

**SELF-EVALUATION QUESTIONNAIRE
ON GOOD CORPORATE GOVERNANCE
FOR
UNLISTED COMPANIES
Spain**

**CODE OF
GOOD PRACTICE**

**FOR DIRECTORS AND
BOARDS**

Self-Evaluation Questionnaire on Good Corporate Governance for Unlisted Companies Spain

This Self-Evaluation Questionnaire can be used not only to periodically and easily assess the company's situation, but each question leads to reflection and contributes ideas and concepts to be borne in mind to foster Good Governance in business activity.

In general, The *Instituto de Consejeros-Administradores* upholds the need for a reasonable balance between regulation, mandatory rules, and self-regulation, rules which are not obligatory and may be followed by all those who wish to spearhead corporate governance and which, if not observed, require an explanation for non-compliance with said rules.

The Principles of Good Corporate Governance for Unlisted Companies are the recommended rules advocated by the IC-A, to be applied by Directors and the Board.



For more information:

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**CODE OF GOOD PRACTICE FOR
DIRECTORS AND BOARDS**

In the absence of a specific Code of Good Governance for Unlisted Companies, in Spain the Instituto de Consejeros-Administradores (IC-A) –www.consejeros.com- launched the **“Principles of Good Corporate Governance for Unlisted Companies”**. These Principles represent the **Code of Good Practice for the Boards and Directors of Spanish Unlisted Companies**. Based on its success in Spanish business circles and based on the eminently **practical** and simple spirit of that Code, IC-A is **now launching** a plain, totally voluntary Questionnaire to enable **Unlisted Companies to periodically assess their performance in Good Corporate Governance and its evolution**.

This **practical and simple Questionnaire on Self-Evaluation** enables a **periodic self-evaluation** of the **status** of **Corporate Governance** in the **Unlisted Company** analysed.

Practical application of Good Governance means introducing significant changes in the *modus operandi* of companies. Accordingly, in the **code of good practice** for Unlisted companies we have chosen to offer the **Unlisted company a simple**, gradual process for implantation, **divided** into **three phases** and including **alternatives in each phase**, so that each company can adapt the steps to be followed in Good Corporate Governance to its own particular circumstances.

At the same time, **we recommend** that Unlisted companies make an **annual evaluation** of the degree of **development** and **follow-up of the principles contained in the Code of Good Corporate Governance Practice**. Unlisted Companies that have assumed this Code of Good Corporate Governance Practice should consider the advisability of reporting this circumstance in their annual report, or publishing it in any other manner, as this will **increase its value**, interest for investors and respect by society.

To facilitate this periodic self-assessment, the IC-A has designed this simple and practical Self-assessment Questionnaire using key information to analyse the company's status vis-à-vis Good Corporate Governance.

This Self-evaluation questionnaire is structured under two general headings: Company Governance and Governance of the Business Family (an additional heading for Unlisted family businesses). In turn, the heading of Company Governance includes evolution of the Board of Directors /Advisory Board, in 3 phases, with specific questions for each any every one of these, as well as a specific area for the Shareholders' Meeting. These questions are answered with a plain “Yes”, “No” or “Partially”.

This Self-evaluation Questionnaire can be used not only to periodically and easily assess the company's situation, but each question leads to reflection and contributes ideas and concepts to be borne in mind to foster Good Governance in business activity.

ABOUT IC-A

The Instituto de Consejeros-Administradores (IC-A) is the **Spanish association of Board Directors** from companies and enterprises. It is an independent organisation, non-political, made up of **individual Directors**. The IC-A is the Spanish representative in the European Confederation of Directors' Associations (ecoDa) headquartered in Brussels.

Its aims are the fostering, dissemination and establishment of the most advanced models of Corporate Governance, the highest standards of professional rules and the best ethical practices in corporate governance, as well as the sponsoring of training, based on consolidated models, of Directors and other players in Corporate Governance, to enable the development and professionalisation of their professional function.

At the same time, it issues opinions on ruling and guidelines that concern Corporate Governance before and after its adoption, and it represents and defends the interests of Board Directors vis-à-vis Public Administrations and Civil Society.

Services for members:

- **Representation and Opinion:**
 - Representation of its members vis-à-vis the Public Administration and Civil Society, creating opinion.
- **Professional Rules, Corporate Governance, Professionalisation**
 - Best Practices and vision / international cooperation.
 - Codes of Good Corporate Governance.
 - Compilation and definition of key functions on the Board.
- **Professional Development of Directors**
 - Courses, seminars, conferences, publications, informative magazine, books.
 - Fora and meetings between members and other relevant Directors and personalities.
- **Information and advisory services**
 - Legal advice; Insurance; Remuneration; Selection; Assessment, design and structuring of governing bodies.
- **Preferential service agreements with third parties**

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SELF-EVALUATION QUESTIONNAIRE ON GOOD CORPORATE GOVERNANCE FOR UNLISTED COMPANIES

Code of Good Practice for Directors and Boards

USEFUL INFORMATION

- **Self-Evaluation Questionnaire on Good Corporate Governance for Unlisted Companies:**
An electronic copy can be obtained at:
http://www.iconsejeros.com/img_noticias/070601CuestinarioAENoCot.pdf
- **Principles of Good Corporate Governance for Unlisted Companies:**
includes Company Governance and Governance of the Business Family. Board of Directors, Advisory Board and General Shareholders' Meeting.
An electronic copy can be obtained at:
http://www.iconsejeros.com/funciones/docs_download/PBGCENC.pdf
- Specialised Training Courses for Board Directors
http://www.iconsejeros.com/curso_ica/cursos.php
- Other useful information: www.iconsejeros.com

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SELF-EVALUATION QUESTIONNAIRE

INSTITUTO DE CONSEJEROS-ADMINISTRADORES, IC-A (Spain) Self-Evaluation Questionnaire on Good Corporate Governance for Unlisted Companies		Yes	No	Partially
GOVERNANCE OF THE COMPANY: BOARD DIRECTORS		✓	✓	✓
Phase I				
1	There are external professionals with adequate training and experience on the Steering Committee			
2	The duties, responsibilities and targets of the Steering Committee are defined and periodically evaluated			
3	There are external professionals on the Board of Directors/Advisory Board			
4	There are between 5 and 10 Directors			
5	Between 5 and 10 meetings are held at regular intervals			
6	Meetings are long enough to discuss all items in sufficient depth			
7	The agenda includes all items it is expected to discuss			
8	Determined matters that refer to management follow-up are included recurrently			
9	Directors are given information in sufficient time			
10	Minutes are taken that include all items discussed and resolutions adopted			
11	Directors are informed of the procedures adopted for formalisation and execution of resolutions adopted			
12	The principle of "don't approve what you don't understand or don't know, or with which you don't totally agree" is followed			
13	All Directors are entitled to obtain any type of information deemed necessary for the performance of their duties			
14	The Chairman stimulates discussion to ensure that Directors can form an adequate opinion of the matter discussed			
15	The group submits its Annual Accounts to an external audit			
16	The Secretary of the Board reports to all other Directors and ensure observance of the law, Articles of Association and Regulations, keeps documentation and official books of the Company			

INSTITUTO DE CONSEJEROS-ADMINISTRADORES, IC-A (Spain) Self-Evaluation Questionnaire on Good Corporate Governance for Unlisted Companies		Yes	No	Partially
Phase II				
1	The Board has a Regulation that regulates the election of Directors, composition and functioning of the Board and Directors' remuneration policies			
2	There is a Director's Charter that sets forth the criteria of independence accountable therefrom, retirement age, maximum number of mandates, ...			
3	There are External Independent Professional Directors			
4	There is a formal and transparent procedure for the election Nomination and Removal of Directors and for Remuneration policy			
5	The principle of transparency is observed by conveying all information to shareholders, particularly on associated operations and conflicts of interest			
6	Systems have been set up for the resolution of conflicts of interest between the Company and its shareholders and Directors			
7	Executive Directors do not take part in raising proposals to the Board and direct supervision in Audit matters and those others in which there is a potential conflict of interest with those Executive Directors			
Phase III				
1	There are specialised Committees			
2	There is an Audit Committee			
3	There are Nomination and Remuneration Committees			
4	The Audit Committee is composed only of External Directors with a majority of independents			
5	There is a Regulation on the Audit Committee approved by the Board			
6	The Nomination and Remuneration Committee is composed only of External Directors with a majority of independents			
7	There is a Regulation on the Nomination and Remuneration Committee approved by the Board			
8	The Board approves the corporate strategy of the Company			
9	The Board ensures the existence of risk management and internal control systems to guarantee the solvency of assets			
10	The Board maintains a direct communications channel with internal and external auditors			
11	The offices of Chairman and Chief Executive are held by different persons, and there are written rules to ensure a clear and explicit separation between the duties and responsibilities of each			
12	The Chairman prepares the agenda for Board meetings and coordinates their functioning			

INSTITUTO DE CONSEJEROS-ADMINISTRADORES, IC-A (Spain) Self-Evaluation Questionnaire on Good Corporate Governance for Unlisted Companies		Yes	No	Partially
13	The Board makes self-evaluation of its own performance, that of its Directors and of the Committees			
14	The Board makes an annual evaluation of its Chief Executive			
GOVERNANCE OF THE COMPANY: GENERAL SHAREHOLDERS' MEETING				
1	There are stable, sufficient and periodic procedures for information between the company and its shareholders			
2	The General Meeting approves the Regulation on the General Meeting			
3	The Board will call the General Meeting in sufficient time, announcing the date, place and time and will furnish shareholders reports that accredit the proposed resolutions			
4	Amendments to the Articles of Association, appointments, removal and remuneration or directors' remuneration policies are voted separately and individually			

GOVERNANCE OF THE BUSINESS FAMILY: GOVERNING BODIES OF THE BUSINESS FAMILY				
1	There is a Family Council as from the second generation			
2	The Family Council has an excellent level of communication with the governing body (Board of Directors or Advisory Board)			
3	The Family Council is not composed of family members with executive responsibilities or who form part of the governing body			
4	There is a Family Protocol that includes all principles and rules on functioning			