

Certificate and Diploma Award Ceremony Instituto de Consejeros - Administradores

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It is an honour to be present here today at this certificate award ceremony for directors who have successfully completed the Institute's programme.

I would like to express my sincere congratulations to all of you for your commitment to training and continuous improvement in the exercise of your responsibilities.

Allow me to take this opportunity to share some reflections on the current state of corporate governance in Spain and the challenges lying ahead.

To this end, I will be focusing on two issues:

- Firstly, I will address the degree of compliance with the Good Governance Code (provisional data that has not yet been made public), as well as those aspects where improvements can be made.
- Secondly, I will delve into one of the challenges that will affect corporate governance and that you may have already dealt with during your training: New technologies and, more specifically, Artificial Intelligence.

Current state of Corporate governance

I will start on a positive note: The degree of compliance with the Good Governance Code during the second year of its application has been high. On average, listed companies have complied with 90% of the Good Governance Code recommendations.

Based on this degree of compliance, we can conclude that recommendations are already widely adopted across listed companies.

However, there are improvements to be made (and I will be focusing on two of them): explanations on the lack of compliance with recommendations and those related to gender diversity.

- Regarding the former, Spanish Law leaves it up to each company to decide whether or not to follow the corporate governance recommendations.
- However, in the case they decide not to do so, they are required to disclose the reasons so that shareholders, investors and markets in general can pass judgement on them.

- Despite this, we at the CNMV find that either no explanations of the circumstances preventing the company from following the recommendation are given, or that the explanations provided are inadequate.
- Thus, inadequate explanations continue to be the most common case, accounting for almost 45% of the total.
- Clear and specific explanations improve governance and build trust in the market.
- Therefore, I kindly encourage directors to make an extra effort to elaborate said explanations.

Also related to aspects for improvement, I will address gender diversity (both at Board and senior management level), specifically to recommendation 15 of our Code.

Several days ago, we presented the data for the year 2024. The presence of women on the board of Ibex companies surpassed 41% in 2024, five percentage points more than the previous year.

The presence of women on the boards of the group of listed companies rose above 36%, two percentage points more than the previous year.

However, the percentage of women in senior management positions of listed companies remains lower, around 25%. Only 24% of listed companies achieved 40% female representation in senior management positions.

These figures show an increase in the presence of female board members on governing bodies but are not sufficient to meet the thresholds set by the new Organic Law on Equal Representation.

Given these figures, are we prepared for the new Law?

With the entry into force of the new Organic Law, a qualitative leap was taken: equal representation of men and women in decision-making bodies shifted from being a recommendation to becoming a legal obligation.

The Law requires that neither sex have less than 40% nor more than 60% representation on boards of directors and senior management of listed companies and public interest entities, as well as on public sector decision-making bodies and electoral lists.

In a preliminary analysis, the compliance situation of non-Ibex listed companies goes as follows:

- In the capitalisation bracket above 500 million, 25 out of 34 companies (almost 75%) would comply with the Law.
- In the capitalisation bracket below 500 million, 30 out of 47 companies (almost 65%) would comply with the Law.

For years, the Spanish market has been increasing the presence of women in decision-making bodies, and the Good Governance Code has undoubtedly helped in this process. However, there is still room for improvement and soon these obligations will have to be fulfilled by the different entities.

Is our Code adequate to the current situation?

The Good Governance Code was last revised five years ago for the purposes of:

- Updating and adapting recommendations to new international trends as well as clarifying recommendations that had raised questions.
- Strengthening key aspects such as non-financial risk management and shareholder engagement.

The CNMV constantly reviews the main European codes and OECD's Principles to detect strengths and weaknesses.

We will continue to keep an eye on global trends to maintain our Code in line with the best international standards.

Challenges

I will finish by delving into one of the challenges that will affect corporate governance and that you may have already dealt with during your training: new technologies. Artificial Intelligence and blockchain are becoming essential in many aspects of listed companies.

They can ease the burden on companies by using digital tools to reduce compliance costs by automating processes and improving risk management capabilities.

However, as highlighted in OECD's Corporate Governance Principles, adoption of digital solutions also entails challenges and risks.

We at the CNMV value development and the use of new technologies and data positively, so long as said use is carried out responsibly, with the proper technical training while ensuring investor protection and addressing security risks.

Conclusion

The geopolitical landscape marked by conflict, rising tensions and increased protectionism exacerbates risks for our companies.

In this context, it is key to have a board with sufficient knowledge to assess the different scenarios and risks and to make the right decisions.

This is why ICA's work on ongoing training is essential to contribute to the professionalisation of the role of board members and directors.

I would like to end by congratulating all of you who received diplomas and certificates today, for your efforts and eagerness to continue learning about good corporate governance.