



## CNMV PUBLISHES THE REPORTS ON THE ANNUAL REPORTS ON CORPORATE GOVERNANCE AND THE REMUNERATION OF BOARD MEMBERS OF LISTED COMPANIES FOR 2016

15 November 2017

- The degree of compliance with the recommendations of the Good Governance Code increased to 83.9%
- 37.2% of companies complied with 90% of the Code and four claim they comply with it in its entirety
- The presence of women on boards experienced a minimal increase and in positions without executive functions

The Spanish National Securities Market Commission (CNMV) has approved the publication of the reports for 2016 on the [Annual Corporate Governance Reports \(ACGRs\) of issuing entities](#) and the [Annual Reports on the Remuneration of Board Members \(IARC\)](#). Both documents reflect, in aggregate and summarized terms, the main conclusions of the reports on both matters that companies submitted to CNMV over the course of this year.

### **Annual Corporate Governance Report (ACGR)**

2016 was the second year in which the Good Governance Code for listed companies approved by the CNMV Board in February 2015 was applied.

In this second year, the degree of compliance with the recommendations was 83.9%, compared with 81.8% in 2015. In addition, another 7.4% were partially adhered to (8.8% in 2015) and, therefore, 8.7% of the recommendations were not fully or partially followed (9.4% in 2015).

It should be noted that 37.2% of companies – 10.2 percentage points more than in 2015 – followed 90% of the recommendations of the new Code and four companies state that they comply with 100% of them (only two in 2015). In contrast, two entities complied with less than 50% of such recommendations.

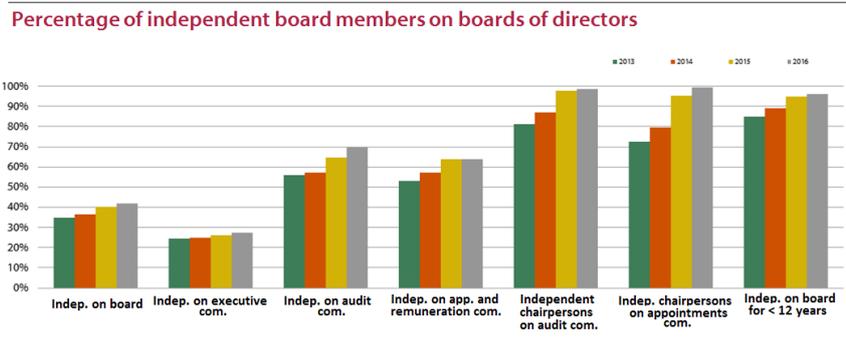
All companies claim to follow recommendation number 12 – that the board be guided by the company's best interests – and number 28, which states that when the board members express concern about a particular proposal, and it is not resolved, it should be recorded in the minutes.

Furthermore, the least followed recommendations are that which advocates the live broadcasting of general shareholders' meetings online (Recommendation 7), and the one that states that large-cap companies should separately constitute an appointments committee and a remuneration committee (Recommendation 48), which were complied with by 32.8% and 32.4% of companies, respectively, percentages well below the average recorded by the Code.

In relation to the **Board of Directors**, it should be noted that the average size remains unchanged with respect to 2015.

The majority of the chairpersons of boards of directors continue to be executive chairpersons (54.7%), particularly in the Ibex companies, where this average reaches 60%. However, although in the companies that are not part of this index the percentage increased by one point, in the Ibex companies the figure continued its downward trend and was reduced by 8.6 percentage points. The percentage of independent board members holding the position of chairman of the Board increased to 10.9% (7.4% in 2015).

In 2016, 60% of the Ibex 35 companies had on their boards at least 50% of independent board members (57.1% of the companies in 2015). Of the other companies, 66.7% had at least one third of independent board members on their boards of directors (63.7%).



Source: ACGR of the companies and CNMV

The presence of women on boards experienced a slight increase of 16.6% (15.6% in 2015), which stood at 19.7% in the Ibex 35 companies. This increase, however, was concentrated in positions without executive functions, since the total number of female executive board members out of the total number of board members with the same functions is still low, standing at 4.7%, although it increased by half a percentage point with respect to 2015.

As regards **ownership structure**, the floating capital also decreased slightly to 43.1% (43.4% in 2015). In 108 companies the floating capital is higher than 25%, while in four it is below 5%. In 87 companies (91 in 2015) the total of significant stakes and considerable investments held by the board exceeds 50% of the share capital.



Finally, it is worthy of note that participation in the general shareholders' meeting decreased to 68.3% in 2016 (69.6% in 2015). By contrast, the number of companies that made available remote voting (electronic, postal, by courier, etc.) increased by 3.8 percentage points, up to 35.8%.

### **Annual Report on the Remuneration of Board members (IARC)**

The report contains detailed information and various considerations on the system for the remuneration of board members, both executive and non-executive, of listed companies in 2016 and the way in which it is applied. Among other aspects, it is noteworthy that the information that companies provide on pension plans and other long-term savings systems, as well as on the criteria and metrics used to determine variable remuneration and their specific application is not always adequate.

The average remuneration of the executive board members of the companies that make up the Ibex 35 increased by 3% in 2016 (2.77 million euros compared with 2.68 million euros in 2015) and that of non-executive board members by 2% (202,000 euros in 2016 compared with 198,000 euros in 2015). In non-Ibex 35 companies, the average remuneration of executive board members increased by 8% (724,000 euros in 2016 compared with 669,000 euros in 2015), while that of the rest of the board members decreased by 1% (74,000 euros in 2016 compared with 75,000 euros in 2015).

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