SESSION 4 - GOVERNANCE

Useful definitions

Corporate governance is the set of rules, principles and procedures that regulate the structure and functioning of the governing bodies of a company. Specifically, it establishes the relationships between the board of directors, the board of directors, the shareholders and the rest of the interested parties, and stipulates the rules by which the decision-making process about the company is governed in order to generate value.

Corporate governance rules:

- Decision making that has to do with the general strategic direction of the company and its corporate policies: investments, mergers and acquisitions, appointment of executives, succession plans.
- The control mechanisms on the correct performance of the executive management and the implementation of the approved strategic plan.
- Regulatory compliance or compliance: the establishment of appropriate policies and procedures to ensure that both the company, its directors, employees and third parties comply with the applicable regulatory framework.
- Relations between the main governing bodies of the company, as well as the rights and duties of each of them: board of directors, board of directors and shareholders.

Ethics in companies is linked to the character and behavior that is formed in people and organizations in their daily actions. It consists of creating and transmitting values from senior management to all levels of the organization, including the board of directors, the steering committee and senior management as the main examples to follow.

Keys to ethical conduct for senior business management.

1. Compliance with the law:

Respect for the current legal system is inexcusable for all directors. They must respect and protect the human rights and dignity of all persons affected by their activity and that of their organization, and shall oppose all forms of discrimination, harassment or exploitation. The directors assume respect for the market economy as a fundamental value of all their actions.

2. People: Respect, equality, diversity, employability and conciliation.

Managers will ensure a healthy and productive work culture and environment that channels the potential of the people who work in it. Managers will ensure that labor relations are stable, long-lasting and with adequate remuneration. They will also undertake to promote and carry out active management of diversity, trying to encourage the incorporation of profiles that are underrepresented in the organization or with reduced participation in the labor market. Likewise, they will promote a work environment compatible with personal development, collaborating with the people in their charge to reconcile work commitments in the best possible way and will facilitate the involvement of their organization in volunteer activities.

3. Social, economic and environmental sustainability:

Managers must ensure the long-term sustainability of the company and commit to promoting the sustainable development goals promoted by the United Nations, which through global consensus establish the main goals to guarantee the future of the planet.

4. Integrity: Conflict of interest, information and complicity.

The top management of the company must commit to establishing the mechanisms and tools to guarantee integrity behavior in the organization. They will exercise their profession diligently and in good faith. In addition, they will undertake to protect the maximum confidentiality of information related to customers, shareholders, employees, or any person with whom they relate.

5. Transparency:

This bet will be taken by managers as a fundamental value of their performance. They must be faithful, transparent and agile in the information provided to the shareholders and the board of directors. They will also ensure that the contracting of suppliers is carried out within this framework of transparency, free competition and equal opportunities.

6. Excellence, professionalism:

They will execute the organization's performance and risks accurately and honestly. Rigor, efficiency and excellence must be part of the fundamental values of any manager.

The code of ethics of a company is the compilation of the values, principles and ethical and behavioral guidelines that make up its organizational culture. It is, like ethics itself, linked to morality. For this reason, the definition of an ethical code says that this is the reflection of how management expects the entity and each of its members to behave.

Ethical code functions:

- Identifies the goals and roles that the company intends to develop in society.
- Declare and inform about the company's philosophy.
- It establishes which are the optimal behaviors, the desired ones, the prohibited ones, the obligatory ones in an understandable way for all the members of the company.
- It establishes the procedure to be followed for the resolution of conflicts or ethical dilemmas that may arise in its implementation.

- It determines how the evaluation of the degree of monitoring of its content and the system of sanctions and rewards will be carried out based on its execution.
- It serves as a mechanism to guarantee the good image and reputation of the company and protects human capital against possible injustices that may be triggered within the organization.

Ethical Conduct: Ethical conduct is characterized by honesty, fairness, and justice in interpersonal and professional relationships. Ethical behavior respects the dignity, diversity and rights of the individual and groups of people. Ethical conduct is about doing the right thing, because it is the right thing to do.

Ethical business conduct: In some companies, there is a set of rules that guide people in their decisions, to help them do the right thing according to ethics, at all times. It is the code of business conduct. The code of conduct is a collection of guidelines that inspire people and raise their awareness, helping to improve their relationships within the company.

Corruption, defined by Transparency International as "the abuse of entrusted power for personal benefit", has become one of the main problems of the 21st century. For this reason, the fight against this threat, contemplated in the tenth Principle of the Global Compact, and in the 2030 Agenda through SDG 16: Peace, Justice and solid Institutions, has been established as a priority for many companies and administrations.

Human rights are the rights and freedoms that every individual possesses by virtue of their humanity, regardless of their place of birth, sex, culture, race, religion, ethnic origin, language, or any other condition.

Types of Human Rights

- Civil and political: Protect individual liberties and guarantee the citizen's ability to participate in civil and political life (eg, right to life, freedom of expression, equality before the law)
- Economic, social and cultural: Rights in the socioeconomic field (eg work, education, cultural life, health, social security, family...)

Transparency: «It is the possibility that the real information of a company, government or organization can be consulted by the different subjects affected by it, in such a way that they can make decisions with knowledge of the facts and without asymmetry of information».

Non-Financial Information Statement: The EINF summarizes the practices and policies adopted by the entity in terms of sustainability and corporate responsibility. The report, therefore, must include, at a minimum, information related to environmental, social and governance issues. It will also include the company's commitments to sustainable development. All this supported by a series of key indicators for each of the parts of the report.

Information included in the EINF: The EINF must report on environmental, social, human rights and corruption and bribery issues, as well as on society

GRI Standards: The GRI standards represent the best practices at a global level to publicly report the economic, environmental and social impacts of a company. The preparation of sustainability reports based on the GRI standards offers information on the positive and negative contributions of companies in terms of sustainable development.

GRI 100: The GRI 100 series of standards is made up of three universal standards that can be applied to any company that prepares a sustainability report. These guide informants on the use of standards, contextual information of interest to the company and how it manages its material topics.

GRI 200: The 200 series of the GRI Standards is made up of the thematic Standards that report on the material impacts of an organization in terms of economic issues.

GRI 300: The 300 series of the GRI Standards is made up of the thematic Standards that report on the material impacts of an organization in terms of environmental issues

GRI 400: The 400 series of the GRI Standards is made up of the thematic Standards that report on the material impacts of an organization in terms of social issues