



## CNMV APPROVES THE CIRCULAR MODIFYING THE TEMPLATES FOR ANNUAL CORPORATE GOVERNANCE AND DIRECTOR REMUNERATION REPORTS

13 June 2018

- The new Circular allows companies to apply the format that they consider appropriate to the reports
- New content required by law on the experience, training, age and diversity of directors has been introduced; sections that have lost relevance have been simplified and other important ones have been expanded to facilitate understanding of entities' governance

The Spanish National Securities Market Commission (CNMV) has approved the [Circular 2/2018](#) that modifies the current templates used for Annual Corporate Governance Reports (ACGR), which must be submitted by listed companies and other issuers, and Annual Director Remuneration Reports (ADRR), to be submitted only by listed companies, established in [Circulars 5/2013](#), of 12 June, and [4/2013](#), of 12 June, respectively.

The new Circular, which has been submitted to public consultation, has the following objectives:

1. To introduce the new content required by Royal Decree-Law 18/2017 on diversity (in terms of training and professional experience, age, disability and gender).
2. To voluntarily allow the use of free-design formats for both the ACGR and the ADRR, establishing the obligation for the entities that choose this option to submit an additional statistical annex.
3. To make technical adjustments, both to the ACGR and ADRR, in order to simplify or remove sections that have lost relevance in the current context, and introduce or expand others that are relevant to understanding the corporate governance system of issuing entities and the remuneration of their directors.



As per the Circular, the additional information contained in the ACGR includes most notably the following:

- Companies must provide detailed information on the reasons for and circumstances of the removal of directors, whether due to resignation, dismissal or any other reason, especially in the case of independent directors.
- Proposals submitted to the shareholders at the general shareholders' meeting, which have not been approved, must be reported.
- It is specifically required that when reporting on risks that affect business, those related to corruption be described.
- Diversity information has been extended to aspects other than gender (age, training, experience and disability).

An annex containing the ACGR template has also been included for entities that make up the institutional public sector which are issuers of securities other than shares.

For its part, the Director Remuneration Report will include more information on how the variable remuneration received has been determined. The content of the information on remuneration systems based on shares, as well as on pension schemes and long-term savings, has been revamped, in order to make it clearer and more precise.

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