



CNMV PUBLISHES ITS REPORTS ABOUT THE REPORTS ON CORPORATE GOVERNANCE AND THE REMUNERATION OF BOARD MEMBERS OF LISTED COMPANIES FOR 2017

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- The degree of adherence to the Good Governance Code recommendations recorded in 2017 was 84.6%, seven-tenths of a percentage point more than in 2016
- 35.9% of companies adhered to 90% of the Code and four claimed that they complied with it in its entirety
- The presence of women on boards experienced a slight increase, except female executive board members

The Spanish National Securities Market Commission (CNMV) has published the reports for 2017 on the [Annual Corporate Governance Reports \(ACGR\) of issuing entities](#) and the [Annual Reports on the Remuneration of Board Members \(IARC\)](#). Both documents reflect, in aggregate and summarised 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)

2017 was the third year in which the 2015 Good Governance Code for listed companies was applied.

In this third year, the degree of compliance with the recommendations was 84.6%, compared with 83.9% in 2016. In addition, another 7% were partially adhered to (7.4% in 2016), meaning that full or partial adherence to the recommendations rose to 91.6% (91.3% in 2016).

It should be noted that 35.9% of companies – 1.3 percentage points less than in 2016 – followed 90% of the recommendations of the new Code and four companies stated that they complied with 100% of them (the same number as in 2016). By contrast, one company registered a level of compliance with such recommendations of under 50%.

All the listed companies declared that they had followed recommendations number 8 (that the audit committee ensure that the board submits the annual accounts without limitations or qualifications); number 12 (that the board be guided by the corporate interest); number 19 (that the ACGR explain the reasons why proprietary board members have been appointed at the request of shareholders with a stake of less than 3%); number 23 (that all board members express their opposition when they consider a proposal to be

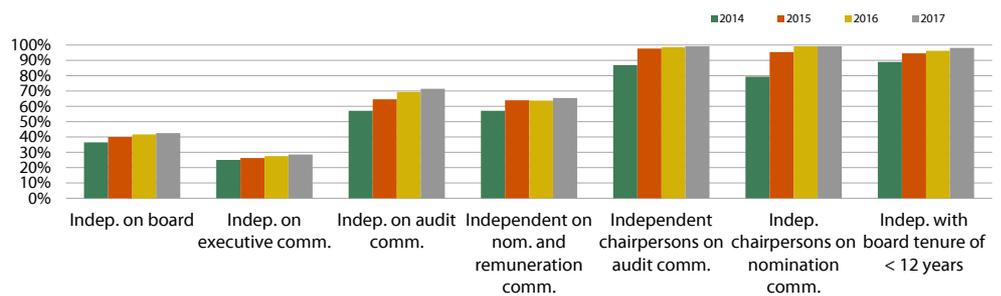
contrary to the corporate interest); number 28 (that when board members express concern about a proposal and it is not resolved, it be recorded in the minutes); number 43 (that the audit committee may call upon any employee or executive; and number 49 (that the nomination committee consult the chairperson on matters related to executive board members), of the Good Governance Code.

On the other hand, the least followed recommendations continued to be those relating to the new practices recommended by the Code 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 31.6% and 36.7%, respectively.

In relation to the **Board of Directors**, it should be noted that the average size remained unchanged with respect to 2016.

The chairpersons of boards of directors continued, in their majority, to be executive chairpersons (53.2%), particularly in the Ibex companies, where this average stood at 54.3%. However, although in the companies that are not part of this index the percentage increased by one-and-a-half percentage points, in the Ibex companies the figure continued its downward trend and decreased by 5.7 percentage points. The percentage of independent board members holding the position of board chairperson increased to 11.5% (10.9% in 2016).

Percentage of independent board members on boards of directors



Source: ACGR of the companies and CNMV

In 2017, 60% of the boards of the Ibex 35 companies were at least 50% made up of independent board members (the same percentage in 2016). As far as the other companies are concerned, the boards of directors of 68.3% of them were at least one-third composed of independent board members (66.7% in 2016).

The presence of women on boards experienced a slight increase, reaching 18.9% (16.6% in 2016), which stood at 22.8% in the Ibex 35 companies. This rise, however, was concentrated in positions without executive functions, since the percentage of female executive board members out of the total number stood at 4.5%, two-tenths of a percentage point less than in 2016.

As regards **ownership structure**, the floating capital increased slightly to 44.2% (43.1% in 2016). In 88 companies (one more than in 2016) the sum of significant shareholdings and blocks of shares held by the board exceeded 50% of the share capital. In 24 companies the floating capital was less than 25%, while in four of them it was below 5%.

Finally, it is worthy of note that the average participation in the general shareholders' meeting increased to 69.3% in 2017 (68.3% in 2016). The number of companies that made available remote voting (electronic, postal, by courier, etc.) also increased by 0.9 percentage points, to stand at 36.7%.

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 2017 and the way in which it is applied.

The areas for improvement mentioned on this occasion include 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.

In 2017, the average remuneration of the executive board members, mainly executive chairpersons and CEOs, of Ibex 35 companies increased by 12.3% (to stand at 3.11 million euros) and that of the executive board members of the other listed companies by 20% (up to 868,000 euros), although these increases can mostly be attributed to the expiry of multi-year incentive plans in two specific companies. As for the non-executive board members, their average remuneration rose by 4% (to stand at 210,000 euros) in the Ibex 35 companies and by 14.9% (up to 85,000 euros) in the rest of the listed companies.

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