Female board representation up, but not enough

The number of women on the executive boards of Ibex-35 companies has more than doubled since 2008.

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In just three years, the participation of shareholders in the annual general meetings of the companies listed on Spain's stock exchange, the Ibex-35, has decreased by more than 7 percent. Just two-thirds of shareholders were present or represented in 2012, compared with three-quarters in 2009.

At the same time, there has been a notable increase in the presence of women on the boards of these companies. The number of female board members has more than doubled since 2008, now representing more than 13 percent of board members, bringing them in line with the average for listed companies in Europe.

These are two key findings of the 8th Report on General Shareholders' Meetings of IBEX-35 Companies, produced annually by the Good Governance and Company Ownership Forum, a body promoted by IESE's International Research Center on Organizations (IRCO) and Inforpress. The study was conducted in partnership with the Spanish Association of Economic Journalists (APIE) and the Spanish Broadcasters Association.

The main aims of the report are to shed light on the entitlements of small shareholders and to promote good business practices in communication, transparency and governance.

Declining shareholder participation

Shareholder participation in meetings has fallen by more than 5 percent compared with the previous 12-month period, the biggest drop in eight years. This statistic underscores the

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need for companies to rethink the implications of the "shareholder spring" and the possible disenchantment of minority shareholders.

The general meetings of the IBEX-35 companies had an average attendance of 67 percent in 2012, with Endesa enjoying the highest turnout (93 percent) and Gamesa the lowest (32 percent).

Fewer board members, more women

Spain's Unified Code on Good Corporate Governance recommends that companies have boards of between five and 15 members, so as to ensure greater transparency. Of the companies analyzed, 26 followed this recommendation. The average number of board members across the 35 companies was 14.

Three-quarters of the companies analyzed had a separate vote for the remuneration of directors, as the code also recommends.

As for the type of board members, there was little change from the previous edition. Independents are still the most numerous, representing 41 percent of the total. While the number of male board members is down slightly from previous years, the number of women has risen, totaling 12 more than the previous year and two and a half times as many as there were in 2008.

However, although more women occupy the role of chair or CEO at some IBEX-35 companies, they still represent a very small minority on boards of directors — 66 compared with 438 males.

This figure amounts to 13 percent of the total number of directors, putting the Spanish index on a par with the European average. The executive boards of CaixaBank and FCC each comprise 13 men and five women, making them the most balanced of the IBEX-35 boards.

At the other end of the spectrum are six companies without a single female board member between them. Furthermore, most female board members are still independents (42), compared with 16 proprietary shareholders, four external members and four executive members.

Use of social media networks

Social media networks — despite being highly useful tools for promoting transparency and

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dialogue, as well as for communicating with investors — were used by only half of the companies during shareholder meetings.

The most widely used social media were: Facebook, in 94 percent of the cases; LinkedIn, 59 percent; and SlideShare, 47 percent. Of the companies surveyed, Repsol and Iberdrola were the most socially connected.

Along with these topics, the report also looks at such issues as voting rights and notification, meeting arrangements and agendas.

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