

# VOLUNTARY CODE OF CONDUCT FOR DIVERSITY IN MANAGEMENT AND BOARD RECRUITMENT



## INTRODUCTION

Denmark has some of the world's highest employment and education rates for women. Nevertheless, women are underrepresented within top management positions in the Danish business community. In 2017, women represented 19 pct. of board members and 14.8 pct. of executive board positions within all Danish companies.

Recruitment and search firms play a central role in finding candidates for management and board positions in Danish organizations. These firms are acutely aware that diversity in boards and management contributes value to businesses. As part of their work processes, recruitment and search firms are in dialogue with their clients around their talent profiles and overall development. As a result, they are well situated to influence and ensure a foundation for diversity in the recruitment process e.g. towards creating a more equal gender mix in their boards and management.

The Voluntary code of conduct is voluntary; but those firms who adhere commit to compliance with the below eight principles in their daily work; they will further contribute to collecting data about recruitment development, in board and management posts in both Danish companies and the largest public institutions, and will report this on an annual basis.

## PRINCIPLES

### 1) Clarification of Diversity Goals

Recruitment and search firms, as part of their initial process, will advise clients on the benefits of diversity and flexibility, and will guide candidate requirements based on a comprehensive view of the company, its management mix, competency needs, and/or any other diversity, gender distribution goals or objectives.

### 2) Competences and potential in focus

During the search and selection process, recruitment and search firms will emphasize both potential and experience as they relate to relevant professional and personal competences, along with experience from similar or related positions and industries – thereby expanding the group of potential candidates and reducing the importance of unconscious bias.

### 3) Longlists/Shortlists

Recruitment and search firm will aim for 33% women as potential candidates in their initial lists (longlists) that they present to clients. If this is not possible, recruitment and search firms will document the extent of their coverage of the market of potential female candidates. In addition, they will endeavor to ensure that their lists of selected candidates (shortlists) reflect the gender distribution of the initial list; and further that, to the extent possible, client interviews include at least one female candidate.

### 4) Internal Processes

In order to address and raise awareness of unconscious bias in their own processes, recruitment and search firms

will inform their employees of the benefits of diversity in management, providing them with tools to reduce bias in the recruitment process, for example, by offering training.

### 5) Expansion of the Candidate Field

Recruitment and search firms will seek to expand their network of potential candidates, including developing contact with those who can develop into future female executives, thus strengthening the pipeline of female leadership talent.

### 6) Internal Follow-up and Knowledge Sharing

Rekrutterings- og searchfirmaerne vil dokumentere deres egen efterlevelse af kodekset og dele viden, erfaringer og "best practise" for arbejdet med kønsdiversitet i ledelsesrekruttering internt.

### 7) Visibility of Engagement

Recruitment and search firms will highlight their commitment to working towards diversity in recruitment along with their own adherence to the Voluntary code of conduct, e.g. on their website and in dialogue with their clients.

### 8) Reporting of Results

Recruitment and search firms commit to reporting their results of board and management posts in Danish companies and public authorities with more than 250 employees (see more about the reporting below and in appendix 1).

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## REPORTING

Recruitment and search firms who adhere to the Voluntary code of conduct commit to reporting on their recruitment tasks to board and management positions for large private and public companies and public authorities.

A collaboration has been entered into with Copenhagen Business School (CBS) to handle the reporting of data and monitor the development of diversity in recruitment, which will be published in the form of an annual report. All reported data will be treated confidentially and anonymized prior to publication.

The following must be reported: (see Appendix 1)

- The total number of recruitments to the board of directors and relevant management levels, by gender for each level of management, completed by recruitment and search firms during the year.
- The percentage of women, on firms' longlists and shortlists, who are candidates for the board of Directors and other included management levels.

- Key characteristics of the women who are placed in board positions or management positions including, among other data, age, international experience, level of education and experience, etc.
- Qualitative reflections of work within the Voluntary code of conduct.

Recruitment and search firms, as part of their reporting, must provide justification where it has not been possible to achieve the desired goal of 33% of female potential candidates on their longlists.

The reporting form and process for data can be reviewed after one year, if it is considered necessary and supported by firms adhering to the Voluntary code of conduct.

As part of the Voluntary code of conduct and reporting, CBS will hold an annual workshop with search and recruitment firms and other key stakeholders.

## Appendix 1: Reporting for the “Voluntary Code of Conduct for Diversity in Management and Board Recruitment”

Recruitment and search firms who adhere to the Voluntary code of conduct commit to reporting on their recruitment tasks to board and management positions for large private and public companies and public authorities.

The reporting happens via a survey, which is focused on three elements: 1) quantitative reporting of the number of female candidates, 2) quantitative reporting of the demographic characteristics for the recruited women, and 3) qualitative reflection on the eight focus areas of the codex.

For the year 2018, the deadline for reporting the data will be October 1st 2019, and CBS will host a workshop on December 5th. The following years, the reporting will take place in March and a workshop will be held in September.

### 1. Quantitative reporting:

1. The total number of recruitments to the board of directors and relevant management levels, by gender for each level of management, completed by recruitment and search firms during the year.

2. The percentage of female candidates on firms' longlists for recruitments to the board of Directors and other included management levels.

3. The percentage of female candidates on firms' shortlists for recruitments to the board of Directors and other included management levels.

4. The percentage of cases in which at least one female candidate was interviewed by the client.

5. The percentage of cases in which the successful candidate was female.

### Schematic example of reporting:

Reporting	Number of searches	Level 1 (CEO)		Level 2 (EVP)		Level 3 (SVP)		Level 4 (VP)		Level 5 (Director)	
Large corporations (rev DKK →10bn)	6	1		2		1		1		1	
		LL 28%	PL Search 1 = 2/5*	LL 25%	PL Search 2 = 1/3* Search 3 = 0/5	LL 31%	PL Search 4 = 0/3	LL 33%	PL Search 5 = 2/4*	LL 33%	PL Search 6 = 2/4*
Medium-sized organizations (rev DKK 1-10bn)	9	2		4		2		1			
		LL 29%	PL Search 7 = 1/5* Search 8 = 2/4*	LL 30%	PL Search 9 = 1/3* Search 10 = 2/5* Search 11 = 1/3* Search 12 = 0/4	LL 33%	PL Search 13 = 1/5* Search 14 = 2/4*	LL 35%	PL Search 15 = 2/4*		
Small organizations (rev DKK ←1bn)	5	1		4							
		LL 28%	PL Search 16 = 2/5*	LL 25%	PL Search 17 = 1/3* Search 18 = 0/5 Search 19 = 1/3*						
Public organizations → 250 empl.											

LL = Percentage of women on firms' longlists  
PL = Number of presented female candidates relative to the total number of presented candidates. Where PL is marked with a \*, the

successful candidate is a woman.

\* For every woman placed, demographic data should be reported (see point 2 below)

## 2. Demographic information about the placed women:

For every placed woman, the following information is reported (there will be dropdown possibilities in the distributed questionnaire):

1. Search number (enabling location of the candidate in the schedule above)
2. Age
3. Nationality
4. Leadership experience (dropdown with predefined categories e.g. none, below 5 years/5-10 years/10 years+)
5. International experience (dropdown with predefined categories e.g. none, below 5 years/5-10 years/10 years+)
6. Educational level
7. Profession
8. Executive / Non-Executive role
9. Previous board experience (drop-down high/medium/low)
10. Functional leadership experience (drop down with predefined categories e.g. finance, HR, IT, P&L, marketing)
11. Step-up leadership level (drop-down where it can be indicated whether the candidate has stepped up in leadership level)
12. The organization's governance structure (drop-down with list: private, public, foundation)

## 3. Qualitative reflections:

1. How have you tried to advise your clients about the advantage of diversity and flexibility in the demands to the candidates?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  2. How have you tried to expand the groups of potential candidates?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  3. How have you sought to expand the way leadership competence and potential is defined and understood?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  4. How have you sought to decrease unconscious bias in your own processes?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  5. How have you sought to decrease unconscious bias in your clients' processes?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  6. How have you sought to strengthen the pipeline of female leadership talents?
    - a. Which challenges have you experienced in this regard?
    - b. How have you dealt with these challenges?
  7. How have you made your commitment to diversity in management recruitment visible – internally in your own organisation and externally to stakeholders?
  8. Did you manage to reach 33 % females on your longlist?
    - a. If yes, what did you do to achieve this?
    - b. If no, why not? And what did you do to achieve it?
  9. Did you manage to reach 33 % females on your shortlist?
    - a. If yes, what did you do to achieve this?
    - b. If no, why not? And what did you do to achieve it?
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