EJE&CON

• EJECUTIV@S & CONSEJER@S •

Spanish Association of Executives and Directors

CODE OF BEST PRACTICES

FOR CORPORATE TALENT MANAGEMENT & COMPETITIVENESS

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PRESENTATION

ABOUT EJE&CON

The **Spanish Association of Executives and Directors** was created in 2015 to bring continuity to the professional links fostered among its founding partners, all of whom participated in the Programme to Promote Women in Senior Management, delivered at the ESADE business school and co-financed by European Union funds (EEA Grants and CEOE).

With applicable legislation governing Spanish capital companies and current European Union regulations always in mind, EJE&CON **was founded with the aim of promoting the presence of women in senior management positions and on boards of directors.**

Our initial challenge: to become a body for promoting change, by raising social awareness that prioritises professional capabilities and skills for accessing positions with high levels of responsibility, promoting diversity, competitiveness and the sustainability of companies and institutions.

OUR TALENT

Over 450 executives and directors from 330 major companies - the vast majority being listed companies, multinationals and other unlisted companies operating in Spain - form part of EJE&CON. Therefore, the association represents those women who have achieved significant positions in major companies, and who develop their professional careers in an environment known for a worrying lack of diversity.

It also represents all sectors, making it a multi-sectoral association with a broad vision and knowledge of the corporate world and society. It is a true social movement that strives to achieve better talent management for business competitiveness.

* Data updated to May 2018.

TOWARDS A BALANCE IN MANAGEMENT BODIES

There is still a long way to go to meet equality targets for boards of directors set by the Government of Spain. Reports of many different types, to which we refer on the following pages, show that, if everything remains the same, it will take decades to achieve parity in positions of greater responsibility, both in listed and unlisted companies.

In this context, the **EJE&CON Good Corporate Governance Committee**, made up of a group of professionals in the areas of law, corporate responsibility, strategy, finance, universities and human resources, has drawn up this Code of Best Practices for Talent Management and Building Business Competitiveness.

Its aim is to make it easier for Spanish organisations to adopt specific measures that allow them to improve their competitiveness and results, ensuring that talent flourishes without gender bias and facilitating women´s access to senior management positions on equal terms and in similar proportions to men.

We trust that, when published, this Code will serve the purposes for which it has been drawn up and, as its recommendations are applied to corporate practices, it will accelerate the transformation process for which EJE&CON strives each day. We believe that it will be to everyone’s benefit.

EXECUTIVE SUMMARY

The **Corporate Governance Committee of the Spanish Association of Female Executives and Directors**, EJE&CON, has defined a Code of Best Practices for Talent Management and Building Business Competitiveness, with the aim of making it easier for Spanish organisations to adopt specific measures that allow them to improve their competitiveness and results, ensuring that talent flourishes without gender bias and facilitating women´s access to senior management positions on equal terms and in similar proportions to men.

The Code of Best Practices for Talent Management and Building Business Competitiveness analyses Spain's national and internal regulatory context, lists the main standards that apply to equality and diversity and explains the corporate context. It cites the most recent reports issued by recognised business organisations and institutions, reviews the objective factors outside and inside companies that affect professional equality, and explains the leadership models that are required by modern day society, immersed as it is in the IV Industrial Revolution. Finally, it formulates a proposal made by EJE&CON to all organisations, regardless of their size or sector, to form part of a new organisational model.

Based on four main principles, the Code provides organisations with ten specific recommendations associated with each of these principles, as well as a procedure for assessing progress made by companies who have decided to adopt the code's recommendations. This procedure is based on the periodic publication by each organisation of an Equality Policies Report.

Lastly, EJE&CON announces the distribution of a Perception Survey following the publication of the Code, allowing the Association to assess the Equality Opportunities status of Spanish companies in an aggregated manner by sector. This survey will take place periodically to trace the evolution of organisations in their transformation according to the new inclusive, egalitarian, diverse and sustainable paradigm proposed by the Association.

MAIN RECOMMENDATIONS

Main	Recommendations
1º Organisations must promote equal opportunities, based on senior management commitment.	1º Every two years, or when approving the company's Strategic Plan, the governing body must approve a corporate equality agenda drawn up by the management committee, with the aim of implementing equal opportunities policies at the heart of the company.
2º Organisations must establish mechanisms for bringing transparency to equal opportunities policies.	2º Policies defined by the management committee in the Corporate Equality Agenda must include tools and indicators, which allow tracking and measuring progress, as well as their degree of compliance.
	3º A body should be appointed to be responsible for gender equality. The activity of this body should involve leading the strategic guidelines set out by the Management Committee and reporting to the Appointments committee, or the corresponding body if such a committee has not been set up.
	4º Equality policies must be broadly publicised in the organisation.
	5º The Corporate Equality Agenda must project its principles outwards, in its commercial policies and when communicating with stakeholders and society in general.
3º Organisations should promote the recognition of genderless talent.	6º The Corporate Equality Agenda drawn up by the Management Committee should promote, under the management of the Gender Equality body, work processes that enable professional development and recognition of genderless talent in the organisation.
	7º The Corporate Equality Agenda should establish clear equal opportunities targets for each area of the organisation.
	8º The Corporate Equality Agenda should include sponsorship and mentoring programs for high-potential female employees, in which company senior executives should participate.
	9º The Corporate Equality Agenda should establish internal coaching programmes and a framework for the creation of networks of women in the organisation that promote a change in the mentality of professional women.
4º Organisations should promote a culture that fosters a balanced relationship between the organisation and the individual.	10º The Corporate Equality Agenda should consider the implementation of measures to allow flexible working hours, facilitate the reconciliation of work, private and family life and encourage that such measures are put into practice.

1. INTRODUCTION

1.1 REGULATORY CONTEXT

Equal opportunities between men and women is a universal legal principle, recognised at both an international and European level and, of course, in our country.

International texts on Human Rights, such as the Convention on the Elimination of All Forms of Discrimination against Women, approved by the United Nations General Assembly in December 1979 and ratified by Spain in 1983, address this legal principle exhaustively. Similarly, the United Nations has organized four world conferences on women, held in Mexico City (1975), Copenhagen (1980), Nairobi (1985) and Beijing (1995).

Other organisations have also made progress in promoting equal opportunities for women in the workplace, particularly the International Labour Organization. We would like to emphasise the recent report by the International Labour Organization entitled "World Employment and Social Outlook:Trends for Women" (2017), which estimates that closing the gender gap in the participation rate by 25% in 2017 would increase GDP by 1.9%.

This legislative progress has had consequences and thus, in 2015, all 193 members of the United Nations expressed their vision of the future of inclusive societies that promote peace, justice and protection of the planet, in the Sustainable Development Goals. The 2030 Agenda, which stems from these goals, highlights the role of the private sector, with particular emphasis on the contribution of companies, and considers Gender Equality as an enriching reality for companies (goal number 5).

At a European level, recognition of equal opportunities between men and women has also been a fundamental principle in European Community legislation since the entry into force of the Treaty of Amsterdam, on 1 May 1999, whereby the elimination of inequality must be integrated into the policies and legislation of the European Union and its Member States. This principle has been implemented by several directives, which we will analyse below.

Article 14 of the Spanish Constitution proclaims the right to equal opportunities and non-discrimination on gender grounds, and article 9.2 lays down the obligation of public authorities to promote conditions for the equality of individuals, remove obstacles that prevent or hinder fulfilment, and to facilitate the participation of all citizens in political, economic, cultural and social life.

Organic Law 3/2007, of 22 March on the effective equality of women and men, incorporates two Directives on equal treatment into the Spanish legal system: Directive 2002/73/EC, which reforms Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, training, promotion, and working conditions; and Directive 2004/113/EC, on the principle of equal treatment between men and women in access to goods and services.

The Good Governance Code for Companies Listed with the Spanish National Securities and Exchange Commission (hereinafter, CNMV), from February 2015, sets out a series of recommendations to be followed by the companies with the highest capitalisation. In terms of gender equality, this Code expressly refers to the insufficient presence of women on boards, recommending that specific targets should be introduced in selection policies to promote the appointment of female directors, so that by 2020, 30% of Board positions are filled by women.

The approval of the European Directive on the disclosure of non-financial information, on 29 September 2014 (2014/95/EU) will be a boost for companies involved in the development and promotion of gender diversity policies. This directive has been implemented by the Guidelines on non-financial reporting 2017/C215/01, of 5 July.

There is a specific point of the 2014 Directive making it mandatory for listed companies to include information about the company's diversity policy in their annual Corporate Governance or Corporate Social Responsibility reports, including aspects regarding age, gender, diversity by geographical areas and educational and professional track records. All disclosed information must include the methodology and indicators used for their implementation and the results obtained. Under the "comply or explain" principle, the Directive states that companies that do not have diversity policies will be obliged to explain their reasons.

As a transposition of this Directive, Royal Decree-Law 18/2017, of 24 November was approved, representing an opportunity to encourage companies to view diversity policies as a factor to be considered within their business strategy.

In 2017, according to PWC´s Annual Corporate Directors Survey, female representation of 22% has been achieved on boards of listed companies due to the presence of a small number of significant women who have advanced in their professional careers and who have considerable experience. These women mainly come from the worlds of government, academia and multinationals where diversity is more accepted. This group of outstanding professionals, which has allowed a first wave of appointments to company Boards of Directors to be covered, has been relatively simple to identify: Board members of multi-nationals, ex-ministers or even representatives of shareholding packages.

However, future additions to boards of directors and management committees depend on companies channelling female talent with great potential into management programmes. It is on this point where the recommendations of this Code proposed by EJE&CON aim to provide tools and models that can be used to reveal the hidden value that genderless talent represents for companies. If we consider that there is a gender balance when the least represented gender reaches 40%, the management committees of 13.7% of Spanish companies are still male only. Only 9% have gender balanced management committees, according to information provided in the II ESADE Gender Monitor on gender balance in companies in 2017.

Despite the formal recognition of gender equality, there is still a long way to go to achieve effective recognition. In other words, the presence of women must be increased in positions of corporate, social, cultural, political and administrative responsibility, female employment levels must be increased and the wage gap must be eliminated. Companies require new legal instruments, the mobilisation of society and a cultural change in mentality in order to make progress in professional equality.

1.2 CORPORATE CONTEXT

The gender equality and diversity issue is increasingly focusing on the interest of economic players, and it is being analysed in Spain from very different perspectives by relevant corporate organisations and institutions.

"DIVERSITY IN SENIOR MANAGEMENT"

Report by the CEDE Foundation. *2016*

Looks at diversity as a key element in the management of work teams, talent and equal opportunities.

"BOARDS OF DIRECTORS OF LISTED COMPANIES"

PWC annual report. *2017*

Places an emphasis on Boards of Directors and insists that diversity, in the broadest sense of the word, is a fundamental element for guaranteeing independence, challenging management proposals and incorporating the best talent. In fact, only one third of board members believe that there is an adequate number of women on their board.

MULTI-SECTOR STUDY ON THE STATE OF CORPORATE RESPONSIBILITY IN MAJOR COMPANIES IN SPAIN"

Sustainability Excellence Club. *2015*

Reveals that 95% of the 125 major companies analysed (28 listed on the IBEX 35) have a plan for the promotion of diversity and workplace integration and the elimination of all types of discrimination, or have implemented measures to guarantee this.

"BUILD TRUST"

Commitment and Transparency Foundation. *2016*

Shows a worrying lack of diversity and independence in the composition of the boards of the 103 Spanish foundations analysed.

1.3 MODELS OF THOUGHT: THE NEED FOR CHANGE

EJE&CON believes that a culture favouring gender balance in the company involves creating a range of corporate strategies and labour policies that allow genderless talent to flourish in companies by respecting the options and roles of men and women.

Millennial women are achieving more higher education degrees than their male counterparts and they are becoming incorporated into the active population in a much larger proportion than previous generations. However, the increase in numbers of women at university is not sufficient to bring the female to male employment rate closer. At Spanish universities, women account for 53.8% of students and 58% of graduates, according to consulted CRUE data "Spanish universities in figures, 2015/2016". Despite these data, the participation of women in companies, in government and in professional spheres in general progressively dissipates as one moves up the ladder, mainly because barriers are perceived to exist that will hinder future access to management and executive positions; these barriers are accepted as a matter of course in the workplace.

The boost given by public authorities to the work-life balance is an essential point that allows women to plan their careers. Social policies that foster female employment are very important, but what could really allow an effective leap is a substantial change in the valuation of corporate professional models, which were designed for the role that men have historically played in both families and companies.

To kick-start this change, work must be done to correctly identify those aspects that prevent the promotion of female talent to management positions, which require a different approach depending on the type of company and sector.

1.4 OBJECTIVE FACTORS THAT AFFECT PROFESSIONAL EQUALITY

The factors that traditionally support a gender imbalance in organisations have a range of different origins.

EXTERNAL FACTORS

External factors of this imbalance refer to the objective conditions that prevent women from participating fully in the world of work. Legal measures, including the fiscal measures adopted by each state to promote personal and family development, provide valuable support and have proven to be an effective way of balancing male and female employment rates, particularly in northern European countries.

For example, for decades Norway has been committed to equal opportunities as a state issue on which there is a strong consensus between different political forces, social representatives and the population at large.

In developed countries, where there is acceptance of the woman's right to full incorporation into the world of work, the debate revolves around gender segregation in the job market. Horizontal distribution is very closely linked to the segregation of men and women by work sector. There is a high percentage of women working in the public sector, education, health and social work, whereas men have a much greater presence in the private sector, industry and finance. Vertical distribution refers to the low proportion of women in jobs with high salaries or at senior management levels.

A factor to be considered is the predominant social mentality that continues assigning central roles in family life to women. The "double burden syndrome: work and home" places a heavy weight on professional development. Although the situation depends largely on each country's culture and politics, in reality women still spend much more time on family tasks than men, in all geographical areas.

According to the consultancy company McKinsey & Company, women worldwide generate 37% of GDP despite representing 50 percent of the working age population (Report: "Women Matter: ten years of insight on gender diversity", 2017). In addition, it has attempted to measure the enormous potential associated with narrowing the gender gap, and it has estimated that a firm boost in favour of women's equality could add 12 trillion dollars to global growth ("The Power of Parity", 2015). From a demographic point of view, it estimates that, for 2030, there will be a shortage of 40 million qualified workers if female employment rates increase every year at the current rate. If, on the other hand, the incorporation rate were equal to that of men, the shortage of professionals would be significantly reduced. From a value contribution point of view, it estimates that 25% of companies with the highest levels of female representation on Management Committees perform significantly better than companies that have no women in their highest level executive bodies. The 2018 "Delivering through diversity" report estimates that the former have a greater likelihood of earning greater profits (21%) and of being long-term value creation leaders (27%).

In its report on Spain, the consultancy company notes that, despite the fact that companies with more women in leadership positions perform better, women only represent 11% of executive committees. ("Women matter: a way forward for Spain").

It is also important to note that companies have to include women in decision-making processes in order to adapt to social changes and consumer trends. This consultancy estimates that women decide on 70% of purchases in homes, although they only make up 51% of the population. Even in products that have traditionally been purchased by men, women account for an increasing proportion of the consumer base and are estimated to make 60% of decisions in the purchase of cars or technology.

In its report entitled “Women in Economic Decision Making in Europe: 2020 Initiative” (2012), the European Commission acknowledges that diversity among employees and board members improves the quality of decision making, and bolsters creativity and innovation by adding knowledge, skills and complementary experiences, which have a positive impact on the company’s management and image. In this sense, projects such as the Europe 2020 strategy have been launched, aimed at achieving a parity rate of 75% of employment for citizens aged between 20 and 64.

The application of effective diversity policies is becoming a key element that enhances corporate image, as well as serving to regenerate the relationship between the company, employees and shareholders. Capital markets and investors are paying increasing attention to diversity programmes. The largest investment funds consider this indicator as one of their investment criteria, whereas major rating agencies are developing new tools to measure gender diversity.

Another factor to consider are educational policies. Governments must be aware that they must be built with a strategic vision, aimed at providing training in the skills required in a world that is currently going through the IV Industrial Revolution. According to data from CRUE, only 22.7% of those in engineering and architecture are women, and they account for less than 20% of students in STEM careers: Science, Technology, Engineering and Mathematics.

We should remember that the “The Future Jobs” report presented at the World Economic Forum in Davos, 2016, states that companies in new technology sectors have the most capacity to create employment in the future. However, in our country the “Programme for International Student Assessment, PISA” 2015, shows that the digital gap between men and women increases every year. This factor is extraordinarily worrying factor for the professional future of women.

Lastly, another factor to consider is that mandatory quotas that some countries have established for female representation on governing bodies of organisations have proven to be effective, despite there still being a long way to go. However, little attention has been paid to the significance of female representation on management committees, which form part of the internal environment of companies and will allow new executive board members and freelancers for the sector to be trained from within companies. Furthermore, there is no doubt that genderless talent on management committees represents added value when making corporate decisions, allowing all talent to be viewed as eligible when designing succession plans.

Something is changing in the young generations and this is recognised by the OECD in its 2015 report, which concludes that young people are increasingly ambitious about their employment future and that 70% of boys and 50% of girls hope to work as sector directors of professionals by the time that they are 30.

INTERNAL FACTORS

Internal factors that affect gender balance within companies are related to the scarce diversity existing in certain positions.

The consultancy company Boston Consulting Group has identified three key internal factors that have contributed to increasing the impact of implementing diversity strategies in companies: senior management commitment to gender diversity, involvement of the entire organization through a coherent shared culture and the importance of data and indicators resulting from quantitative and qualitative analyses that allow the initiatives applied in the organisation to be measured and monitored.

The predominance of men in certain sectors can sometimes discourage women or prevent their professional careers from receiving a boost, if the person who decides on appointments and promotions is affected by a stereotyped view of each gender’s different capacities to commit to the company.

The wage gap between men and women in Spain is around 29.1% in favour of male workers. According to the report entitled “The Wage Gap and Glass Ceiling are Named after a Woman" (2017), drawn up by civil servants form the Ministry of Finance, Gestha, this gets worse as you climb the ladder towards leadership roles. This is undoubtedly a difficult aspect to measure, due to the complexity of concepts including pay models and duties corresponding to salaries. When assessing the wage gap, the fact that women find it more difficult to reach professional levels with higher economic rewards should also be taken into account. Thus, the aforementioned report highlights that 8 out of the 10 best-paid jobs in Spain (over 10 times the inter-professional minimum wage) are held by men. This is the main cause of the deep wage gap that exists in our country, where the number of senior management positions held by women has become frozen at 27% ("Women in business: comply or lead?", 2018).

Significant progress has been made in this area in some European Union countries. Belgium publishes an annual report on the wage gap. In Sweden, the law requires employers with over 25 employees to conduct a wage survey to detect, resolve and prevent unjustified differences in wages and working conditions between men and women, and requires an action plan to be designed. In Austria, companies with over 150 employees have to publish reports on wage equality, whereas in France the Equal Pay Act applies to all companies with over 50 employees.

In the United Kingdom, it has been mandatory since 2017 for companies with over 250 employees to publish data. This has shown that in 78% of companies pay more to men than women, and has highlighted the sectors and companies with the widest wage gaps.

Returning to the workplace following maternity leave is a key moment that makes women very uncertain about the value of their professional progress at a personal level. This often immobilises them, despite their abilities and potential, leaving their professional careers at a standstill due to lack of corporate support. It is difficult for corporate cultures and human resources procedures to capture the talent found within their organisations after these types of situations of absence from work. Therefore, integral solutions have to be adopted to promote the creativity, innovation and virtues of female leadership within the organisation that are sometimes forgotten by companies in the way they view maternity leave and other time off.

To overcome internal and external factors that affect professional development, it is essential for women to begin by being able to lead their careers, discarding the model of thought that identifies personal and family decisions as an obstacle to promotion. The dominant model in the business world, which assumes that all hours must be available to the company, and unconditional acceptance of geographical mobility in order to be promoted, needs to be revised. In other words, a linear career path where there is no rejection of changes or transfers.

There is still a long way to go for genderless talent to be created, valued, and nurtured. To move forward, it is necessary to promote a multidimensional current for change that influences governments and way of living and working at all levels in society, and within companies and organisations.

The IV Industrial Revolution will transform the global economy and society in a radical way. Industries are undergoing deep changes in their business models due to the disruption of fast-paced technological advances of current production, consumption and distribution models. Accordingly, labour markets are changing quickly in this context. Today, it is very important to understand progress and the professional trends of the future, in order to take advantage of opportunities and mitigate the challenges that are posed.

We should recall some data reflected in "The Global Gender Gap Report", 2017, by the World Economic Forum, which states that Spain has climbed 5 positions in terms of indices showing the economic participation of women, education, health and life expectancy, and political empowerment, ranking 24th worldwide, far from the 11th position it held in 2006 .

1.5 LEADERSHIP OF THE FUTURE

Identifying performance indicators of a good leader and the effects it has on corporate performance is a priority in all organisations.

The traditional leadership model is mainly based on coordination and control, on linear management, focusing on analytical reasoning, competence and minimising the emotional aspect of relationships. These competences are historically associated with male leadership.

The sort of leadership required by modern day society requires greater intellectual stimulation of teams and active listening to the needs of individuals; good definitions of expectations and responsibilities, as well as rewards for properly meeting targets. The aim is to convince and motivate, and to provide an inspiring image. In general, a leader who tends to project the future is sought, generating optimism about results and promoting decisions of a participative nature.

Skills acquired in the family environment are a potential advantage when applied to the professional landscape of post-industrial societies. Interpersonal relationship skills, active listening, flexibility, attention to participative management, the ability to simultaneously experience different times and social roles, attention to detail or the ability to manage unforeseen circumstances are all essential attributes that any leader of an organisation must have.

Leaders of the future face an uncertain and complex world, characterised by the development of new working models and methods, the importance of talent, the scarcity of resources, the significance of emotional salaries to the retention of teams, and the importance of socially responsible companies. In this world, leadership must transform in response to these challenges.

The real advantage of having diverse leaders is to facilitate the generation of more creative, inspiring and innovative ideas. EJE&CON is convinced of the absolute correlation between excellent teams and diversity. The development of future leaders requires a new perspective that values empathy and change management as key factors in leadership. A new ethical, responsible and transparent form of leadership is required.

2. EJE&CON PROPOSALS

2.1 GENERAL CONSIDERATIONS

EJE&CON believes that equal opportunity policies must include the main data on diversity in order to plan for the future of equal opportunities in companies.

We believe that talent has no gender and that the challenges of the 21st require a new type of leadership: a shared leadership based on the selection of the best training and talent. One of these challenges will be all of the different types of diversity. It seems logical that if society is increasingly diverse, the leadership of company governing bodies and the institutions that serve society should be too.

The aim is to include different skills and sensitivities that will expand the analysis capacity of organisations during the decision making process, to face the challenges posed by the 21st century. Moreover, these challenges are so tough that we need all talent to work in coordination in the same direction.

At EJE&CON, we deem it appropriate to contribute to promoting measures to facilitate women's access to senior management and management committees, by drawing up this document or "Code of Best Practices for Talent Management and Building Business Competitiveness".

The experience of over 400 people, who currently form part of EJE&CON, and their 4,000 years of accumulated experience arising from the Promociona Programme, underpin the development of this Code.

At EJE&CON we are convinced that companies that promote effective leadership based on genderless talent will gain a unique opportunity to develop a level of competitiveness that straggling companies will find difficult to achieve. In today´s business world, taking the initiative in genderless talent is, above all, a strategic decision.

2.2 TARGETS OF THE CODE OF BEST PRACTICES FOR TALENT MANAGEMENT AND BUILDING BUSINESS COMPETITIVENESS

This Code lays down a set of recommendations that, when applied properly, allow organisations to implement the gender equality policy proposed by Directive 2014/95/EU, thereby avoiding the drain of talent from society.

A series of recommendations is approved to foster the development of genderless talent policies in professional fields, with the aim of meeting the target of getting organisations to apply the genderless talent formula to their management. This is one of the values that identifies EJE&CON.

2.3 SCOPE OF APPLICATION OF THE CODE OF BEST PRACTICES FOR TALENT MANAGEMENT AND BUILDING BUSINESS COMPETITIVENESS

This Code is aimed at all business organizations with more than 200 employees, regardless of their sector.

2.4 GENDER EQUALITY PRINCIPLES FOR THE PRIVATE SECTOR

This code is based on the following principles:

1. Organisations must promote equal opportunities, based on senior management commitment.
2. Organisations must establish mechanisms for bringing transparency to equal opportunities policies.
3. Organisations should promote talent recognition without gender bias.
4. Organisations should promote a culture that fosters a balanced relationship between the organisation and the individual.

3. RECOMMENDATIONS

EJE&CON proposes the following four principles that are specified in ten recommendations:

PRINCIPLE 1: Organisations must promote equal opportunities, based on senior management commitment.

RECOMMENDATION 1

Every two years, or when approving the strategic plan, the governing body must approve a corporate equality agenda drawn up by the management committee, with the aim of implementing gender equality policies at the heart of the company.

Organisations learn far more from senior management behaviour than from management processes or internal communications. Establishing models that allow genderless talent to flourish in companies represents a true business revolution, and it is impossible to obtain significant results without senior management support.

For a corporate equality agenda to be truly effective, it must have the commitment of the governing body. The commitment must be a known and identifiable part of the company's strategy. It should be given the greatest possible visibility and relevance. Therefore, senior management must make it part of processes executed in the company on a daily basis. Furthermore, it must have an appropriate time frame to ensure that the policies are actually paying off and, if not, modify them without unnecessary loss of time.

The aim is to create a high impact diversity strategy at the level of the Chairperson, CEO and management committee, and to assign senior executives the responsibility of leading and encouraging their development

It is clear that there will be no qualitative leap in the model until senior management is convinced that equality of opportunity is a value that has a positive effect on company results, leading to competitive advantages, and that it is a unique feature when it comes to creating a brand and reputation.

PRINCIPLE 2: Organisations must establish mechanisms for bringing transparency to equal opportunities policies.

RECOMMENDATION 2

Policies defined by the management committee in the Corporate Equality Agenda must include tools and indicators, which allow progress and the degree of compliance with the policies to be monitored and measured.

The management committee must define the process, approve policies and initiatives and periodically analyse their progress from the heart of the organisation. To ensure that the conviction that corporate equality agendas form part of corporate positioning, the management committee must periodically assess the results of the programme, and include gender indicators in the agenda.

Reports must be based on lines of business and different units, to ensure that the managers of each of them get involved in the results. Data and analysis are an essential part of assessing whether objectives are being met, so that progress can be reflected on and consideration given to any alternative measures that should be adopted. The scorecard should contain a cascade of indicators such that essential information, critical to the success of the management committee's initiative, is provided.

The management committee should set indicator progress targets, with a particular emphasis on areas with the lowest representation of women or the least represented gender.

The inclusion of training or "reverse mentoring" sessions can be a great tool to be used by senior management to improve knowledge of equal opportunities, as its involvement is an essential part of developing a corporate equality agenda.

RECOMMENDATION 3

A body should be appointed to be responsible for equality. The activity of this body should involve leading the strategic guidelines set out by the management committee.

Equality managers must promote commitment of the company and its employees and promote professional genderless talent management and measures to improve the work-life balance. In addition, they must lead the creation of the so-called "gender map" to assess the situation and come up with the best ways of ensuring that talent flows through the organisation.

Their functions include modelling corporate culture so that genderless management becomes the cornerstone of all company management processes. Corporate culture plays a critical role and the equality manger should act as a point of contact with members of the senior management to ensure that they become active agents for change, responsible for active behaviour that removes obstacles to diversity and ensure that they gradually disappear.

It has been shown that changing attitudes is a much more effective way of favouring diversity than focusing only on the symptoms of resistance to change. The most important thing is to approach the process with an open mind, adequate for the future business model.

RECOMMENDATION 4

Las políticas de Igualdad deben ser ampliamente difundidas en la organización.

A communication plan must be designed that focuses on raising the awareness necessary for change. Successful communication plans are based on a good strategic approach. Commitment to a professional gender balance must be authentic rather than cosmetic over time, in order to be effective.

The communication plan must form part of the corporate equality agenda and be distributed on the initiative of the management committee, to make it clear that it is valuable to the company.

It is relevant that progress in the development of professional women, such as promotions or increased participation in predominantly male areas of the company, etc. are formally communicated and published. Therefore, it is important to share with the organisation success stores, details of how well the programme works, and the targets that have been met. Active support from the organisation's management must be a prominent part of the communication, thereby preventing it from simply being taken passively.

The Code of Ethics or Conduct is an ideal document for setting out the company's commitment to Human Rights and the promotion of genderless talent. This document must be signed by all employees.

It should be ensured that the company's website reflects the image of its ethical commitment to equal opportunities within the company.

RECOMMENDATION 5

The Corporate Equality Agenda must project its principles outwards, in its external communications, its commercial policies and when communicating with stakeholders and society in general.

The corporate equality agenda should promote actions aimed at publicising and implementing its principles in society in a pragmatic manner, as usual practice and not as an exception.

For this purpose, the Corporate Equality Agenda

should promote activities such as:

- Promoting gender diversity-based work teams in all lines and business areas of companies, with particular emphasis on those that are in contact with customers.
- Adequate analyses from the point of view of gender diversity, allowing the competitive advantage of diversity in work teams to be quantified. To do this, it will be necessary to design indicators that allow competitive advantage to be measured in an accurate and objective way (e.g., customer satisfaction rate, usage experience rate, etc.) and it to be included on strategic company scorecards to allow it to be monitored periodically.
- Setting external communication and advertising policies to convey the image of a company committed to gender diversity. In this sense, the external communication policy must be considered as a key element of the company's strategy, rather than merely a marketing plan. The commitment to gender diversity must be showcased among company stakeholders and society in general.
- Inclusion of diversity clauses in supplier contracts. To ensure that this principle is disseminated through all areas of the company, extensions need to be written into contracts with suppliers to ensure that they apply the same actions in their companies, thereby initiating a true shift towards genderless talent.
- Avoiding sexist patterns of behaviour in communications and when developing products and services.

PRINCIPLE 3: Organisations should promote the recognition of genderless talent.

RECOMMENDATION 6

The Corporate Equality Agenda drawn up by the Management Committee should promote, under the coordination of the Gender Equality manager, employment processes that enable professional development and recognition of genderless talent in the organisation.

As we have mentioned previously, equal opportunities in a company is a value that must be part of the corporate strategy, rather than being exclusively limited to human resources policies. The aim of equal opportunities must be to enable value generation for the company, by attracting, retaining and promoting genderless talent and, therefore, increasing the value of the brand and its reputation.

People management should aspire to balance the participation of men and women at all levels of the organisation. Employment processes must ensure that recruitment and appraisal procedures and career management systems do not prevent women from taking their choice of professional career path. Flexible criteria must be incorporated for this purpose, such as years of service in the company without penalising maternity leave, requiring that short lists contain at least one candidate of the gender that is least represented in the position, etc.

To this end, a series of recommendations are proposed to methodologically support the development of these measures:

- **RECOMMENDATION 6.1.-** During selection processes, a balanced presence of men and women should be promoted. Short lists of candidates should equally represent both genders, unless there are reasons why a balance of candidates cannot be achieved. In any case, at the least one curriculum of a person of the least represented sex should be included.
- **RECOMMENDATION 6.2.-** Business units or areas of activity should be given incentives to achieve better positioning in gender indicators.
- **RECOMMENDATION 6.3.-** Policies should be promoted to foster objectivity (or the use of objective criteria) during promotion processes.
- Wherever possible, efforts should be made to ensure that promotion committees use the “blind process” model (only with academic or professional data, without biographical data), in which professional track records, compliance and capabilities and skills are analysed anonymously.
- A percentage of diversity should be promoted on long or initial lists of candidates that is equal to the percentage of women at a management level in the organisation.
- At least one of the candidates on short or final lists must belong to the group that is least represented at the level of responsibility in question.
- It should be ensured that teams in charge of selection and promotion also stick to the principle of equality; there should be a minimum of two people, at least one of whom should be from the least represented group.
- When deciding on promotions to another area or unit, the current line manager should simply present and recommend the candidate, and the future line manager should assess the suitability of the “blind” CV/history of the different candidates to the position. The final decision lies with the selection committee. Succession plans should seek to respect the aforementioned criteria from an equality perspective.

- **RECOMMENDATION 6.4.-** The most suitable person for any project should be sought, based on their professional qualifications. In particular, efforts should be made to ensure that these criteria do not apply a penalty for having enjoyed, or be currently enjoying reconciliation measures that are legally established or promoted by the company.

  The position should first be rigorously analysed such that the process aims to seek out the abilities required to hold it. Neutral language should always be used in job offers, means of publicity and during candidate selection interviews. The opportunity should be given to the most suitable candidate in the assessment. The candidate must be consulted whenever it is necessary to renounce reconciliation measures, if required by the needs of the position.

- **RECOMMENDATION 6.5.-** Equal opportunities and a balanced presence of candidates of the least represented sex should be pursued during all human resources, recruitment, performance appraisal leadership assessment and training processes, and when joining high potential programmes, without detriment to the principles of merit and ability, provided that the professional assessments have similar results.

- **RECOMMENDATION 6.6.-** Wage equality must be guaranteed by setting remuneration criteria in an objective and transparent way. An action plan should be defined for corrective measures in the event of a pay gap.

- **RECOMMENDATION 6.7.-** When designing career plans, non-linear and interrupted track records should be considered, to favour the reinsertion of mothers and women in general.

RECOMMENDATION 7

The Corporate Equality Agenda should establish clear equal opportunities targets for each area of the organisation.

Each department must have employment targets for men and women, taking into account the baseline situation and other specific circumstances.

Under the principle of maximum transparency, companies should set targets for the entire organization, with bespoke initiatives for each unit and general initiatives for the company.

Key aspects to be monitored should be the proportion of women in different lines of business, the percentage of newly hired women, salary levels for men and women with the same responsibilities and the number of women promoted when compared to total promotions, turnover rates in similar positions, training ratios and satisfaction surveys of men and women.

Progress must be published on a regular basis to showcase the importance of these measurements. Visibility of women will facilitate the mobility of female talent through competition between different areas of the company, which will seek to recruit genderless talent with the highest potential.

These measurements can be applied in multiple ways to situate talent more efficiently, to quantify progress and to set priorities in the organisation.

RECOMMENDATION 8

The Corporate Equality Agenda should include sponsorship and mentoring programs for high-potential female employees, in which the company's senior executives should participate.

Personalised attention to individual problems suffered by high potential women will facilitate their commitment to the company and will prevent them from becoming dissatisfied with the company, which often leads to the loss of female talent due to ignorance of their potential.

Companies must promote sponsorship programmes, taken on by the most senior executives, as well as specific mentoring programmes for women, run by senior directors. These programmes should aim to evolve obsolete ways of thinking of male employees, who have most influence over the management of the company.

Mentoring professional women will make them feel valued and empowered, thereby favouring higher levels of professional self-acknowledgement through fluid communication with experienced senior professionals. This will lead to improved performance in the short term and, in the long term, to the discovery of professionals with the ability to take on major roles within the organisation.

RECOMMENDATION 9

The Corporate Equality Agenda should establish internal coaching programmes and a framework for the creation of networks of women in the organisation to promote a change in the mentality of professional women.

The assumption that a successful family life is exclusively down to women has led to a behavioural model whereby women focus all of their efforts on measuring their personal success.

Professional ambition, assertiveness, the quest for visibility and professional recognition are aspects that have not yet sufficiently penetrated the female mentality. A lack of these qualities or aptitudes makes it difficult to gain recognition in the organisation.

The historical absence of women in high-level positions in companies has led to a female mentality that unconsciously assumes that qualities such as ambition and competitiveness are more alien to them than to men.

This is why a decisive change is required in this mentality to encourage them to identify the value of professional success and the need to showcase their talent, by fostering attitudes of assertiveness and healthy ambition.

Professional women must change their mindsets to recognise the real value that female talent represents for the company and the contribution made to corporate development. Therefore, women need to remain alert in order to gain recognition in the organisation. For this purpose, companies must run coaching programmes to allow women to become aware of their self-limitations when planning their professional careers.

The creation of women´s networks through meeting points is a powerful way to facilitate the development of female talent through the sharing of experiences and opinions.

PRINCIPLE 4: Organisations should promote a culture that fosters a balanced relationship between the organisation and the individual.

RECOMMENDATION 10

The Corporate Equality Agenda should include the implementation of measures to allow flexibility to working hours, facilitate the reconciliation of work, personal and family lives, and to ensure that participation of women, paying particular attention to preventing the enjoyment of maternity from being a disadvantage when it comes to professional promotion.

Current technological advances, and those that will be developed in the future, will facilitate new work models to include “flexible work”, remote working, part-time work and customised schedules.

Technology serves as an enabler of the work-life balance. The sort of flexibility that it brings to the workplace and employment training must be considered so that its use does not penalise professional development, so that it can be really understood as an option free of gender bias.

It is important to provide tools and relationship systems during absences from work, to allow women to stay in touch with the company through update systems and contact with new remote or face-to-face corporate initiatives. There are plenty of human resources policies to be rethought in the modern world, such as the policy used to identify high potential employees that exclusively focuses on people between 28 and 35 years of age, which punishes women because this range is their most fertile age.

Maternity leave tends to be the longest amount of time off work, and the most significant. As a result, companies must coordinate formulae to ensure that women who wish to become mothers are able to remain in contact with the company during their physical absence, avoiding disconnection and disaffection with the working environment. Human resources policies must ensure that maternity leave does not paralyse professional careers or penalise wages over the years once the person in question is reincorporated in the workplace. In addition, customised careers must be considered for mothers with the highest potential, to avoid the best talent from being lost.

It is not sufficient to introduce and support flexibility measures for women; work-life balance must be extended to all employees to promote a culture of co-responsibility to ensure that childcare time and obligations are distributed equally between men and women.

This co-responsibility should include measures to ensure that fathers can enjoy paternity leave and opt for shorter working days. Particular emphasis should be placed on ensuring that this option is not detrimental to their professional careers, and in no case should it be considered as a lack of commitment towards the company. Ensuring that both men and women enjoy reconciliation measures will mean that this ceases to be a gender issue.

Corporate cultures requiring senior executives to dedicate all of their available time to the company hinder the development of female talent. Systematic extension of working hours, accumulated out-of-hours training and meetings, and the institutionalised culture that rewards attendance and availability over efficiency have an effect on the entire workforce, but it particularly affects women while there is still an imbalance in the distribution of unpaid tasks.

The stereotypical image of a senior manager as somebody willing to work long hours discourages women from working their way up the ladder. Focusing on achievements when assessing performance and realising that flexible working hours do not mean fewer targets are achieved, are essential aspects for attracting genderless talent.

4. ASSESSMENT

Assessment of the application of the Code of Best Practices for Talent Management and Building Business Competitiveness.

EJE&CON proposes the amendment of article 35 of the Sustainable Economy Act to make it mandatory for all companies with more than 200 employees to publish professional gender equality policy reports on their websites.

At EJE&CON we will promote the drafting of a study to perform an aggregated assessment of organisational transformations.

It is down to society in general: shareholders, directors, employees, suppliers, markets, customers with a social commitment, rating agencies, the government, financiers, etc. to assess the importance of the application of these recommendations in response to the IV industrial revolution, which requires new leadership based on innovation, creativity, consensus and courage and, above all, on leveraging the talent of every professional.

5. WORK TEAM

Made up of a group of professionals in the areas of law, corporate responsibility, strategy, finance, universities and human resources, which has drawn up this Code of Best Practices for Talent Management and Building Business Competitiveness:

Paloma del Val *(Coordinator)*
VP EJE&CON and Vice-Chair of the Good Corporate Governance Committee, lawyer and Political Sciences and Sociology graduate. Master's degree from IESE and ESADE. She has developed her entire professional career in the financial sector. She specialises in corporate operations, M&E, technological contracting and Latin American law. She has been a director of several companies. She is a regular lecturer on Corporate Governance and CSR matters. Currently General Secretary and Head.

Esther Núñez Romero-Balmas
VP EJE&CON and Vice-Chair of the Good Corporate Governance Committee. A lawyer and expert in Corporate Liability, she is a Doctor of Constitutional Law with international training at the universities of Harvard and UCLA. She has been Member of the Board at several companies and Professor at different Spanish Universities. Currently she is Partner and Legal Counsel at European Value Advisors, and member of the boards of several Foundations.

Isabel Alonso Matey
VP EJE&CON and Vice-Chair of the Financing and Sponsorship Committee. Member of the Good Corporate Governance Committee. Holder of a degree in Mathematics from UCM, AMP at the Wharton Business School. 25 years of experience in technology, capital markets and finances. Currently Director of Financial Management and Planning at BMN. Previously Deputy Director General of Treasury and Capital Markets at Bankinter. Start-ups mentor and partner.

Yolanda Barreros

Member of the Good Corporate Governance Committee. Career economist in the United States, with a degree in finance and a Master's degree in International Political Economics. She holds a certification in Decision Making and Risk Management from Stanford University in the United States, a certificate in Risk Management from the Institute of Risk Management in the United Kingdom and a Good Governance certificate form the Spanish Institute of Directors-Administrators. She has professional experience in Europe, the United States and Latin America in companies such as Bank of America in the United States, Ernst & Young Chile and the Volkswagen Group in Spain.

Mar Santana Rollán

Member of the Good Corporate Governance Committee. Holder of a Law Degree from the Complutense University. Executive MBA from ESADE, PDD and leadership training at IESE. In 2015, she was selected for the Executive Programme for Women in Senior Management-ESADE PROMOTES; previously awarded a LIDERA scholarship. Management training overseas. She has spent her entire professional career in the financial sector, holding different positions of responsibility. She is currently director of Companies for the Canary Islands Territory for CaixaBank and member of the Shareholders Advisory Committee.

Yolanda Pérez Pérez

Member of the Good Corporate Governance Committee. Auditor and expert consultant in Governance, Risk, Compliance and Internal Audits. Holder of a degree in Business Management and Administration from the University of Madrid, with a history degree and a tourism diploma. Executive MBA from ESADE, accredited with the Institute of Chartered Accountants (ICJCE) with ROAC, the Institute of Internal Auditors (IAI), CIA and CRMA. She currently holds a senior management position in the governance, risk and compliance (GRC) area of KPMG.

Cristina Sancho Ferrán

VP EJE&CON and Vice-Chair of the Communication and Brand Committee. Member of the Good Corporate Governance Committee. Lawyer and expert in communication and corporate responsibility. Holder of a law degree (Complutense University), Master's degree in Corporate Communication Management (EAE/Barcelona University), trained in management at ESADE (Promociona programme) and in Good Government and CSR at IESE. With international experience, both in training and as a professional, she manages the branding, communication and CSR area in Spain and Portugal for the multinational technology company Wolters Kluwer.

Beatriz Von Munthe Af Morgenstierne

Member of the Good Corporate Governance Committee. Mining Engineer, specialising in energy and fuels. Course entitled "Energy Planning and Sustainable Development" at ISS - University of Oslo. Master's degree in Gas - ISE, Promociona - ESADE and Management Courses - IESE. She has developed her entire professional career in the energy sector. Expert in Gas Logistics Optimization in Spain and Portugal. Currently Deputy Director of Generation Asset Optimisation and Operation Models for the Organised Iberian Electricity Market at Gas Natural Fenosa.

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