

## Good news for good governance in Spain

**By reducing the size of their boards and numbers of women and independent directors, companies are increasingly following recommendations made by Spain's Good Governance Code for Listed Companies.**



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Spain's boards are shrinking: 29 of the 35 companies that make up Spain's benchmark IBEX 35 index now have 15 or fewer members on their boards.

At the same time, 28 of the IBEX 35 companies have appointed a lead independent director to help steer the highest governing body of these public companies.

These are two of the highlights in the [12th annual report on IBEX 35 shareholders' meetings](#).

The study — prepared by the Forum on Good Governance and Shareholders, underwritten by IESE and the communications consultancy Atrevia — also notes that 21 (60 percent) of the companies have independent directors occupying at least half of the board seats.

On top of that, the growing number of female directors and the slight increase in foreign representation add up to good news for good governance. Spain's Good Governance Code for Listed Companies makes recommendations regarding board size and composition and this report confirms that companies are increasingly following them.

## **Better boards for better governance**

IBEX 35 boards continue to shrink, collectively moving from 467 to 460 members in one year. About 83 percent of the boards (29 of 35) now consist of 15 members or fewer.

This trend toward smaller boards is fueled by the notable decline in the number of outside directors representing major shareholders: their total falls from 137 in 2015 to 129 in 2016.

While boards are shrinking, the number of women on them continues to grow, moving from 88 to 92 in 2016. Women now occupy 20 percent of IBEX 35 board seats. Moreover, 2016 marked the first year in which all 35 companies tracked had at least one female director on board.

Meanwhile, the position of the lead independent director is being firmly established. Having a lead independent director is recommended when the CEO and board chairman are the same person. Most of the IBEX 35 companies (77 percent) now have one.

## **Meeting attendance and tweets**

Participation in annual general shareholders' meetings remains steady. Inditex (the parent of Zara) boasts the highest attendance rate (87 percent), followed by energy provider Endesa (86 percent). Only the construction company Sacyr had under 50 percent of its shareholders represented or present at the annual general meeting in 2016.

The number of companies using social media to publicize their meetings is increasing

notably, moving up from 66 percent to a resounding 94 percent in one year. Twitter is the most widely used form of social media. At the same time, 29 companies (83 percent) are live-streaming their meetings and 22 (63 percent) post the video afterward.

## **Methodology, very briefly**

The report analyzes the composition of the boards of directors and the characteristics of the annual shareholders' meetings for IBEX 35 companies each year. To make year-over-year comparisons, the report looks at the 35 companies followed by the index as of January 1.

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