

Code of Good Governance

Elcano Royal Institute
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The ELCANO ROYAL INSTITUTE FOUNDATION OF INTERNATIONAL AND STRATEGIC STUDIES (the “**Foundation**” or the “**Elcano Royal Institute**”) was constituted on 26 November 2001. It was designated as a general-interest, non-profit-making body by Ministerial Order dated 24 July 2002, inscribed in the Register of Foundations and attached to the Protectorate of the then Ministry of Culture (now the Ministry of Education, Culture and Sport).

In accordance with the Statutes of the Elcano Royal Institute, it is the task of its Board of Trustees, as the institution’s highest governing body, to ensure compliance with the founding goals and to ensure that its activities are undertaken objectively and independently, securing and fostering the participation of Spanish society in them as a constitutive element of its social purpose.

The fulfilment of these goals requires not only strict compliance with the applicable statutory and legal standards but also the application of best practice in terms of the corporate governance of non-profit-making entities and the founding principles of social responsibility.

To this end, the Elcano Royal Institute’s Board of Trustees has approved this Code of Good Governance, which seeks to apply the main national and international principles and recommendations in the field of the good governance of non-profit-making organisations.

This Code of Good Governance, which develops and complements the provisions of the Statutes of the Elcano Royal Institute, therefore has the goal of strengthening the corporate governance of the institution to ensure the fulfilment of what is set out in its founding goals and, with this aim, to undertake activities that are responsible, transparent and respectful of the law. The principles that inspire and define this Code of Good Governance must therefore guide the activity of the institution and be applied by all its employees and collaborators in discharging their activities. Moreover, these principles, drawn up in the light of the most demanding international standards and ethical principles, are applicable both to the institution itself and to the proceedings of its Board of Trustees in particular.

Consequently, the Elcano Royal Institute’s system of government is structured around the Statutes of the Foundation, which, together with the applicable laws, constitute its regulatory basis; the present Code of Corporate Governance; the operating rules of any bodies with delegated executive functions and advisory bodies that the Board of Trustees

may wish to create; and the resolutions and instructions that the aforementioned body may decide to adopt.

Chapter I. Nature, mission, goals and general principles

Article 1. Nature, mission and goals

The Elcano Royal Institute is a private, permanent, non-profit-making foundation that has full legal capacity and ability to act.

The objective of the Foundation is expressed in the founding goals and the general interest established in its Statutes and is, in particular, to foster knowledge of the international reality and Spain's foreign relations in all their aspects, undertaking to this end the activities set out in article 2 of its Statutes.

With this objective, the Elcano Royal Institute has the vocation of creating an atmosphere of encounter and consensus-building, which it ensures with the presence of various political and social sensibilities in its governing bodies; as well as through relations between the public and private sector.

Article 2. General principles

Non-profit-making

In its capacity as a non-profit-making entity, the Elcano Royal Institute will not distribute any surplus or dividends to its founders or Trustees, even in the case of dissolution, devoting any surpluses that may arise, in accordance with the provisions of the Statutes and the applicable legislation, exclusively to securing the founding goals.

Independence

The Elcano Royal Institute will have a suitable organisational and financial structure to ensure its autonomy and independence. Moreover, the Elcano Royal Institute will not accept contributions, economic or otherwise, that compromise the fulfilment of its objectives, values or principles, or that jeopardise the fulfilment of its goals.

Accountability and transparency

Without prejudice to the fulfilment of any other legal obligations that may be applicable, the Elcano Royal Institute's annual accounts will be subjected to external annual auditing in the terms set out in the Statutes. Moreover, to ensure its appropriate managerial function, the Board of Trustees will have access at all times to the institution's financial and managerial information.

Collaboration

To improve the fulfilment of its founding goals and increase the impact of its initiatives and activities, the Elcano Royal Institute will collaborate with other entities, bodies,

institutions and public and private sector enterprises, ensuring under all circumstances that its values, reputation and identity are not compromised as a result. It is therefore the vocation of the Elcano Royal Institute to create stable alliances and networks with other analogous institutions with principles and values similar to those of the Institute.

Planning and optimisation of resources

The Elcano Royal Institute will administer its resources efficiently, seeking to optimise the way they are applied, and will take the management control measures needed to ensure that this is the case, always respecting the principles of transparency, openness and objectivity in its pursuit of its activities.

The Elcano Royal Institute's Trustees, employees and collaborators will respect at all times the mechanisms of planning, monitoring of goals and indicators and control of resources established for pursuing the activities and initiatives approved by the governing bodies of the entity.

Social Responsibility

The Elcano Royal Institute will attend to the general interest of society in its activity, fostering knowledge of the international scene and Spain's foreign relations and collaborating, to the extent that its capabilities allow, in fostering Spain's public and private interests in the international context.

The Elcano Royal Institute's governing bodies will need to abide strictly by the applicable regulations and apportion fair and equal treatment to all those who may be affected by its activities, without discriminating by reason of birth, race, sex, religion, disability, opinion or any other characteristic or personal or social circumstance.

Any non-profit-making natural or legal persons may be beneficiaries of its activities, without discrimination whatsoever.

Principles of conduct

The Elcano Royal Institute's Trustees, employees and collaborators will need to abide at all times by the principles and rules of this Code of Good Governance in discharging their responsibilities, independently of their own or unrelated interests; these principles and rules will also govern the institution's contractual dealings and the partnership agreements it signs with third parties.

In addition, the Elcano Royal Institute's governing bodies, its employees and partners will strictly adhere to the prevailing legislation, observing the spirit and purpose of the regulations, and exhibiting at all times ethical behaviour in accordance with due diligence, prudence, good faith and the primacy of the institution's interests.

Chapter II. The Elcano Royal Institute's governing bodies

Article 3. The Board of Trustees

The representation, government and administration of the Elcano Royal Institute is the responsibility of the Board of Trustees, nominated in accordance with its Statutes, which will act in accordance with the regulations set out in the Statutes, the provisions of the law and this Code of Good Governance, and will ensure that they are fulfilled.

Article 4. Powers and duties of the Trustees

Without prejudice to the provisions of the Institute's Statutes, the Trustees will possess the powers and be bound by the duties set out below:

Trustees' powers of information

4.1. The Trustees are provided with the widest powers to keep themselves informed about any aspect of the Foundation, to examine its books, registers, documents and other records of the Foundation's activities, to inspect all its facilities and to communicate with its executive bodies.

In particular, the Trustees will have the right to examine the annual accounts as well as all the paperwork and records that support the accounts. The exercise of this power shall not under any circumstances entail any undue disturbance to the normal running of the entity's activities.

The exercise of the aforementioned powers shall be channelled beforehand through the secretary of the Board of Trustees, who will act in the name of the chair of the Board of Trustees for these purposes.

In addition, the Elcano Royal Institute shall place at the disposal of the Trustees any information needed to enable them to discharge their functions and their powers of information and, in particular, the information needed to prepare the Board of Trustee meetings properly, in line with the agenda announced for each meeting.

All the above is to be understood without prejudice to any measures that may be necessary or desirable to be taken to maintain the due confidentiality of the information provided and pertaining to the Elcano Royal Institute, to its Trustees or to third parties.

Duties of the Trustees

4.2. The Trustees are obliged to act with due diligence and proactively in the interests of the entity. To this end, the duties of the Trustees are as follows:

- a. *Observance of the regulations.* Fulfilling the goals of the entity in full respect for the law, the Statutes and this Code of Good Governance, with due regard for the spirit and objectives of such regulations.
- b. *Observance of contractual obligations.* Fulfilling the commitments and obligations acquired by the entity in its contractual relationships with third parties.

- c. *Active participation.* With the aim of ensuring appropriate decision making and the necessary comparison and exchange of judgements and opinions in the entity's governing and collegiate bodies, attending meetings of the Board of Trustees and any other executive bodies of which they may form a part, and duly preparing for the same. In the event of inability to attend, the Trustees will arrange to delegate their representation and vote to another Trustee.
- d. *Diligence and fidelity.* Discharging their roles with the diligence of faithful representatives, maintaining and preserving the values of the entity and responsibly and faithfully safeguarding the interests of the Elcano Royal Institute.
- e. *Confidentiality.* Respecting the secrecy of the deliberations and agreements of the Board of Trustees and its subsidiary bodies, when forming part of them, and, in general, refraining from revealing the information, data, reports and records to which they may have access in discharging their roles, or using them for their own benefit of those of connected persons. This obligation of confidentiality will persist even when Trustees have stepped down from their posts.

Moreover, on those occasions when a meeting can be held under what is known as the Chatham House Rule, the Board of Trustees will refrain from disclosing the identity of the source from which the information provided may arise, or any other circumstance that might enable the identification of such a source.

- f. *Conflicts of interest.* Refraining from participating in or influencing any decisions regarding issues or circumstances that involve the Board of Trustees in a situation of conflict of interest, and warning about the existence of such situations as soon as they become aware of them.

Chapter III. The Elcano Royal Institute's employees and collaborators

Article 5. Recruitment of staff

The recruitment of the Elcano Royal Institute's staff, especially in terms of those posts with a scientific, academic or research element, will be carried out in accordance with the principles of equality, merit and capability. To this end, the management will enact recruitment procedures of a public character that enable an appropriate and rigorous assessment of the candidates and will seek any necessary advice in determining their remuneration.

Article 6. Professional development and equality of opportunities

The Elcano Royal Institute will foster the professional and personal development of its employees, ensuring the observance of ethical principles, non-discrimination and equality of opportunities, and will foster measures aimed at reconciling the personal, family and professional responsibilities of its employees as well as gender equality.

The Foundation will provide the employees with the necessary resources for the appropriate discharging of their duties and ensure a working environment free of health risks on all its premises.

Chapter IV. Specific standards and principles of conduct for employees and collaborators

Article 7. Standards and principles of behaviour

In discharging their duties for the Elcano Royal Institute, its employees and collaborators must respect the principles set out below.

Regulatory compliance

The Elcano Royal Institute's employees will adhere strictly to the law, the Statutes and this Code of Good Governance in undertaking their activities, showing due regard to the spirit and purpose of such regulations. Moreover, they will fully respect the commitments and obligations acquired by the Foundation in its contractual dealings with third parties.

Property and use of the Elcano Royal Institute's resources

The Elcano Royal Institute's employees may not make use of the entity's assets and resources for activities other than those that account for their connection to the Institute, nor may they make use of their post to obtain any economic advantage, unless they have arranged suitable recompense at market rates.

Incompatibilities

Without prejudice to the specific duties that may be set out in the contract that connects the employee to the Elcano Royal Institute, the entity's employees shall refrain from

discharging functions or undertaking activities that may in any way hinder the fulfilment of the goals of the entity or damage its reputation, neutrality, mission or values, or that in any other way hinder the fulfilment of their functions for the Elcano Royal Institute. In particular, the Elcano Royal Institute's employees shall refrain from undertaking activities that could compromise the politically neutral stance of the institution.

Conflicts of interest

A conflict of interest is deemed to arise in those situations where, directly or indirectly, the personal interest of the employee and the interests of the entity collide. Personal interests of employees are assumed to exist in all cases when the issue in question affects them directly or affects a person particularly linked to them for family or economic reasons.

With regard to possible conflicts of interest, the employees shall observe the following rules of conduct:

- a. *Independence.* Acting at all times with professionalism, with loyalty to the Foundation and independently of employees' own or third-party interests. Consequently, the employees shall refrain in all circumstances from prioritising their own interests at the expense of the Foundation's or using their post at the Institute to undertake activities or operations on their own account and unconnected to their activity for the entity.
- b. *Abstention.* Refraining from intervening in or influencing the taking of any decisions that could affect the Foundation where there exists a conflict of interest, from participating in the meetings where such decisions are discussed and from accessing any confidential information that affects such a conflict.
- c. *Communication.* The immediate line manager and the Chair of the Foundation should be notified of the existence of a conflict of interest, including an account of the circumstances that underlie it.

Moreover, in particular, the Elcano Royal Institute's employees and collaborators will need to ensure that they avoid all situations of conflict in relation to the entity's suppliers, whether in terms of the process of selecting suppliers, or in terms of the assessment and monitoring of their services for the entity. The same consideration will be applicable to relations that need to be maintained with public administrations and organisations of a political nature.

Confidentiality

Any non-public information in the possession of the Elcano Royal Institute shall have, in general terms, the status of private and confidential.

The Elcano Royal Institute's employees will need to observe strict privacy regarding any information of a confidential nature to which they may have access arising from the exercise of their duties or their participation in working parties.

In addition, on those occasions when a meeting may be held under what is known as the "Chatham House Rule", the employees shall refrain from disclosing the identity of the

source from which the information supplied may derive, or any other circumstance enabling the identification of such a source.

Article 8. Observance of the principles of conduct by other postholders and by collaborators

The provisions herein set out in Chapter IV shall be equally applicable, in their cases, to the Chair, the Secretary and the Vice-Secretary of the Board of Trustees in everything that proves appropriate to the nature of their posts; as well as those collaborators or third parties who are contractually bound to the Elcano Royal Institute, who will be obliged to observe the aforementioned rules and principles of conduct in relation to the entity and with the same scope, *mutatis mutandi*, as that applicable to the Trustees and employees.

Chapter V. Transparency of information

Article 9. The Elcano Royal Institute's information

The Elcano Royal Institute, in accordance with nationally and internationally recognised good governance recommendations and its ethical commitments, regards the transparency of information as a basic principle that should apply throughout its conduct.

The Foundation's website is the main instrument of the transparency policy. The Foundation will use the website to inform the general public, and third parties directly related to it, about the activities carried out, and it will simultaneously serve as an instrument to foster knowledge of and participation in future activities to be undertaken, as well as for the dissemination of its goals and principles.

Without prejudice to the possibility that, in light of circumstances arising that may require it, the Board of Trustees, its executive or managerial bodies may restrict access to certain information, or classify information as private and confidential, the Elcano Royal Institute will provide full and truthful information via its website regarding:

- a. The Statutes of the entity;
- b. This Code of Good Governance;
- c. Reports of its activities; and
- d. The activities and projects carried out or envisaged.

Furthermore, the Elcano Royal Institute will do its best to maintain direct and continuous contact with all those social groups interested in the attainment of its social goals through its participation in social networks.

Chapter VI. Observance and validity of the Code of Good Governance

Article 10. Acceptance and compliance

This Code of Good Governance is applicable to the Elcano Royal Institute's governing bodies, employees and collaborators, who will need to conduct themselves in accordance with its content.

Article 11. Monitoring

Monitoring and oversight of the application of the Code of Good Governance will be the responsibility of the Elcano Royal Institute's Executive Committee, which will be in charge of dissemination, awareness and interpretation, carrying out any recommendations and proposals that may be necessary to keep it up to date and to improve its content.

Article 12. Modification

Any amendment to the Code of Good Governance will require the approval of the Elcano Royal Institute's Board of Trustees, following a favourable report from the Executive Committee.

Article 13. Non-compliance

Any breach of this Code of Good Governance or any other legal or statutory regulation applicable to the institution will be conveyed by whoever becomes aware of this situation to the Chair of the Board of Trustees or to the Director, who, depending on the nature and scope of the breach, will assess how the information supplied needs to be directed and if applicable the decisions that need to be taken or applied to the entity's governing bodies.

To this end, the confidentiality of such information as well as the identity of the person who supplies it will be assured, without there being any possibility of any form of reprisal, direct or otherwise, against the individual who reported the aforementioned conduct.

With the goal of ensuring adherence to the legislation and the rules of conduct established in this Code, appropriate channels will be created for notifying irregular conduct or conduct in breach of the law or this Code of Good Governance, providing the human and material resources needed for the suitable processing and investigation of such conduct and safeguarding the affected individuals' rights of privacy, defence and presumption of innocence and the protection of data of a personal nature.

Article 14. Validity

This Code of Good Governance was approved at the meeting of the Board of Trustees of the Elcano Royal Institute Foundation of International and Strategic Studies held on 15 June 2015 and will remain in force until such time as it is amended.