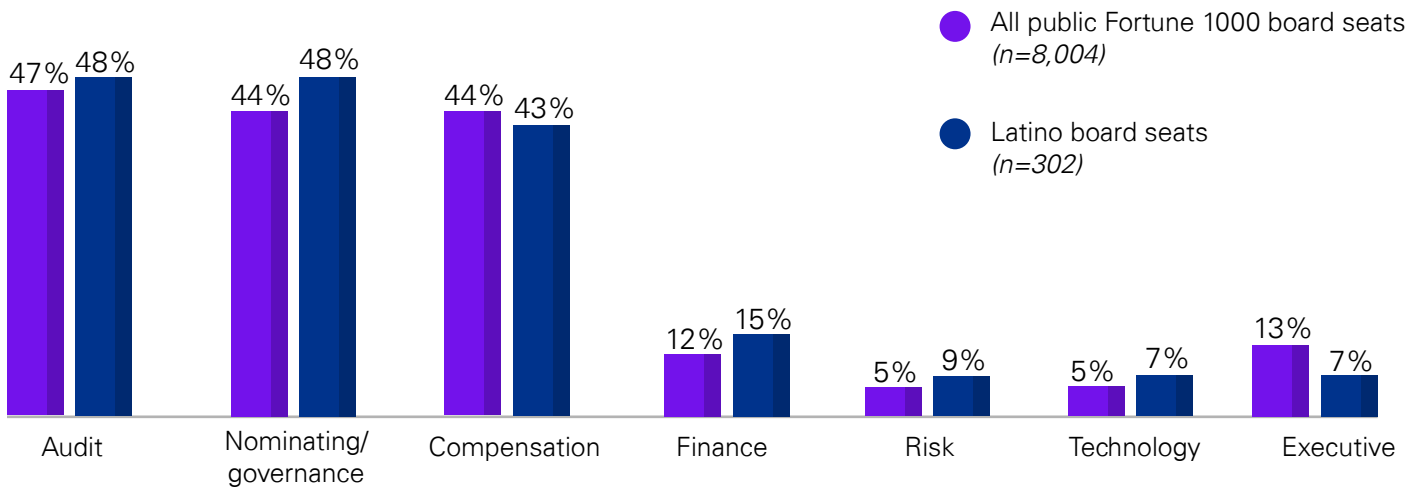
Note: Does not equal 100% due to rounding.

The Latinos who serve on at least one board committee are most likely to serve on the audit committee and/or the nominating/governance committee. Beyond the three key board committees, some boards may have additional standing committees driven by factors including industry, business operations, and strategic plans, as well as board composition and structure. Among these additional committees, Latinos most commonly serve on the finance committee, followed by the risk committee.

Board committees on which public Fortune 1000 directors serve

Comparison of Latino director committee service to committee service of all public Fortune 1000 directors

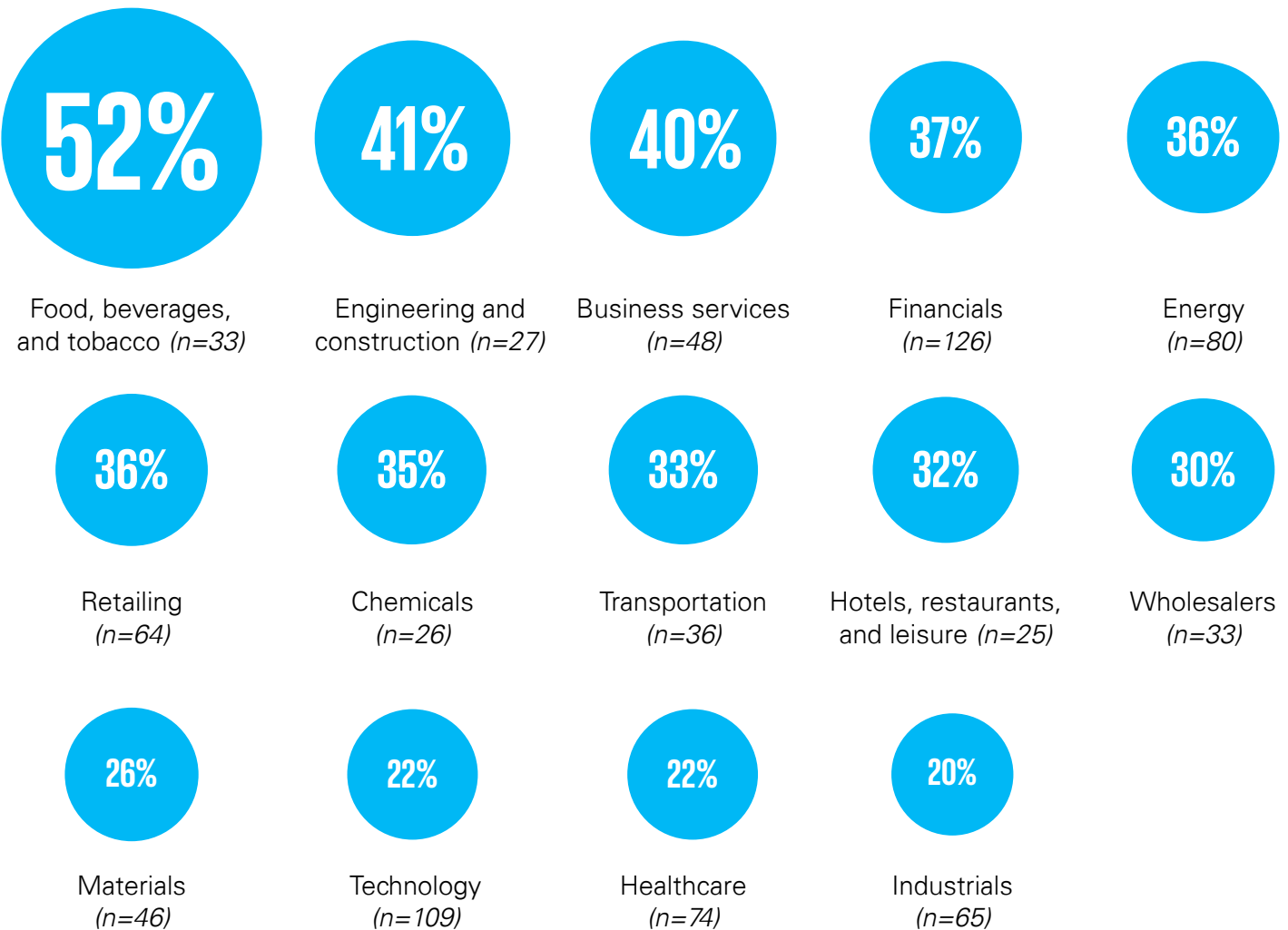
2021; multiple committees possible



Comparison by industry¹³

Among public Fortune 1000 companies, those in the food, beverages, and tobacco; engineering and construction; and business services industries have the highest percentage of companies with at least one Latino director, as well as the highest percentage of Latinos on their boards. However, it is notable that no industry has more than 7 percent of its board seats held by Latino directors. Compared to the nearly 20 percent of the U.S. population that identifies as Latino,¹⁴ Latinos are—across all industries—significantly underrepresented on public Fortune 1000 company boards. The food, beverages, and tobacco industry is the only industry in which a majority of companies to have at least one Latino director.

Percentage of public Fortune 1000 companies with at least one Latino director Comparison by industry

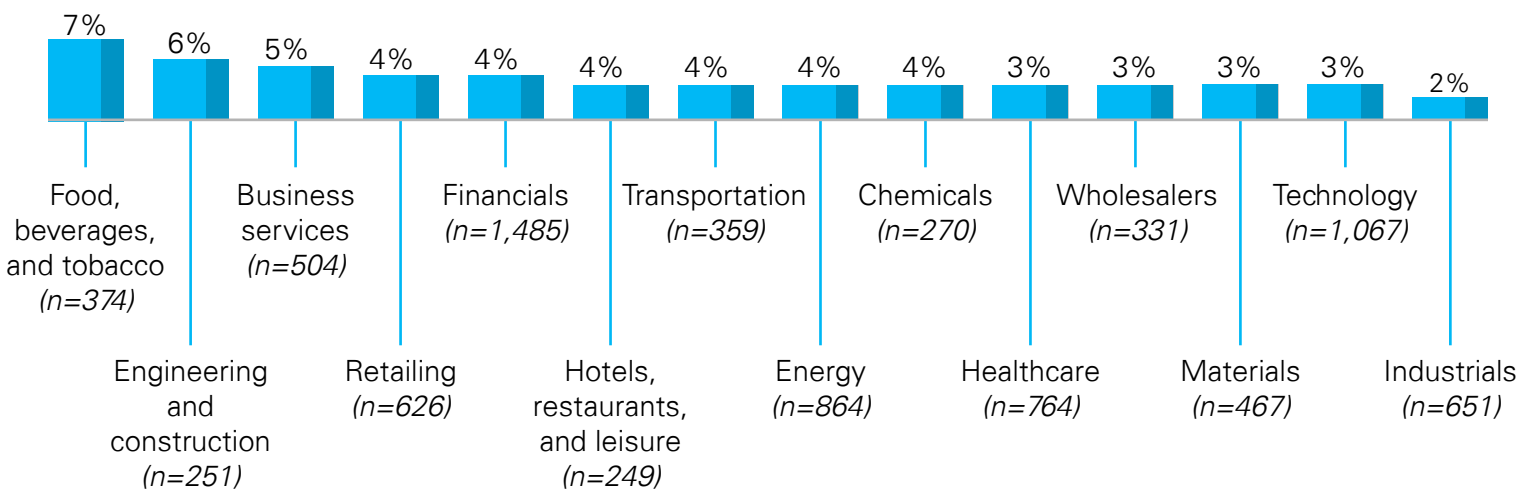


¹³ Charts do not include the following industries, which have fewer than 25 companies in the Fortune 1000: aerospace and defense, apparel, communication services, consumer discretionary, consumer staples, food and drug stores, household products, information technology, media, motor vehicles and parts, and telecommunications.

¹⁴ U.S. Census Bureau, QuickFacts United States, Population Estimates, July 1, 2021. Accessed August 30, 2022.



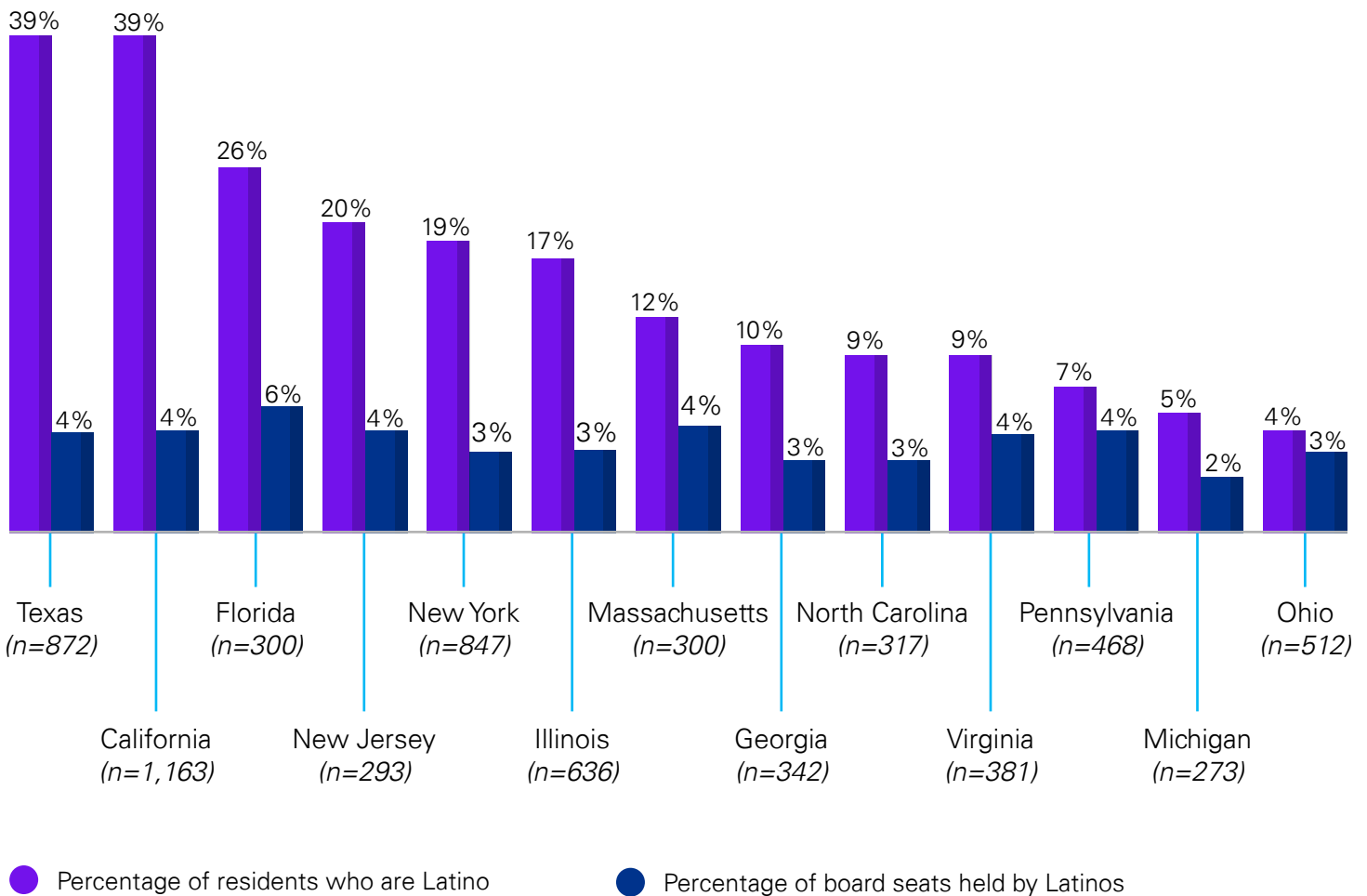
Percentage of public Fortune 1000 board seats held by Latinos
Comparison by industry



Comparison by state of corporate headquarters

Among those states where at least 25 public Fortune 1000 companies are headquartered, Texas and California have the highest percentage of residents who are Latino. However, Latinos hold only 4 percent of board seats for companies headquartered there, despite the populations of each of those states being nearly 40 percent Latino. In Florida, where 26 percent of residents are Latino, Latinos hold 6 percent of public Fortune 1000 board seats.

Latino population compared to percentage of public Fortune 1000 directors who are Latino Comparison by state of corporate headquarters



Source: World Population Review, Hispanic Population by State 2022.

Methodology

This report presents analyses of the Latino directors serving on the boards of companies on the 2021 Fortune 1000 list as of June 30, 2021. The analyses including the number or percentage of Latino directors serving on a board are based on these 1000 companies, referred to in the report as the “Fortune 1000 companies.”

The data required for the analyses of director demographics or board-related information are only disclosed by publicly traded companies. Therefore, the universe of Fortune 1000 companies in these analyses are those 913 public companies that were also in the 2021 Russell 3000 Index. These companies are referred to as “public Fortune 1000 companies” throughout the report. 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). The 913 public Fortune 1000 companies collectively have 9,512 board seats held by 7,818 unique individual directors. Among the public Fortune 1000 companies, 287 have at least one Latino director. Among these 287 companies, there are 262 individual Latino directors serving in 348 board seats.

Director and governance data for the public Fortune 1000 companies were provided by Equilar, a corporate leadership data firm, and were pulled from the companies’ 2021 proxy statements.

The Latino directors serving on Fortune 1000 boards were identified by 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 Fortune 1000 list as of June 30, 2021, 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.”¹⁵
- 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 to 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.

Throughout this report, 2019 and 2020 data on Latino directors and public Fortune 1000 directors are sourced from the following reports also published by KPMG and LCDA: *Latino representation on Fortune 1000 boards: 2019 Edition* and *Latino representation on Fortune 1000 boards: 2020 Edition*.

¹⁵ United States Census Bureau, QuickFacts United States, Population Estimates, July 1, 2021.

About the authors

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About the Latino Corporate Directors Association

The Latino Corporate Directors Association (LCDA) brings together accomplished and respected Hispanics/Latinos in corporate leadership and corporate governance committed to paying it forward. Our mission is to develop, support, and increase the number of Hispanics/Latinos on corporate boards. LCDA's strategy to accelerate Hispanic/Latino placements on corporate boards is focused on three areas: grow demand, grow supply, and raise awareness. Our program areas focus on growing the supply of high-caliber boardroom candidates and providing quality corporate governance programming for experienced and aspiring directors. LCDA serves as an advocate and resource to corporate boards, search firms, private equity, and institutional investors interested in gaining access to exceptional latinocorporatedirectors.org.

About the KPMG Board Leadership Center

The KPMG Board Leadership Center (BLC) champions outstanding corporate governance to drive long-term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC—which includes the KPMG Audit Committee Institute and close collaboration with other leading director organizations—promotes continuous education and improvement of public and private company governance. BLC engages with directors and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and ESG to data governance, audit quality, proxy trends, and more. Learn more at kpmg.com/us/blc.

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