

CHARTER 'TALENT TO THE TOP'

PREAMBLE

Aim

With the Charter 'Talent to the Top' (in short: the Charter), the Taskforce aims to realize and preserve a continuous smooth flow of women in particular into top positions.

The Taskforce believes that a widely supported signature and compliance with the Charter will eventually lead to the intended increase of the number of women in (the run-up to) top positions.

The Charter is based on cooperation between government, corporate business and women. To actually take advantage of all the available talent, we must come to clear objectives and the willingness to provide regular progress reports.

The Charter provides for 'praising and naming' to promote the policy in which both female and male talent is developed to the same degree and in which a more proportional representation of men and women at the top will be realized. Fostering a more proportional representation takes place within the demands of the Equal Treatment Act (Algemene Wet Gelijke Behandeling).

The Charter is established as a result of close cooperation between Confederation of Netherlands Industry and Employers (VNO-NCW), Dutch Trade Union Federation (FNV), the Social and Economic Council (SER) and representatives of corporate business, the Ministry of Education, Culture and Science (OCW) and the Ministry of Economic Affairs (EZ).

The Charter focuses on all employers, meaning listed and unlisted companies, institutions and public organizations in the Netherlands.

Need to preserve female talent in the Netherlands

Acknowledgment of all talent is of course broader than only the talent of women. In the end it is about a more balanced organizational culture, in which everybody can develop his or her talents regardless of background, culture, sexual orientation, gender or age. This Charter, however, focuses specifically on the cultivation of female talent, as the Netherlands has trailed behind internationally in terms of the number of women working in higher management positions, Executive Boards and Supervisory Boards¹.

¹ 'Nederlandse Female Board Index' 2007, *Analyse van de vrouwelijke bestuurders en commissarissen bij 122 Nederlandse beursondernemingen*. Dr. Mijntje Lükerath-Rovers

So far, the influx of a high number of female graduates has only had very limited influence on a more efficient use of female talent in higher positions. Especially the inability to keep women at middle management level prevents them from climbing to the top².

This inability leads to loss of quality and destruction of the investment in human capital. Aside from the problem of an aging population, Netherlands Inc. needs all its available talent in order to be able to grow economically.

The Taskforce is convinced that employees who do not fully use this talent will lose their competitive position in the future. Companies with both men and women in higher positions perform better when it comes to growth and innovation³ than companies in the same line of business that have less diversity at the top. There is a positive relation between diversity at the top and financial results⁴.

Culture change

In order to realize more diversity at the top of organizations, a change in culture is required. This change will only take place if and when these organizations acknowledge a 'sense of urgency'. An integrated approach, in which the current culture on the shop floor is also addressed, is essential to accomplish this envisaged change.

The basic principle of the Charter is that organizations are responsible themselves for the required cultural shift at the top of their organization. A continuous smooth flow of talent should be a common challenge for both men and women. For this purpose, organizations must take concrete, measurable initiatives.

Government

The government has a clear role in creating the conditions to accomplish a change in culture. It can stimulate a positive image of women at work and facilitate the combination of career and care by men and women.

Voluntary, but not without commitment

Signing the Charter is voluntary. Those who sign, promise to take concrete measures (or continue the measures within their current diversity policy) to employ, develop and keep more female talent. The policy of every single employer is based on the specific circumstances within the organization, like the sector or the number of women expected to reach the top.

² Diversiteitsladder 2007, *Resultaten van een onderzoek naar de genderdiversiteit in de top van Nederlandse ondernemingen*. Woman Capital

³ Women Matter, *Gender Diversity, a corporate performance driver*. McKinsey & Company

⁴ Women Matter, *Gender Diversity, a corporate performance driver*. McKinsey & Company. Corporate Performance and Women's Representation on Boards 2007. Catalyst

Part of the Charter is a catalogue of proven national and international best practices in the area of diversity policy. This catalogue is a possible tool in developing and testing the policy. Specific application of the best practices depends on concrete circumstances within the organization.

Within six months after the signature of the Charter, the organization sets clear and measurable targets for more women getting to the top (influx and continuation). The organization also decides on an effective strategy to reach these targets. For organizations that have already set these targets in a wider diversity policy, the objectives are simply placed within the context of the Charter.

Employers will give yearly reports on the progress of their objectives to a Monitoring Committee that is yet to be established. In this report, they clarify their score with regard to the diversity targets (M/W) they set for themselves. This clarification is based on the principle of 'comply or explain': in case of insufficient progress concerning these objectives employers indicate the causes of this and the additional measures they are planning to take.

International research shows that only when 30% of a certain minority is represented, this minority will be seen as 'normal'. This means that in a group of ten people at least three women must be represented⁵ before women will be seen and treated as a natural part of the group. We believe that it is important to keep this in mind when developing a relevant diversity policy.

Report

The Monitoring Committee collects results and reports on the progress made by signatories to the Charter. Signatories are mentioned on a website and included in all relevant communication concerning the Charter.

Results obtained on the basis of the published report are explicitly communicated, partly by means of publication of annual (relative) rankings and the presentation of an award in different categories. Purpose of these rankings and awards is to strengthen the position of the participating organizations as an attractive employer.

A baseline assessment takes place six months after the signature. At that moment, the signatory must have identified concrete objectives and a strategy based on these objectives. Repeated noncompliance with the regulations of the Charter after this baseline assessment can lead to removal from the Charter.

⁵ Men and Women of the Corporation (1997). Rosabeth Moss Kanter

The Charter includes principles upon which an employer agrees and complies. In case the employer deviates from the signed Charter, he or she offers an explanation in an annual report to the Monitoring Committee based on the principle of 'comply or explain'.

Charter 'Talent to the Top'

Signatories declare the following:

1. Signatories are convinced of the importance of diversity (M/W) in their organization. They commit to the development of, or (when already existing within the current diversity policy), continuation of a clear strategy to realize and preserve a continuous smooth flow of more female talent into top functions – second and third echelon and Executive Boards. Wherever and whenever possible, signatories emphasize to the Supervisory Board the importance of more diversity in this Board.
2. Signatories set specific quantitative targets for the realization and preservation of a continuous smooth flow of female talent into the top of their organization within three to five years, when applicable within their existing diversity policy. These quantitative objectives are organization specific and depend on the initial situation of the organization. Besides staff positions, it is important to increase the number of appointments in operational management functions.
 - a. In the first six months after signing, every signatory performs a baseline assessment of the percentage of female talent with special focus on women in top positions and women with the opportunity to occupy a managerial position in the (near) future. The employer reports on this on the basis of a standard tool adopted by the Monitoring Committee. If the employer is already reporting on diversity (M/W), he or she submits this report based on the standard tool.
3. Within six months after signing, signatories either lay down a clear management strategy, or confirm their already existing diversity strategy on the basis of which they try to reach their quantitative targets. This strategy is laid down and communicated clearly to all employees within the organization by the Board or, when applicable, the top management of the organization in cooperation with HR.
 - a. Where or when applicable, the strategy as part of the strategic policy will be submitted at least once a year to the Supervisory Board. Signatories review this strategy annually and adjust this, if necessary, on the basis of results and achievements. As far as the signatory already has a strategy, he or she submits this to the Monitoring Committee. This strategy can furthermore be tested against the catalogue concerning best practices.
4. Signatories lay down their strategy formulated on the basis of before mentioned quantitative targets in clear, action-oriented management agreements. The management can partly be assessed on its contribution to the realization of these

targets. These targets can be both quantitative and focused on the process in order to achieve a higher participation degree of women.

5. a. Signatories annually report their progress on a number of clear key performance indicators – realization and preservation of a continuous flow and of the percentage of female talent in the second and third echelons and Executive Boards/top management– to the Monitoring Committee established especially for this purpose. This report contains the progress with respect to the results of the baseline and the quantitative targets if applicable. Employers, of course, have the opportunity to report more elaborately.
 - b. Multinationals report, when applicable, within their already existing global diversity policy on the results achieved in the Netherlands.
 - c. Listed companies that have signed the Charter and to which the Dutch Corporate Governance Code applies, can also publish this report within their regular annual report and clarify it in the annual meeting of shareholders (especially where this report relates to the composition and profile of the Supervisory Board).
6. Signatories actively work on the development of specific tools for career guidance of female talent. One of these tools might be the adjustment of procedures for recruiting and appointing for higher positions. Included in the Charter is a catalogue of best practices in the area of diversity policy. This catalogue can be used for the development of these tools.
 7. Signatories share their experiences regarding best practices in the catalogue and the initiatives that have been developed by themselves in the area of talent stimulating policy with other signatories.
 8. The Monitoring Committee annually announces the progress made on the basis of the reports of the signatories to the Charter. Besides, the Committee provides positive publicity for the relevant signatories in various means of communication, such as in the media and on the website.

Catalogue at Charter: best practices and case studies are published on the website www.talentnaardetop.nl.