

Adaptation of Spanish regulation to European trends on diversity

In the past few months a number of regulations have appeared, bringing Spanish regulations into line with good governance trends in the areas of human resources, fundamental rights and environmental policies.

The Royal Decree must transpose into Spanish law the contents of EU Directive 2014/95, 22nd October, on the disclosure of non-financial information and information about diversity on the part of large corporations and certain business groups. With this in mind, the Spanish Securities Exchange Commission (the CNMV) sent out a **Draft Circular** for public consultation in January, modifying the templates used for annual reports on corporate governance and directors' salaries that listed companies must submit every year to this supervisory body.

Specifically, the draft wording refers to the need for annual corporate governance and remuneration reports to cover the company's policies on diversity, providing a profile including issues such as training and professional experience, age, disability and gender.

In addition, consistent with the principle of transparency in the European Directive and given the lack of flexibility accorded companies in organizing and structuring the information in the manner they consider best, the draft proposes getting rid of the obligatory format of the standard electronic documents used for these reports. Companies will be able to use whatever format they wish, provided they present statistics in such a way that the CNMV has a minimum of information in a standard format, in order to compile and process the data.

The CNMV also sees the need to make certain technical amendments to the templates of both reports in order to eliminate or simplify some sections which are no longer relevant in the current context and develop others which enable the supervisory authority to better understand companies' corporate governance system and directors' remuneration.

Royal Legislative Decree 3/2011, 14th November, approving the consolidated text of the Public-Sector Contracts Act, also covers diversity and gender issues that might be important. Among the qualitative criteria that can be set by the hiring body to better assess value for money, environmental and social inputs can be included, relating to the subject of the contract. With reference to social conditions, these include: i) gender equality plans applied when implementing the contract and, in general, equality between women and men; ii) encouraging the hiring of women; and iii) creating a reasonable work/life balance.

The decree also stipulates that hiring bodies can set special conditions around the execution of the contract, with the following provisos: they must be linked to the subject of said contract; they may not be discriminatory, either directly or indirectly; they must be compatible with EU law, and they must be indicated in the invitation to tender and in the specifications. In any event, at least one of the special operating conditions must be laid out in the terms and conditions specifications, of which the following are highlighted: i) eliminating inequalities between women and men in the market in question, promoting the application of measures encouraging equality between women and men at work; ii) promoting greater participation by women in the labor market, and iii) promoting a reasonable work/life balance.