

Corporate boards in Spain: Smaller, more independent, more women

Spain's IBEX 35 companies boards increasingly conform to the Unified Good Governance Code's recommendations in both size and composition.

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Spain's most visible public companies -- those making up the IBEX 35 stock-market index -- are reducing the size of their boards, separating board powers and taking other steps in line with good governance practices.

Eighty percent of the listed companies tracked by the benchmark IBEX 35 now conform to the recommendations made by Spain's Unified Good Governance Code regarding the size of their boards. The number of independent directors is increasing: they now occupy 48 percent of board seats. In addition, the percentage of female directors has continued to grow year by year, although it is still slightly below the European average and significantly below the European Commission's 40-percent target for 2020.

These are some of the findings presented in the [10th annual report on the general meetings of shareholders of IBEX 35 companies](#), conducted by the Forum on Good Governance and Shareholders and underwritten by IESE's **International Research Center on Organizations**(IRCO) and the communications consultancy Inforpress.

The annual report analyzes the progress made by Spain's most visible public companies on corporate governance and shareholder relations. The opinions of international fund managers and proxy advisors on the Spanish businesses were included for the first time in this edition.

Smaller, more independent boards

Last year, the size of the average IBEX 35 board was reduced from 14 directors to 13. In addition, 28 of these boards now conform to the Unified Good Governance Code's recommended cap of 15 directors. This is a slight improvement over 2013, when 25 companies complied with this recommendation. Abertis, ACS, Banco Popular, CaixaBank, FCC, Natural Gas, Mapfre and Telefónica continue to have larger boards.

The types of directors are also changing. Nearly half of the companies surveyed (17) now boast boards where independents occupy at least half of the seats. Overall, the percentage of independents on IBEX 35 boards climbed from 44 to 48 percent in 2014, while the percentage of directors representing a major shareholder's interests on these boards fell from 34 to 29 percent. At the same time, the share of executives (16 percent) and other external directors (6 percent) remained fairly stable from 2013 to 2014.

IBEX 35 boards include 74 foreigners -- almost 16 percent of the total -- with most of them hailing from the United States, United Kingdom or France. This number fell from 2013's level, when there were 81 foreigners, yet the decline may be explained by the reduction observed in board size.

Gender disparity still pronounced

The percentage of women on the boards of Spain's most important public companies increased from 15 to almost 17 percent, with a total of 79 female board members. This figure shows significant progress compared with 2008, when there were only 26 female board members, yet women's representation on Spanish boards is still a bit below the European average.

In September, the percentage of female directors on boards of E.U. public companies was about 19 percent. The European Commission's target is to have 40 percent of non-executive board seats occupied by women by the year 2020.

Greater control and the separation of powers

Just over half of the IBEX 35, 18 companies in total, have a coordinator of independent directors on the board. This position is meant to counter the problems that can result when too much power is vested in one person who is both the CEO and chairman of the board. The independent coordinator may call meetings, add items to the agenda and give voice to

concerns held by independents.

Spain's Unified Good Governance Code also recommends that boards develop a system to evaluate their own performance. On this point, 30 of the 35 companies have implemented an annual review conducted either externally or internally (via their remuneration and nominations committees).

Low participation by minority shareholders

Shareholder attendance of general meetings climbed at 18 companies and fell in 13 companies. In 2014, the average participation by shareholders, including shareholder representatives, was nearly 68 percent -- roughly the same as seen in 2013. Mediaset and Inditex (owner of Zara) are the two companies with the highest shareholder attendance rates.

For 42 percent of the IBEX 35 companies, there were limits set on who could attend the shareholders' general meetings. Mapfre is the most demanding, requiring a minimum of 1,500 shares, followed by Abertis, CaixaBank and then Viscofan. However, Spain's Corporations Act has recently been amended to establish that companies may not require more than 1,000 shares to allow attendance of the general meetings.

Just over half (18) IBEX 35 companies used social media networks to spread news from general meetings. Twitter, Facebook and LinkedIn were the most popular social media platforms. However, only two companies -- Iberdrola and CaixaBank -- have specific social media accounts dedicated to interacting with investors, the report noted.

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