

THE CNMV PUBLISHES THE REPORTS ON CORPORATE GOVERNANCE AND THE REMUNERATION OF BOARD MEMBERS OF LISTED COMPANIES FOR 2023

09 September 2024

- The degree of adherence to the Good Governance Code recommendations recorded in 2023 was 88.1% (86.8% in 2022) and nine companies stated to be 100% compliant.
- The presence of women on boards of directors reached 34.5% in 2023 (31.9% in 2022). The number of female executive board members has increased by 2.3% up to 9%.
- The average remuneration of board members increased by 5.5% (4.4% in 2022). There has been a 7% increase in the case of executive board members.
- Regarding the gender pay gap, the remuneration of female executive board members was 13.5% lower than that of male executive board members.
- In 80% of Ibx 35 companies sustainability factors are considered in the long-term variable remuneration plans, 18 percent more than the previous year.
- 49.6% of chairpersons perform executive functions.

The Spanish National Securities Market Commission (CNMV) has published the Annual Corporate Governance Reports (IAGC) and Annual Reports on the Remuneration of Board Members (IARC) of listed companies corresponding to 2023. Both documents reflect, in aggregate and summarised terms, the main conclusions regarding the information provided by the companies to the CNMV on such issues.

Annual Corporate Governance Report (IAGC)

In 2023, the level of compliance with the Code of Good Governance was 88.1% of the recommendations, slightly higher than the previous year (86.8%). In addition, another 6.2% were partially adhered to (7% in 2022), leading to full or partial adherence to the recommendations rising to 94.3%, a level similar to 2022.

It is worth highlighting that 53% of companies (51.2% in 2022) followed at least 90% of the recommendations of the new Code and nine of them



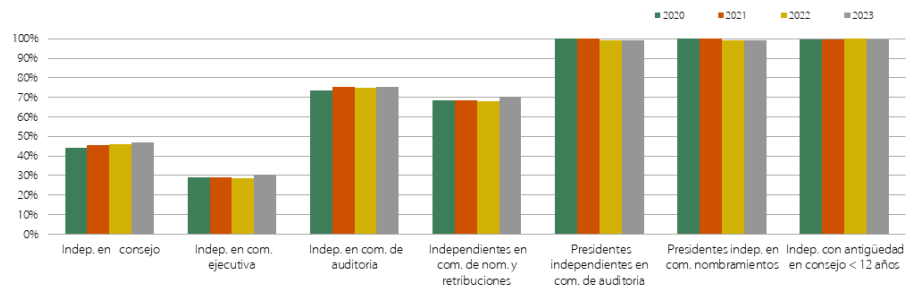
stated to have fully complied (three more than in 2022). By contrast, one company (two in 2022) showed a level of compliance below 60%.

All the listed companies stated to have followed eight recommendations such as, for example, recommendation 12 that the board be guided by the company's best interests

On the other hand, the least followed recommendations, either fully or in part, continued to be those relating to the practices recommended by the Code for companies with high capitalisation to have separate appointment and remuneration committees (recommendation 48), and that the variable remuneration of board members be linked to the delivery of shares (recommendation 61).

In relation to the Board of Directors, it should be noted that the average size was of 10 members (the same as in 2022).

Percentage of independent board members on boards of directors



Source: IAGC of the companies and the CNMV

The percentage of executive chairpersons of the board of directors remained unvaried regarding 2022 at 49.6% (45% in Ibex 35 companies). On the other hand, the percentage of independent board members holding the position of chairperson of the board increased to 12.8%, as opposed to 11.6% in 2022.

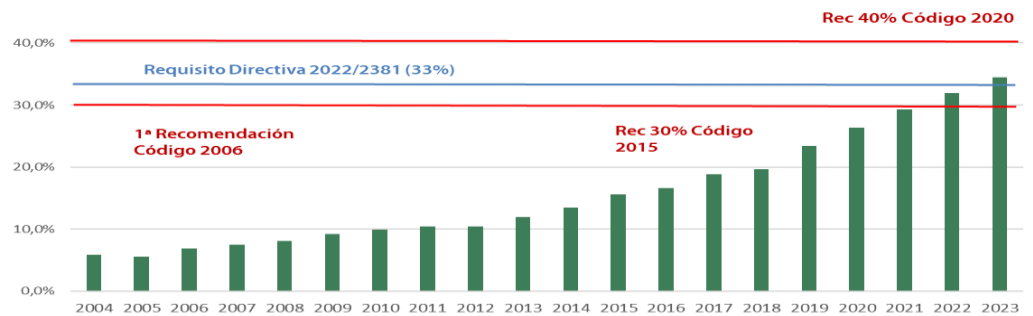
In 2023, 78.8% of Ibex 35 companies had at least 50% independent board members on their boards (67.7% in 2022). In the remaining companies, 77.4% had at least one third of independent board members on their boards of directors.

The presence of women on the boards rose to 34.5% (31.9% in 2022), reaching 40.1% in Ibex 35 companies. Women holding positions in senior management made up for 23.4%, an 2.1% increase.

Moreover, from a long-term perspective, a significant increase can be seen in the number of female board members since 2004:

Development in the percentage of female board members

GRAPH 11



Source: IAGC of the companies and the CNMV.

As can be seen, with a system of mere recommendations, the percentage of women on boards has risen from 5.9% in 2004 to 34.5% in 2023. However, this increase is mainly related to the increase in the independent board member typology.

The average age of board members was 61.1 years old in 2023.

As regards ownership structure, the floating capital remained stable at 42.4 %. In 78 companies (one less than in 2022), the sum of significant shareholdings and blocks of shares held by the board exceeded 50% of the share capital. In 28 companies the floating capital was under 25% and below 5% in four of them.

Finally, it is worthy of note that the average participation in the general shareholders' meeting increased slightly to 73% in 2022 (71.6% in 2022). The percentage of companies whose shareholders used remote voting systems (electronic, postal, by courier, etc.) increased by 4 percentage points, up to 66.7%.

Just as last year, a chapter has been included at the end of the report which lists the main **incidents found** during the monitoring process and provides guidelines and interpretations to help improve the quality of the reports over the next few years, for which reason reading this is recommended to securities issuers.

Annual Report on the Remuneration of Board members (IARC)

The report contains detailed information and various considerations on the system for remuneration of board members, both executive and non-executive, of listed companies applicable to 2023 and the way in which it is applied.

As in the previous year, among the aspects that can be improved, it would be appropriate to provide better explanations on the assessment of the degree of compliance with the non-financial parameters linked to the variable remuneration of board members. It would also be advisable



to explain in greater detail the most significant variations that took place in the reported financial years.

The average remuneration of executive board members increased by 7% (by which the average remuneration amounted to €1.8 million) and that of non-executive board members by 4.6% (up to €160,000).

On the other hand, the average remuneration of boards of directors has remained stable at €4.1 million.

The growing importance of sustainability factors in both short- and long-term variable remuneration plans should be highlighted. In short-term plans, these sustainability factors appear in 85% of the Ibex 35 companies and in 59% of the rest of companies. In long-term plans, these factors appear in 80% of the Ibex 35 companies (62% in 2022, an 18% increase) and in 50% of the rest of companies (the same percentage as in 2022).

Regarding the gender pay gap, the remuneration of female executive board members was 13.5% lower than that of male executive board members, although widely dispersed according to the capitalisation of the company. Thus, while the average remuneration of female executive board members has been 47.6% higher than that of male executive board members in the Ibex 35, this percentage is negative in the rest of companies (-58.8%). However, the small number of female executives makes such average unrepresentative. In the case of non-executive board members, men's remuneration is 19.7% higher than that of women.

This year has been the third in which companies have had to make comparisons between the amount and annual development of the remuneration of board members, and the consolidated results and the average remuneration of their employees.

According to the data published in the IARC, in 2023 the remuneration of executive board members, not considering extraordinary items, on average was 31.5 times the average remuneration of employees of listed companies (31 times in 2022). The ratio between executive board members and employees increases up to 53 times (54 times in 2022) in the case of Ibex companies, this being 19 times the average remuneration for companies not forming part of said index (17 times in 2021). Just like in 2022, the average remuneration of non-executive board members in 2023, excluding extraordinary items, was almost 3 times the average remuneration of employees.