

THE CNMV PUBLISHES ITS REPORTS ABOUT THE REPORTS ON CORPORATE GOVERNANCE AND THE REMUNERATION OF BOARD MEMBERS OF LISTED COMPANIES FOR 2019

16 December 2020

- The degree of adherence to the Good Governance Code recommendations recorded in 2019 was 85.7%, the same percentage as in 2018.
- 42.5% of companies adhered to 90% of the Code and two claimed that they complied with it in its entirety.
- The presence of women on boards experienced an important increase of almost four basis points compared with the previous year (4.5 basis points in the case of IBEX-35 companies), to stand at 23.4% (27.5% in IBEX-35 companies). The number of female executive board members increased by six basis points, reaching 5.5%.

The Spanish National Securities Market Commission (CNMV) has published the reports for 2019 on the [Annual Corporate Governance Reports \(ACGR\)](#) of issuing companies and the [Annual Reports on the Remuneration of Board Members \(ARRBM\)](#). Both documents reflect, in aggregate, the main conclusions of the reports on both matters that companies submitted to the CNMV over the course of 2020.

Annual Corporate Governance Report (ACGR)

2019 was the fifth year in which the 2015 Good Governance Code for listed companies was applied.

In 2019, the degree of compliance with the recommendations was 85.7%, the same percentage as in 2018. In addition, another 7.1% were partially adhered to (one basis point higher than in 2018), meaning that full or partial adherence to the recommendations rose to 92.8% (92.7% in 2018).

It should be noted that 42.5% of companies – four basis points less than in 2018 – followed 90% of the recommendations of the Code and two companies stated that they complied with 100% of them (three companies fewer than in 2018). In contrast, two companies complied with less than 60% of such recommendations.

All listed companies stated that they had followed recommendations number 8 — that the audit committee ensure that the board submits

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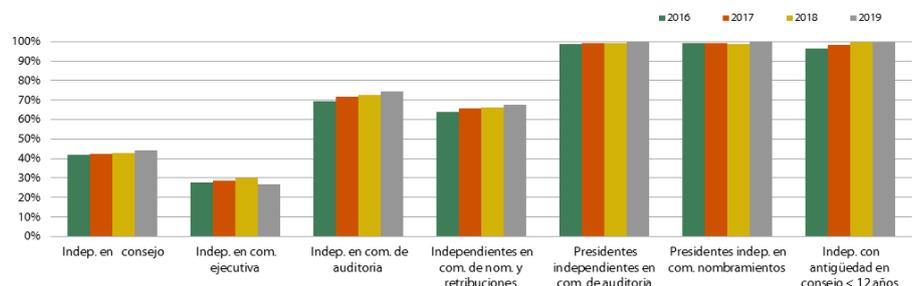
the annual accounts without limitations or qualifications —; number 12 — that the board be guided by the corporate interest —; number 21 — that the board of directors should not propose the removal of any independent directors before the expiry of their offices as mandated by the articles of association, except in cases of just cause, based on a report issued by the remuneration committee and submitted to the board of directors —; number 23 — that all board members express their opposition when they consider a proposal to be contrary to the corporate interest —; number 28 — that when board members express concern about a proposal and it is not resolved, it be recorded in the minutes —; and number 43 — that the audit committee may call upon any employee or executive —.

Conversely, the least followed recommendations continued to be those relating to new practices on large-cap companies having a separate nomination committee and remuneration committee (recommendation 48), and on information transparency at the general shareholders’ meeting through its website (recommendation 7), whose degree of adherence was 37.8% and 44.9%, respectively.

In relation to the Board of Directors, the average size remained unchanged with respect to 2018.

The chairpersons of boards of directors continued, to a large extent, to be executive board members (46.5%), particularly in the IBEX-35 companies, where this average stood at 52.9%. The percentage of independent board members holding the position of board chairperson increased to 13.4% (12.8% in 2018).

Percentage of independent board members on boards of directors



Source: ACGRs of the companies and the CNMV.

In 2019, 67.6% of the boards of the IBEX-35 companies were, at least, 50% made up of independent board members (63.6% in 2018). As far as the other companies are concerned, the boards of directors of 74.2% of them were at least one-third composed of independent board members (70% in 2018).

The presence of women on boards experienced a significant increase, reaching 23.4% (19.7% in 2018), which stood at 27.5% in the IBEX-35 companies (23.1% in 2018). This rise was experienced in all categories, although it was mainly concentrated in independent women directors. The number of female executive board members slightly increased to 5.5% (six basis points more than in 2018).

In 2019, the average age of board members was 60.1 years. In IBEX-35 companies this average is slightly higher, standing at 61.3 years.

As regards **ownership structure**, the floating capital decreased slightly to 43.9% (44.3% in 2018). In 80 companies (one more than in 2018) the sum of significant shareholdings and blocks of shares held by the board exceeded 50% of the share capital. In 26 companies the floating capital was less than 25%, while in four of them it was below 5%.

Finally, it should be highlighted that the average participation in the general shareholders' meeting increased to 71.2% in 2019 (72% in 2018). The number of companies that enabled remote voting (electronic, postal, by courier, etc.) also increased by 6.6 basis points, to stand at 47.2%.

Annual Report on the Remuneration of Board members (ARRBM)

The report contains detailed information and various considerations on the remuneration system for board members, both executive and non-executive, of listed companies in 2019 and the way in which it is applied.

In 2019, the average remuneration of executive board members of IBEX-35 companies, mainly executive chairpersons and CEOs, increased by 3.3% (to stand at €3.2 million), while the remuneration of executive board members of the other listed companies decreased by 7.4% (to €821,000). The increase in the remuneration of executive board members of IBEX-35 companies can be attributed to a severance payment of approximately €14 million made to an executive board member for the termination of executive functions. Excluding this extraordinary payment, the average remuneration of executive board members of IBEX-35 companies fell by 3.6%. In the case of non-executive board members, their remuneration rose by 5.7% in IBEX-35

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companies (up to €222,000, €197,000 excluding non-executive chairpersons) and remained unchanged at €89,000 (€81,000 excluding non-executive chairpersons) in the rest of the listed companies.

Section 4 of this annual report contains some guidelines on how to improve the information in the future. It is recommended that listed companies pay close attention to these guidelines in subsequent financial years. The areas for improvement mentioned include, inter alia, the information that companies provide on pension plans and other long-term savings systems, as well as on the criteria and methodologies used to determine accrued amounts of variable remuneration and their specific application.

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